

Report and Accounts 2016

International HIV/AIDS Alliance



Table of contents

Letter from the Chair	03
Report of the Trustees	
Objectives and activities	05
Structure, governance and management	07
Strategic report	
Achievements and performance in 2016	12
Looking forward	24
Financial review	26
Accounts	
Independent auditors' report to the members of International HIV/AIDS Alliance	37
Consolidated statement of financial activities	40
Balance sheet	41
Consolidated cash flow statement	42
Notes to the consolidated financial statements	42

International HIV/AIDS Alliance

Trustees

Mr Warren Buckingham III
(appointed 24 November 2016)
Mr Kieran Daly
(appointed 24 November 2016)
Mr Martin Dinham (Chair)
Ms Marika Fahlen
Ms Angela Gomez
Mr Zhen Li
Ms Andrea Marmolejo
Dr Kevin Moody
Ms Kanini Mutooni (resigned 12 May 2017)
Dr Carole Presern (retired 12 May 2017)
Mr Prasada Rao
Dr Jens van Roey

Executive Director

Mr David Hughes (Acting)
(to 14 January 2016)
Ms Christine Stegling
(from 15 January 2016)

Auditors

Crowe Clark Whitehill LLP
St. Bride's House
10 Salisbury Square
London EC4Y 8EH

Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Solicitors

Bates Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

DMH Stallard
1 Jubilee Street
Brighton BN1 1GE

Registered office

Preece House
91-101 Davigdor Road
Hove, BN3 1RE

Company registration Number
2883774

Charity registration Number
1038860

Website
www.aidsalliance.org

© International HIV/AIDS Alliance, 2017

Information contained in this publication may be freely reproduced, published or otherwise used for non-profit purposes without permission from the International HIV/AIDS Alliance. However, the International HIV/AIDS Alliance requests that it be cited as the source of the information.

Unless otherwise stated, the appearance of individuals in this publication gives no indication of either sexuality or HIV status.

Cover photo: Fabien and Nadia at the youth centre of RNJ+, the young people's positive network in Burundi. ©International HIV/AIDS Alliance.
Condom demonstration for sex workers in Myanmar. ©Arkar Kyaw for the International HIV/AIDS Alliance.
Daphine, 19, a peer educator on SRHR issues in Uganda. ©Gemma Taylor for the International HIV/AIDS Alliance.

Letter from the Chair

As Chair of the International Board of Trustees of the International HIV/AIDS Alliance, it gives me great pleasure to introduce the Annual Report and Accounts for 2016.

The Alliance continues to play a unique and effective role in ensuring that the communities affected by, or most at risk of HIV, are at the heart of the AIDS response. Yet the threat of an epidemic re-emerging through key affected populations remains, and the context in which we work is one of almost unprecedented volatility in terms of funding, geopolitics and the ability of civil society to operate freely.

Given these challenges, it has been heartening to see the Alliance network of Southern-based non-governmental organisations (NGOs) continuing to make a real impact on the epidemic.

In terms of achievements, 2016 was a good year, with 12 of our 16 targets met or exceeded. During the year, the Alliance network:

- **provided** nearly 1.5 million HIV treatment, care and support packages to adults, adolescents and children - a 25% increase over 2015
- **reached** nearly one million people with integrated HIV and Sexual and Reproductive Health and Rights (SRHR) services
- **provided** over 800,000 defined packages of HIV prevention services to key populations;
- **reached** 380,000 people with programmes addressing stigma, discrimination and social exclusion in countries with high levels of stigma - up from some 160,000 in 2015
- **contributed** 10% or more of the national coverage for HIV prevention, care or treatment in 59% of the countries in which the Alliance works
- **played** a role in holding governments in 28 countries to account on enabling universal access to services, increasing domestic financing of the national HIV response or upholding human rights
- **secured or provided** grants to nearly 1,800 community-based organisations (CBOs), of which 82% achieved their programmatic and financial targets

Capacity building and governance continued to be strengthened through the Alliance's unique South-to-South accreditation process for Linking Organisations. In total, 25 Linking Organisations have been accredited and have made documented improvements to their governance, management and organisational and programme capacity.

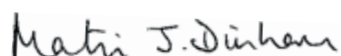
In terms of the Alliance's financial position, 2016 was a year of both success and challenge. As a global partnership, the UK-based Secretariat together with the Alliance's Linking Organisations have invested \$132 million in continuing the fight to end AIDS. This figure for our global network expenditure represents a slight fall from 2015. This is in part a consequence of less development funding being channelled to middle-income countries (MICs). The Alliance retains an important presence in MICs, as this is still where the majority of people living with HIV live. However, achieving this level of expenditure represents a significant achievement against a backdrop of an increasingly challenging and volatile external funding environment.

The UK Secretariat itself continues to maintain a healthy financial position, with total income for the year of \$28 million. Under the approval of the Board of Trustees, a small deficit has been generated in the year. This decision was taken to enable the Secretariat to continue to invest in important strategic work. The Secretariat has also undergone significant organisational change, realigning its internal structure to deliver against the next phase of its strategy. The new organisational structure went live from the 1st September and will help ensure the sustainability of the Secretariat both now and into the future.

At the same time, the Alliance took action to strengthen its International Board. We welcomed two new trustees, Kieran Daly from the Gates Foundation and Warren (Buck) Buckingham, formerly of the United States Agency for International Development (USAID) and the US President's Emergency Plan for AIDS Relief (PEPFAR). In May 2017 the board will be further reinforced with the appointments of Christoph Benn of The Global Fund to Fight AIDS, Tuberculosis and Malaria; Thoko Moyo of the Ford Foundation and formerly of the World Bank; and Anita Asiimwe, formerly Rwanda's Minister of State in charge of Public Health and Primary Health Care and now Head of Clinical Services at the University of Rwanda Teaching Hospital.

Towards the end of 2015 we said a fond farewell to our former Executive Director, Alvaro Bermejo, after 12 years leading the Alliance. We are hugely grateful to him for his role in expanding and strengthening the organisation during that period. David Hughes did a great job in taking over as interim head of the Secretariat until the middle of January 2016, when we welcomed Christine Stegling into her new role as Executive Director. Christine has made a brilliant start as leader, taking the organisation through a period of substantial change. On behalf of the Trustees, I would like to warmly thank her and all the staff of the Secretariat, supported by the Linking Organisations, for their extraordinary efforts throughout 2016.

2017 looks set to be a year of continuing challenges for the AIDS response, but I am confident that our Alliance of Southern-led Linking Organisations with roots in the communities they serve, remains fit for purpose and will continue to make strong progress towards a world free of AIDS.



Martin Dinham

Report of the Trustees

for the year ended 31 December 2016

The Trustees of the International HIV/AIDS Alliance present their annual report and the audited financial statements of the organisation for the year ended 31 December 2016, prepared under the Charities Act 2011 and the Companies Act 2006. The annual report includes the Directors' Report and Strategic Report, required under the 2006 Act and presented in their capacity as company directors.

The International HIV/AIDS Alliance ('the Charity') is registered with the Charity Commission for England and Wales under number 1038860. The Charity functions as the Secretariat for a global alliance of independent, nationally-based 'Linking Organisations' committed to joint action, working with communities through local, national and global action on HIV, health and human rights ('the Alliance') (the term Linking Organisation is explained in the Organisational structure section of the Trustees' report on page 7). The names of the Charity's Trustees and Executive Director are shown above, as are details of its registered office (where the Charity is based) and the names and addresses of its bankers, solicitors and auditors.

Objectives and activities

Objectives

The Alliance's vision is a world without AIDS. The objects of the Charity, as stated in its memorandum of association, are the specific pursuits through which the Alliance aims to make that vision a reality. These objects are:

- the advancement of health throughout the world, particularly in relation to HIV and to sexual and reproductive health
- the promotion of the effective use of charitable resources by civil society organisations (CSOs) advancing health, particularly in relation to HIV and to sexual and reproductive health
- the promotion of human rights (as set out in United Nations conventions and declarations) particularly by the following means: relieving need among the victims of human rights abuses; research into human rights issues; educating the public about human rights; providing technical advice to government and others on human rights matters; raising awareness of human rights issues; international advocacy on human rights; and eliminating infringements of human rights
- the relief of poverty or other charitable need among people affected by HIV, including their families and dependants, in addition to ensuring that they are healthy
- the promotion of equality and diversity by the elimination of stigma and discrimination in relation to people affected by HIV

The Charity's mission, in furtherance of its objects, is to work with communities through local, national and global action on HIV, health and human rights. The Charity aims to help

communities to play a full and effective role in the global response to AIDS through activities that:

- meaningfully involve people living with HIV in all aspects of its response to the epidemic
- reduce vulnerability, stigma, violence and discrimination
- strengthen the capacity of communities to respond to HIV and other health, development and human rights priorities
- take place in both high- and low-prevalence countries with key populations
 - groups that are likely to affect, or be affected by, the spread of HIV

During 2016, the work of Linking Organisations and the Secretariat supported the achievement of the Charity's objectives for the year, and the overall objectives set out in 'HIV, health and rights: sustaining community action', its strategic framework for the period 2016-20. The strategy reflects the priorities of the wide range of community leaders, human rights defenders, programme managers and civil society advocates who make up the global Alliance partnership. Details of the Charity's activities, achievements and performance during 2016 can be found in the Strategic Report on page 12.

Public benefit reporting

The Trustees have paid due regard to the Charity Commission's general guidance on public benefit in setting the Charity's objectives and planning its activities. This report explains the Charity's activities, and demonstrates how they contribute to the Charity's purposes and provide public benefit.

Structure, governance and management

Organisational structure

The Charity was incorporated as a company limited by guarantee on 24 December 1993 and is registered with Companies House under number 2883774. The Charity's governing document is its memorandum and articles of association.

Linking Organisations

The support of community responses to the HIV epidemic has always been central to the Alliance's strategy. In the countries in which it operates, the Charity aims to identify independent, national NGOs that can act as 'Linking Organisations' to support other NGOs and CBOs within those countries. We see an alliance of national Linking Organisations with strong international connections and shared values as the best way to support community action on HIV. The accreditation process (see below) is used to assess organisations wishing to join the Alliance. If accredited, organisations sign the Alliance Charter and Linking Agreement, the document that formally links Alliance members. The Charter and Linking Agreement sets out the principles behind the Alliance and explains how its members work together to put these principles into practice.

Alliance offices

The Charity has a fundraising and policy office in the United States which is a subsidiary of the Charity. The transition of the Charity's only remaining country office, in Myanmar, is currently underway. This Country Office now has a temporary registration within Myanmar and the full transition to independent Linking Organisation is expected to be completed by the end of 2017.

Technical Support Hubs and Centres of Practice

An independent evaluation of the Alliance's technical support strategy and structure, commissioned by the Charity, was completed in November 2016. The evaluation raised concerns about the long-term financial demands placed upon the Charity through its funding of Alliance Technical Support Hubs and Centres of Practice. The Charity subsequently took the decision to stop funding the core costs of both Hubs and Centres during 2017. The Charity remains committed to positioning the Alliance Secretariat and Linking Organisations as leaders in the provision of technical support and continues to investigate alternative options in the technical support market. The Charity will continue to support viable Centres products and initiatives that demonstrably contribute to Alliance strategy.

Governance

Trustees

The Charity is governed by its Board of Trustees, the highest policy-making body within the organisation. The Trustees of the Charity are Directors for the purposes of the Companies Act 2006. The Board of Trustees approves the Charity's strategic framework and is responsible for ensuring that the organisation's broad policies and strategies are in keeping with its mission. At their twice-yearly meetings (which take place over two days) the Trustees authorise annual operational plans, funding requests and programme priorities, decide annual budgets, review the progress the Charity is making against its strategy, approve accounts and review organisational risk. The Trustees also select and appoint the Charity's Executive Director.

When new appointments to the Board are sought, preferred skills and experience are identified through an audit, and the positions and desired profiles are advertised. Applications are discussed and appointments confirmed by the full Board. In accordance with the memorandum and articles of association of the Charity, Trustees are appointed for an initial three-year term, and may not serve more than three consecutive terms of office. Appointment of Trustees is by resolution of the Board.

Trustee induction and training

New Trustees receive an induction pack in advance of their first Board meeting, containing key organisational documents such as the memorandum and articles; the most recent strategy and annual report and accounts; essential policies (e.g. anti-fraud, conflict of interest, serious incident reporting); committee terms of reference; and Trustee duties and responsibilities. The pack also includes external guidance such as the Good Governance Code and the Charity Commission guidance 'The Essential Trustee'. New Trustees attend the Charity a day before their first Board meeting for a one-day induction of meetings with key staff from across the organisation at which they learn about the Alliance model, practices and programmes. Training for existing Trustees is arranged on an ad hoc basis according to their requirements.

Governance review

The Trustees reviewed the Charity's governance arrangements at a facilitated workshop, attended by the Executive Director, in advance of the April 2016 Board meeting. The aim of the workshop was to develop a common understanding of the Board's responsibilities, to determine whether the existing governance arrangements were optimal for the Board and management to perform their roles, and in particular to consider whether the Board's various committees were fit for purpose.

The Trustees agreed that in future the Finance and Audit Committee (FAC) should meet approximately one month before the subsequent Board meeting, rather than the day before as had been the traditional practice. The new arrangement would allow FAC minutes to be written and included with the Board papers and would also allow time, if necessary, for financial papers to be updated in advance of the Board meeting with any recommendations made by the FAC.

The main outcome of the governance workshop was the decision, later in the year, that a formal committee was not required for the development of Alliance policy and advocacy positions. At its meeting in November 2016, the Board decided that a more flexible and

tailored approach to policy matters was needed to help the organisation respond to an ever-changing environment and therefore resolved that the Policy and Advocacy Committee should be disbanded.

Finance and Audit Committee

The FAC reports to the Board of Trustees and comprises up to eight members: up to five Trustees and up to three external members. The current Trustee members are Kanini Mutooni (Chair of the Committee), Martin Dinham (Chair of the Board of Trustees), Andrea Marmolejo and Prasada Rao. The current external members are Peter Freeman, former Chair of the Committee and an Alliance Trustee until his retirement from the Board in 2011, and Ian Goodacre and Robert Hardy who were appointed to the FAC in April 2015.

The FAC meets at least twice a year, and its responsibilities include the review of the Charity's annual budget in advance of discussion by the Board of Trustees; review and oversight of the financial position and performance of the Charity against budgets; review of the statutory accounts of the Charity; the approval of changes in accounting policies; the assessment of risks facing the Charity and the systems put in place to mitigate them; the approval of internal audit plans and review of the effectiveness of the Alliance internal audit function; and the consideration of findings and recommendations of both the internal and external auditors.

Accreditation Committee

The Alliance introduced an accreditation system in 2008 to assess Alliance members against institutional and programmatic standards in order to ensure that the Alliance's membership comprises well-performing, sustainable and credible civil society organisations (CSOs). The system promotes good governance, organisational management and good practice HIV programming across Linking Organisations and guides the admission of new organisations to the Alliance. The accreditation certification is valid for four years. Cycle II of accreditation, during which the Secretariat and all Linking Organisations will be assessed, began in 2013.

The Accreditation Committee oversees the accreditation system. The Committee comprises up to three Trustees, four Linking Organisation representatives at either board or senior management level, and a senior staff member of the Secretariat. The current Trustee members of the Committee are Jens van Roey (Chair of the Committee) and Zhen Li. The Linking Organisation members are Rokhaya Nguer (Chair of the Board of ANCS in Senegal), Soe Naing (Executive Director of Alliance Myanmar) and Anuar Luna (member of the Board of Colectivo Sol in Mexico).

People and Reward Committee

The role of the People and Reward Committee is to:

- provide guidance to management on an overall budget and policy framework for the Charity's annual staff pay and award settlement, to inform management's negotiations with staff trade union representatives
- set the pay of the Executive Director, based on his or her performance and input from the Chair of the Board
- discuss and advise management on human resources issues proposed by the Executive Director. These may include director-level structure and appointments; staff recruitment and retention; organisational culture; and the management of change

The Committee meets as required and reports at least annually to the full Board of the Alliance. Its membership comprises the Chair of the Board (Martin Dinham); the Chair of the FAC (currently Kanini Mutooni); and either another member of the Board of Trustees or an external member of the FAC (currently Peter Freeman in the latter capacity).

Nominations Committee

A Nominations Committee is convened on an ad hoc basis to identify potential trustees as and when the need arises. The Committee comprises the Chair of the Board, the Executive Director, and such other members as the Chair determines.

Management Structure

The major restructuring of the Charity approved by the Board of Trustees in November 2015 was implemented during 2016 and the new organisational structure became operational on 1 September 2016. Four pillars (Programmes, Knowledge & Influence, Operations, and Income) have replaced the previous Secretariat departmental structure (Field Programmes, Corporate Services and External Relations). These functional pillars are aligned with the four strategic result areas of the global Alliance strategy and will enable a more effective and efficient organisation to meet its strategic aims for the period 2016 to 2020.

Christine Stegling joined the Charity as Executive Director in January 2016, taking over from David Hughes, who had been acting Executive Director following the departure of the previous Executive Director, Alvaro Bermejo, in November 2015. The Executive Director manages the Charity on a day-to-day basis, coordinates and directs the four Secretariat pillars, and reports to the Board of Trustees at its biannual meetings. Christine leads the Charity's Senior Management Team (SMT), which comprises the Executive Director and the directors of the four pillars. These SMT members are the key management personnel within the Charity. The SMT usually meets on a weekly basis to take decisions about (among other things) the review, development and implementation of operational plans; financial, planning and other management systems; changes in organisational policies; and the creation of new staff positions. The SMT is mandated to operationalise the strategy of the Charity and closely monitor the Charity's performance against the key strategic responses. Bi-weekly meetings of the Leadership Group (comprising SMT and heads of cluster) ensure that decision-making is informed by detailed input from across the Secretariat. Significant decisions – such as the approval of organisation-wide strategy, annual work plans and budgets – are subject to approval by the Board of Trustees.

Grant-making policy

The Charity grants funds to Linking Organisations. Linking Organisations then support other NGOs and CBOs within their countries by sub-granting the funds received. On rare occasions the Charity also grants funds directly to programme-implementing organisations ('implementing partners').

The Charity has a comprehensive onward granting policy and procedures manual that provides clear guidelines on the criteria for awarding grants to NGOs and CBOs, to ensure that accountability and transparency are maintained. The manual includes detailed tendering processes, as well as guidelines on matters such as how to establish selection criteria, how to engage external stakeholders in the selection process, how to carry out programmatic and financial assessments, how to support and monitor grantees, and what to do when there is a need to 'close out' the grant. Grant renewal is subject to performance, review and re-planning.

Strategic report

Achievements and performance in 2016

2016 was a year of accelerating change in the global HIV response and was a busy year for the International HIV/AIDS Alliance. The Alliance continued to perform well against its targets and remains well positioned and able to adapt to change, in an increasingly complex and uncertain external environment.

Our theme ‘adapt or fall’ was a common thread throughout the year, acknowledging the need to adapt to changing circumstances in order to remain relevant. A new Executive Director started in January 2016 and the Brighton-based Secretariat underwent an extensive restructure, which allowed it to respond more effectively to the Alliance strategy.

In 2016, for the first time, Official Development Assistance (ODA) for HIV declined at a time when the threat of a renewed epidemic emerging through key populations remains very real. A successful Global Fund to Fight AIDS, TB and Malaria replenishment in September provided hope that HIV was still a priority for many donors, but global CSOs like the Alliance continued to face a number of challenges, which requires resilient and focused leadership to remain relevant.

There are still many uncertainties that need to be addressed or navigated: the shrinking civil society space in many countries; changing political contexts including renewed uncertainty about the impact of the new US administration’s policy direction and its impact; the UK’s impending exit from the EU; and the increasingly hostile reaction to key populations in many contexts where the Alliance operates. All these factors require a multi-layered and rights-based response that protects and upholds the rights of the most marginalised.

In spite of these challenges the Alliance performed well. In terms of achievements 2016 was a good year with 12 of 16 of our targets met or exceeded. In 2016 we:

- provided 1,477,740 HIV treatment, care and support packages to adults, adolescents and children, up from 1,182,364 in 2015 - a 25% increase
- reached 952,453 people with integrated HIV and SRHR services
- provided 838,282 defined packages of HIV prevention services to key populations
- reached 379,429 people with programmes addressing stigma, discrimination and social exclusion in countries with high levels of stigma - up from 160,000 in 2015
- increased the number and percentage of Alliance countries contributing 10% or more of the national coverage for HIV prevention, care or treatment or based on population size estimation from 11 to 16 countries, representing 59% of the countries where the Alliance has a Linking Organisation
- in 28 countries, the Alliance is playing a role holding governments to account in upholding human rights, enabling universal access to services or increasing domestic financing of the national HIV response

- contributed to building the capacity of Southern-based NGOs by successfully accrediting seven Linking Organisations. 25 Linking Organisations in total have now been accredited under Cycle II of accreditation. (Alliance members must demonstrate that they meet the Alliance accreditation standards every four years. Under Cycle II, organisations accredited before 2013 undergo their second accreditation.)
- 1,785 CBOs received grants through the Alliance, and 82% achieved their programmatic and financial targets

The Alliance's efforts to contribute to the UNAIDS fast track strategy to end AIDS by 2030 was informed by our Team on Research, Evidence and Action on Treatment (TREAT), which resulted in a collective organisational commitment to strengthen the Alliance's engagement in treatment. Our results show increased efforts in supporting people living with HIV, with more Linking Organisations providing treatment, care and support packages, with a near 25% increase in coverage in just one year (from 1,182,364 in 2015 to 1,476,166 people in 2016). In addition, there was an increase in the number of Linking Organisations who are able to track their contribution along the HIV care cascade (24 in 2016).

It was an important year for global advocacy. The Alliance was instrumental in engaging in global policy spaces such as the United Nations High Level Meetings on HIV, UNGASS on Drugs and the Commission on Narcotic Drugs. Many Linking Organisations and partners helped protect and sustain important spaces and policy priorities such as advocating for human rights led approaches to drug policy, ensuring recognition for measures like harm reduction.

The impact and reach of our work with key populations, especially in hostile environments, continued to expand. We have developed programmes and systems to monitor and react to human rights violations and support individual crisis response through the establishment of the Alliance Rapid Response Fund for Lesbian, Gay, Bisexual and Transgender (LGBT) and men who have sex with men (MSM) individuals and organisations as well as implementing community-based human rights monitoring and response systems. The Alliance was well positioned to respond to the increasingly hostile environments faced by many key populations by supporting and connecting community-based advocacy initiatives. A number of advocacy related indicators have improved and strengthened.

We have seen the impact of large Global Fund or multi-country programmes coming to an end and impacting on some of our figures. For example, the number of people from key populations reached with a defined package of targeted HIV prevention activities declined from 1,024,066 in 2015 to 838,282 in 2016. This is almost entirely due to the ending of the biggest Global Fund prevention programme with MSM and transgender people run by India HIV/AIDS Alliance (Pehchan). Reductions in the number of people reached with SRHR programmes (reduced from 1,599,157 in 2015 to 952,453 in 2016) are largely due to the end of the multi-country programme Link Up, and changes in Global Fund priorities in Senegal.

The Alliance is committed to ensuring sustainability of services. In the case of Pehchan, services were transferred to programmes supported by the Government of India, and the Alliance is implementing READY Teens programme in Burundi, Ethiopia and Uganda to continue supporting SRHR programming and services after the closing of Link Up.

HIV, health and rights strategy: the fourth year

In 2016, we updated our strategy *HIV, health and rights: sustaining community action* to set out what we will do over the next five years. Our programming will continue to be person-centred and focus on the most marginalised communities that bear the greatest burden of the epidemic. We will take a human rights based approach in our response. We will continue our focus on key populations (MSM, sex workers, people who use drugs, transgender individuals and people living with HIV), adolescents affected by and at risk of HIV, women and girls in all their diversity and people whose HIV vulnerability and health is impacted by gender-based violence.

We will challenge systems and structures that continue to exclude people because of harmful cultural, social and gender norms, criminalisation of identities and behaviours and restrictive laws, policies and practices. We will ensure we are working in the countries where the epidemic is most severe and we will continue our focus on strengthening community responses to end AIDS.

We will focus on ensuring that all those who need it are offered lifesaving antiretroviral treatment and are then sustained and supported to live long, healthy and independent lives. We will ensure HIV prevention services are targeted, reaching the right people in the right places through a combination prevention approach and we will advocate for an appropriate level of investment in HIV prevention.

We will continue to be agile and flexible in how we work in order to achieve an impact on the epidemic. We will continue to ensure quality in our programming and work to ensure a united and collaborative Alliance. It is a partnership based on solidarity and mutual respect, one that pays tribute to the principles of Southern leadership. We will strengthen existing partnerships and open up new ways of partnering that are transparent and add value.

In line with the update of the Alliance strategy, we also made small changes to our results framework in 2016. Several less effective indicators were removed. In their place is a stronger focus on the continuum of care, innovation, and use of evidence. The indicators for measuring our policy and advocacy work were also improved. This is based on learning from the Asia Action on Harm Reduction programme, our implementation of REAct, and the development of indicators for the PITCH programme. Our aim is to have a minimal number of indicators to decrease the data collection burden on Linking Organisations and increase demand and use. This report sets out our key results during 2016 under each of our Strategic Response areas:

Result 1: Healthy people

Strategic Response 1: Increase access to HIV and health programmes resulting in healthy people and leading to improved health outcomes

Under Strategic Response 1 we are committed to increase the coverage, scope and quality of HIV, harm reduction and SRHR programmes by focusing on those people most in need by

using a HIV continuum of care framework. We remain resolutely focused on having an impact on HIV. Using a person-centred approach, we believe it is essential to increase our capacity to manage co-infections and co-morbidities, with an increased focus on SRHR. In all that we do, we will take a human rights based approach. Our focus will be on key populations, adolescents affected and at risk of HIV, women and girls in all their diversity, and people whose HIV vulnerability and health is impacted by gender-based violence.

Outcome indicators

16 Alliance countries contributed 10% or more of the national coverage for HIV prevention, care or treatment as reported to national HIV coordinating bodies or based on population size estimation.

Target for 2016: 13

In 59% of Alliance countries, Linking Organisations contributed 10% or more of national coverage for HIV prevention, care or treatment as reported to national HIV coordinating bodies or based on population size estimation. The countries were: Botswana, Burkina Faso, Burundi, Cambodia, Cote d'Ivoire, Ecuador, India, Indonesia, Kyrgyzstan, Malaysia, Morocco, Myanmar, Senegal, South Africa, Uganda, and Ukraine. This indicator shows that over half of Alliance Linking Organisations are very significant actors in their respective national HIV responses, particularly in reaching key populations.

Some Linking Organisations are exceeding the 10% coverage target. For example, the Alliance for Public Health (APH) in Ukraine contributed 137% of the national target for number of injecting drug users reached with HIV prevention programmes. This is because they manage the national harm reduction project in Ukraine. KHANA in Cambodia, contributed 156% of the national target for the number of transgender people reached with prevention activities, although this is partly a result of low national targets.

Linking Organisations are making a significant contribution among key population groups, particularly sex workers, followed by MSM and people who use drugs.

The Global Fund constituted 63% of total expenditure by Linking Organisations in 2016, with 10 serving as Global Fund principal recipients and 15 serving as Global Fund sub-recipients. Many of these Linking Organisations contribute substantially to both national and global Alliance targets including India HIV/AIDS Alliance, Alliance for Public Health in Ukraine (APH), Alliance Nationale Contre le SIDA (ANCS) in Senegal, Kimirina in Ecuador, and Initiative Privée et Communautaire de Lutte Contre le VIH/SIDA (IPC) in Burkina Faso.

2016 Results

1,477,740 adults, adolescents and children accessed HIV treatment, care and support **Target for 2016: 1,000,000.**

- In general, the data tells a positive story about how the Alliance has moved forward with its treatment agenda. Since 2014, the scale of our treatment work has improved substantially.

- For the fourth year running, community-led support to people enrolled in care and treatment programmes was largely driven by the Global Fund Vihaan programme in India. The programme is implemented by India HIV/AIDS Alliance and reached 1,100,483 people in 2016.
- The Networking HIV/AIDS Community of South Africa (NACOSA) is the second largest provider of care and support services in the country, with 180,039 people living with HIV benefiting from their services.
- We reached very slightly more women than men overall through this indicator (643,072 women compared with 639,075 men, and 3,384 transgender or other non-binary people).
- In terms of people living with HIV reached with services including treatment, care, and support, 9% were aged 19 or under. Substantial numbers were reached by Alliance India, and OSSHD, CHAU, ABS and ANS-CI led the way in reaching young people aged 20-24 in Africa.

952,453 people reached with integrated HIV and SRHR services

Target for 2016: 1,100,000

- The top three Linking Organisations who contributed to the reach of this indicator were Health Institute for Mother and Child (MAMTA) in India (200,298), the Organization for Social Services, Health and Development (OSSHD) in Ethiopia (138,742) and Vasavya Mahila Mandali (VMM) in India (101,852).
- One factor behind the reduced reach on this indicator was the 2016 closing-out of the multi-country SRHR programme, Link Up. In addition, Alliance Nationale des Communautés pour la santé (ANCS) saw a 79% reduction in integrated HIV and SRHR reach resulting from changes in Global Fund priorities, which removed interventions aimed at young people and women.
- Globally, our coverage under this indicator expanded from 23 countries in 2015 to 26 countries in 2016. We anticipate that the re-imposition of the United States' Mexico City Policy may have an adverse impact on this indicator in 2017, whilst the implementation of our new SRHR programmes in 2017 (READY Teens, READY+ and the SRHR Umbrella programme in Uganda) should help increase our reach.
- Where disaggregated data was available, more women (438,998) than men (397,060) were reached with integrated HIV/SRHR services. 2,740 'other' (non-binary) people were reached. However in the Asia and Eastern Europe region, more men than women were reached with integrated HIV/SRHR services. This is largely driven by VMM – of their total integrated HIV/SRHR reach, 83% of beneficiaries were men. This is as a result of their increased focus in 2016 on testing the spouses of women living with or at risk of HIV.
- In addition to integrated HIV and SRHR services, we provided 1,258,002 people with integrated HIV and TB services, an increase of over 120% compared to 2015.

838,282 people from key populations reached with a defined package of HIV prevention services

Target for 2016: 1,100,000

- For this indicator the reduction in people reached was almost entirely due to the ending of Pehchan, the biggest Global Fund prevention programme with MSM and transgender individuals. This had been run by India HIV/AIDS Alliance in consortium with the Humsafar Trust and other partners. Some of the services have been taken over by the Government of India and we are exploring ways to better monitor their continuation.

- Alliance Linking Organisations remain global leaders in mobilising key populations. Under this indicator, people who use drugs were the largest group (303,456), closely followed by sex workers (301,068) MSM (218,421) and transgender people (17,662).
- Several Linking Organisations have emerged as global leaders in mobilising key populations: Alliance for Public Health (APH) in Ukraine reached 224,872 people who use drugs with prevention activities; India HIV/AIDS Alliance reached 45,491 sex workers, and Kimirina in Ecuador reached 55% of the estimated national population of transgender people.
- Efforts to promote a more coherent approach to key population programming in Africa paid off. In 2016 we reached 180,366 people from key population groups in Africa with a defined package of HIV prevention services, representing a steady increase from the 97,592 people reached at the start of the strategy, and a 4% increase from 2015. This is all the more impressive given the increasingly hostile policy environment for LGBT people in Africa.
- Although this indicator only focuses on specific key population groups (MSM, transgender, sex workers and people who use drugs) reached with prevention activities, the Alliance reached many other population groups with these services. The highest reach was with people who are directly affected by HIV (266,663). Other populations reached included mobile populations (42,953), clients of sex workers (16,973), internally displaced people (10,690) as well as smaller numbers of migrants, prisoners and uniformed services.
- Where gender and key population disaggregation was available for this indicator, 98% of sex workers reached across the Alliance were female. However, AMSED in Morocco reached 2,723 male sex workers in 2016, 24% of their total sex worker reach. Only 22% of people who use drugs reached globally were female.
- Overall slightly more women (52%) under the age of 24 were reached with prevention activities than men.

16 Linking Organisations were scaling up the use of prevention, biomedical and ICT technologies that increased access to and use of HIV services contributing to improved health outcomes

Target for 2016: 10

- This indicator is a proxy for innovation within the Alliance, where innovation is defined as the provision of, or referral to, the following services: medical male circumcision, pre-exposure prophylaxis (PrEP), post exposure prophylaxis (PEP), direct-acting antivirals (DAAs) for Hepatitis C treatment, and ICT technologies. Sixteen Linking Organisations provided at least one of the innovations directly and 23 either provided directly or referred people to at least one innovation.
- 14 Linking Organisations provided or referred people to PEP treatment; 14 Linking Organisations were involved in ICT interventions; and 12 provided or referred people to DAA's for Hepatitis C.
- The use of innovative technologies requires an enabling environment. Kimirina, based in Ecuador, has highlighted the need for advocacy with governments on PrEP prior to its roll out. HIV self-testing remains illegal in many countries.
- In Cambodia, Linking Organisation KHANA runs MyCommunity and Voice4U which are examples of technologies developed to provide HIV information and virtual support to communities.

24 Linking Organisations had documented ability to track their contribution along the HIV care cascade.

Target for 2016: 9

- The HIV continuum of care, also known as the HIV treatment cascade or HIV care cascade, is a conceptual framework used to describe and monitor the consecutive steps, from initial diagnosis to sustained viral suppression, which people living with HIV go through.
- While 24 Linking Organisations were able to track their contribution along at least two steps in the care cascade, of these, nine Linking Organisations were able to track their contribution along the whole continuum of care: Anti-AIDS Association (AAA), AIDS Care China, International HIV/AIDS Alliance Myanmar, Amo Congo, Alliance Nationale Pour la Sante et le Developpement en Cote d'Ivoire (ANS-CI), Atlacatl, Instituto para el Desarrollo Humano (IDH), Via Libre and Vasavya Mahila Mandali (VMM).
- Viral load testing is not routine in many places and providing data for this step is less common and a challenge for some Linking Organisations.

Result 2: Stronger health and community systems

Strategic Response 2: Support CBOs to be effective and connected elements of health systems resulting in stronger health and community systems and leading to an outcome of high performing and sustainable civil society

Under Strategic Response 2, we will continue our focus on strengthening community responses to end AIDS. The Alliance will work with others to build national 'systems for health' that integrate community systems, public health and private sectors, recognising that all actors are supporting a national response that is broader than the government response alone. In order to achieve resilient and sustainable systems for health we will place even greater emphasis on linking to the formal health system, task shifting where communities are properly remunerated, new business models and product lines, and collaborating with the private sector where goals are shared. It is our intention that wherever we work strong CBOs will address the HIV and health needs of their communities – both working with governments and holding them to account. The Alliance will continue to support organisations to strengthen their impact on HIV, whether through direct service delivery, providing technical assistance or monitoring human rights violations.

Outcome indicator

25 Linking Organisations have made documented improvements to their organisational capacity, governance and programme quality as a result of Alliance capacity building and organisational development initiatives (including accreditation).

Target for 2016: 19

The Alliance is making an ever-greater imprint in supporting the capacity building of Southern organisations (both Linking Organisations and CBOs). Seven Linking Organisations were accredited in 2016, bringing the total accredited since 2013 to 25 out of the 29 who have initiated the accreditation process.

- The Alliance accreditation system promotes good governance, organisational management and good practice HIV programming across our Linking Organisations. It guides the admission of new organisations and maintains standards for existing Linking Organisations. Using assessment teams from peer organisations, we are able to rigorously assess national organisations against the highest standards. The accreditation process is designed to guarantee quality in service delivery and promote South-to-South learning and development.
- Humsafar Trust, Tanzania Council for Social Development (TACOSODE), Instituto para el Desarrollo Humano (IDH), AMO Congo, Association Marocaine de Solidarité et Développement (AMSED), The Center for Supporting Community Development Initiatives (SCDI) and Rumah Cemara were accredited in 2016.
- Since the start of accreditation Cycle II at the end of 2013, 283 capacity issues have been identified and 271 capacity issues addressed across governance and sustainability, organisational management, HIV programming and technical areas.
- By the end of 2016, 24 Linking Organisations had been involved in an accreditation peer review visit.

2016 Results

82% of CBOs who received grants through the Alliance achieved planned programme and financial targets

Target for 2016: 82%

The vast majority of CBOs supported financially and technically achieved programme and financial targets (83% in 2015).

- 17 Linking Organisations reported that on average 82% of the CBOs they support achieved their programme and financial targets. This indicator continues to be a barometer of how well Alliance-supported CBOs are performing, and is a proxy measure for whether these organisations have the appropriate capacity.
- Linking Organisations provide capacity building on a huge range of topics; from programming and technical knowledge (such as HIV, SRHR, gender-sensitive approaches, parenting programmes, psychological support, outreach, life skills, vocational skills, harm reduction) to organisational and leadership capacity (such as grant and financial management, monitoring and evaluation, legal literacy and fundraising).
- This is also a testament to the imprint of the Alliance in supporting organisations' contribution to the Sustainable Development Goals (SDGs), which for the first time we are documenting. These indicate that CBOs supported by Alliance programmes are also making significant contributions to SDGs 1, 3, 5, 10 and 16.

33 peer-reviewed journal articles analysed the Alliance's contribution to improved health outcomes for key populations.

Target for 2016: 15

- The Alliance continued to share its experience at the community level in order to inform practice and improve technical capacity. Thirty-three articles were published in peer-reviewed journals, a threefold increase compared to 2015.

- The main contributor to this indicator was KHANA's Centre for Population Health Research, which contributed 42% of all Alliance peer-reviewed articles.
- Humsafar Trust, Health Institute for Mother and Child (MAMTA) and The LEPRA Society also published a significant number of articles.

79% of CBOs who received a grant through the Alliance delivered timely reports according to national guidelines.

Target for 2016: 84%

This indicator measures the extent to which Linking Organisations are connected with their national governments through sharing of data. It is a proxy to show the capacity of CBOs who received support from Linking Organisations and are also contributing to the national response.

Result 3: Inclusive and engaged societies

Strategic Response 3: Advocate for HIV, health and human rights

We will continue to address harmful social norms, including stigma, discrimination and social attitudes. We will advocate for structural and policy changes that improve access to – and availability, affordability and quality of – health services without discrimination and promote gender equity, SRHR and human rights. We will focus on driving change at all levels and building broader coalitions. Within this strategy period, we will expand our services in countries with some of the most hostile and challenging legal and policy environments.

Outcome indicator

In 12 Alliance countries, Linking Organisations are making significant, evidence-based contributions to developing or improving policies that affect the lives of people affected by HIV

Target for 2016: 12

2016 was an important year for global advocacy around the HIV response, with Linking Organisations and the Secretariat working closely with the Alliance's global policy and civil society partners to advocate for policies to help end AIDS.

Linking Organisations were visible and influential actors at the 59th Commission on Narcotic Drugs and UNGASS 2016, where member states agreed an Outcome Document that acknowledged the importance of harm reduction approaches and treatments that contribute to ending AIDS.

At the UN High Level Meeting on Ending AIDS the Alliance partnership played an influential role with members represented on important stakeholder taskforce bodies. Member states acknowledged the ongoing need to finance the HIV response. Member states also agreed a political declaration on AIDS ensuring that it includes concrete commitments on key populations, targeted support to MICs, community responses and other priorities of the Alliance.

The Alliance was also a highly visible presence at the International AIDS Conference in Durban with a series of high profile panels led by youth advocates from the Link Up programme and an Alliance-organised satellite session on the theme 'Adapt or Fail'. The Alliance also profiled its work with international media including a joint press conference to launch a new Rapid Response Fund with Ambassador Deborah Birx of the US President's Emergency Plan For AIDS Relief (PEPFAR) Sir Elton John of the Elton John AIDS Foundation (EJAF), the Global Forum on MSM and HIV (MSMGF) and the International AIDS Society. Senior figures from across the Alliance also took part in high profile panels throughout the conference.

Across the Alliance, Linking Organisations were involved in a range of advocacy activities that included contributing to new legislation, guidance and strategic plans; advocating for new treatments and litigating for access to antiretroviral drugs; challenging the way key populations are treated by the police and authorities; and campaigning for the use of PrEP in the public health sector and improved access to treatment, health insurance and legal services for people living with HIV.

In 2016, 15 Linking Organisations and Alliance partners in 12 countries contributed to developing or improving policies that impact the lives of people living with HIV:

- Positive Vibes and BONELA were involved in ensuring the registration of an LGBT organisation (LEGABIBO). This has also resulted in LEGABIBO having better engagement from the wider community.
- AIDS Care China developed a model of methadone take away services for people who use drugs. The Yunnan Institute of Drug Abuse has since then taken leadership of this approach and developed a standard operating procedure in nine clinics using it. A tenth clinic is being supported to start a take away service with its own resources.
- Alliance for Public Health (APH) contributed to the development of opioid substitution treatment and drug control regulatory acts, which was endorsed in the Ukrainian parliament in 2016. This ensures funding is set aside to procure methadone for drug users.
- Between October and December 2016, the Alliance Rapid Response Fund administered 37 grants in 13 countries to CSOs for interventions that respond to new or worsening situations that impact HIV services provided to MSM or the LGBT community.

2016 Results

In 26 countries, the Alliance has technically or financially fostered advocacy with organisations and representatives of adolescents, women and girls, and key populations

Target for 2016: 15

- 31 Alliance partners (including Linking Organisations and recipients of the Rapid Response Fund) in 26 countries said they had technically or financially fostered advocacy with organisations and representatives of adolescents, women and girls and key populations.

In 25 countries, the Alliance has documented and responded to individual cases of violence and discrimination through emergency responses, legal services or other
Target for 2016: 11

- 17 Linking Organisations in 14 countries provided data on the number of cases of violence and discrimination they have documented and provided emergency responses to in 2016. The Rapid Response Fund supported emergency responses in 13 countries.
- REAct and the Rapid Response Fund are examples of systems or processes in use by the Alliance in addition to a range of other approaches by Linking Organisations.
- 621 CBOs and networks are reporting to Linking Organisations on monitoring human rights-related barriers to access to HIV and health services.
- The most common type of human rights interventions undertaken by Linking Organisations in 2016 were stigma and discrimination-related activities and legal literacy.

In 28 countries, the Alliance is playing a role in holding governments to account in upholding human rights, enabling universal access to services and increasing domestic financing of the national HIV response
Target for 2016: 12

- In 28 countries, the Alliance has played a role in holding governments to account through upholding human rights, enabling universal access to services or increasing domestic financing of the national HIV response. This includes work done by 33 organisations (both Linking Organisations and recipients of the Rapid Response Fund).

379,429 people reached by programmes addressing stigma, discrimination and social exclusion in countries with high levels of stigma as rated by the People Living with HIV stigma index
Target for 2016: 200,000

- The results include the reach of Linking Organisations in countries with high levels of stigma as recorded in the People Living with HIV stigma index.
- As a whole, the Alliance reached 5.8 million people in 2016 with stigma and discrimination activities, a slight increase of 5% compared to 2015.
- The Linking Organisations who had the highest reach in countries with a high stigma rating were Atlacatl, KANCO, AIDS Care China and BONELA.
- Linking Organisations reached 6,009 health workers, 2,121 police, 1,976 community leaders and 1,332 government officials with activities designed to reduce the incidence of stigma and discrimination.

Result 4: Foundations for impact

Strategic Response 4: A stronger Alliance partnership that is evidence-based and accountable to communities

The Alliance has set ambitious goals to sustain the HIV response and to end AIDS. To deliver these, during this strategy period we will further develop Southern leadership through our family of partner organisations. Overall, to achieve an impact on the epidemic, we will ensure

quality in our programmes, deliver capacity strengthening and organisational resilience in our partner organisations and work to ensure a united and collaborative Alliance. We will also develop new models of partnership with existing key population-led networks and groups to ensure that civil society is given the political space to further develop in all societies.

A valued Alliance

On average, Linking Organisations rated Alliance membership 3.9 out of 5 in our Alliance value index. For the fifth year running, the most important value remained ‘credibility and prestige’, although in 2016 this tied with ‘capacity building’. More work is needed to increase the value of being part of the Alliance experienced by Linking Organisations in terms of advocacy and resource mobilisation.

Southern leadership and changes to the ‘Centres’ model

Since 2015, the Alliance has pursued a strategy of fostering and supporting Southern, sustainable leadership in specific HIV technical areas through the establishment of Alliance Centres of Practice. The Centres of Practice were an innovative high-risk initiative that attempted an ‘institutional’ approach to sustainable Southern leadership across specific thematic areas. A critical and strategic review of the Centres took place in 2016. An independent evaluation of the Alliance’s technical support strategy and structure was also undertaken in 2016. In early 2017, the decision was made to stop investment in the institutional structure of the Centres. Instead, funding will refocus on specific technical and programmatic products and initiatives rooted in practice.

Technical Support Hubs

After eight years with a subsidised model of technical support through Alliance Technical Support Hubs, a decision was made to end financial support of the Hubs.

Our commitment to and investment in Southern sustainable leadership remains a key organisational principle and objective. The Linking Organisations currently hosting Alliance Centres and Technical Support Hubs are key to future dialogue, but our vision for technical leadership, which will be developed in 2017, will encompass all Linking Organisations that can contribute to technical leadership rather than solely focusing on those that house a Centre of Practice. We are further committed to documenting our experience with the Centres and Hubs to highlight our achievements in the work done to date and to learn from the challenges. This will provide our own unique contribution to the body of work around Southern leadership.

External evaluation of the Alliance strategy and performance

We commissioned an **evaluation** of the progress made towards our strategy by independent consultants IOD PARC in 2016¹. The evaluation pointed to a number of successes including:

- A successful approach to capacity building
- Programme documentation and research that strongly indicates that the Alliance’s work has contributed to significant positive changes in people’s lives

1. Evaluation Update of the International HIV/AIDS Alliance Strategy: HIV, Health and Human Rights: Sustaining Community Action 2013-2020, Final Evaluation Report, 2016.

- A strong focus on key populations with clear evidence that interventions are targeted towards them
- Working at multiple levels of engagement with CBOs and people living with HIV as leaders at global level to influence international organisations and the SDGs
- Genuine commitment to Southern leadership and a high degree of ownership of the strategy across Linking Organisations

The review also noted a number of challenges to our approach and recommended changes to the way we record and report data about our impact. The decision to commission the external review was Secretariat-driven and demonstrates our commitment to learning and understanding how we are performing, how to remain relevant and where we need to improve.

Looking forward

2016 has been a challenging year for many of us working in the development sector, with an external environment characterised by unprecedented volatility, requiring a degree of flexibility and agility from NGOs at a level we have not experienced before. We adjusted to this new context by undertaking a comprehensive change process to create a more efficient and agile Secretariat in Brighton (and with staff located across the globe). We also engaged with our trustees and senior management of Linking Organisations to drive a change agenda for the entire partnership, acknowledging that 'business as usual' would not be adequate for the immediate future.

What are some of the changes we have driven to ensure we remain relevant, do the best we can with limited resources and are able to address future challenges?

- **Changes to our approach to Southern leadership**

Since 2015, the Alliance has pursued a strategy of fostering and supporting sustainable Southern leadership in specific HIV technical areas through the establishment of Alliance Centres of Practice. This initiative was a high-risk experiment that attempted an 'institutional' approach to sustainable Southern leadership across specific thematic areas. A review of the Centres took place in 2016 and in early 2017 the decision was taken to stop funding the institutional structure of the Centres to refocus funding on specific products and initiatives. Investment in sustainable Southern leadership will remain a key organisational objective, and the organisations that currently host Centres are key to the dialogue for the future. There is valuable learning and achievement in the work done to date.

- **Changes to the type of data we report and move towards more outcome focused indicators**

We commissioned an evaluation of our strategy during 2016, which generally told a very positive story about the Alliance's work based on the impact data collected in the annual survey of Linking Organisations. That data remains central to how we communicate to institutional donors about the Alliance's impact. However, the evaluation highlighted a number of additional areas that we accept could assist the Alliance in describing how our work brings

about changes to people's lives. A number of adjustments to the data we report are under consideration for implementation in future years.

- **Focus on SDGs**

One of the richest areas of new data captured by this year's annual report is around the work on the SDGs carried out by CBOs financed through the Alliance. The Alliance plans to prioritise advocacy around the SDGs during 2017 and in the run up to 2030. We are committed to finding ways to better understand and capture our impact at CBO level and to document how our work at global, regional and national level directly contributes to the SDGs.

- **Focus our influencing work on our involvement in the Partnership to Inspire, Transform and Connect the HIV response**

This is one of the biggest advocacy and policy programmes the Alliance has implemented and reflects our intention to better connect national with global advocacy and vice versa. We have invested much of our talent and energy in this programme to ensure that we deliver successfully in the nine target countries, leading to tangible results.

This is likely to be a challenging year. The decision by the new US administration to reinstate the Mexico City Policy, restricting US government funds from being used to finance provision of, referral to or advocacy for abortions, poses particular problems for a partnership as varied and complex as ours. In addition, the re-imposition of the policy comes after a number of years in which there has been considerable integration of SRHR and HIV programming. It is likely that the impact of the policy will manifest itself in the negotiation of new contracts and standard provisions. It will be important to ensure that Linking Organisations are aware of the potential implications of the policy. We also hope to be able to track the policy's implications for integrated SRHR and HIV programmes over the coming years.

Funding for the HIV response remains a challenge and we will continue to expand our capacity and ability to attract funding from a greater variety of sources. We are acutely aware that funding from ODA is steadily declining, especially in MICs. However, we will continue to highlight the importance of addressing global HIV and marginalisation in low-income as well as middle-income countries, acknowledging that poverty and marginalization cut across economic classification, and continue to advocate for greater allocations of domestic funds for health, HIV and human rights.

We are at a significant stage in the response to HIV and need to ensure that the gains made in HIV prevention, treatment, care and support over the last 30 years are not lost. The opportunity to ensure that HIV is no longer a public health threat by 2030 remains within our collective grasp. The Alliance remains a credible, well-positioned and relevant organisation to help ensure that this happens.

We are a unique partnership and will continue to ensure that our model reflects the direction of the SDGs, and in particular SDG3. We will continue to embed this partnership in our principles of Southern leadership and shared responsibility, and ensure that we contribute to reducing the impact of HIV, inequality and discrimination and protecting the human rights of the most marginalised people.

Financial review

Trustees' responsibilities in respect of the Charity's accounts

The Trustees (who are also directors of International HIV/AIDS Alliance for the purposes of company law) are responsible for preparing the Strategic Report, the trustees' report and the financial statements in accordance with applicable law and regulations and United Kingdom Generally Accepted Accounting Practice. Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company (ie the Charity) and its group, and of its net resources for that period. In preparing those accounts the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP)
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue its activities

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions; disclose with reasonable accuracy at any time the financial position of the Charity and its group; and comply with the Companies Act 2006 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with company law, the Trustee directors certify that:

- so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware
- they have taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information

Linking Organisations and Alliance global partnership accounts

The financial statements of the Charity and its group on pages 40 to 58 have been prepared in accordance with company law, as described above.

The Alliance is a global partnership comprising the Charity and 30 independent Linking Organisations. These Linking Organisations are legally independent entities not controlled by the Charity and therefore their accounts are not consolidated within the Charity group accounts. However, the Alliance global partnership accounts (the collective finances of the Charity and the Linking Organisations) are an important indicator of success in the

Charity's work to end AIDS. The Linking Organisations receive some of their funding from the Charity and are able to increase funding received directly from donors by virtue of their Alliance membership. This section and the following charts therefore report on the finances of the global partnership, which includes both the Charity group accounts and the Linking Organisation members' accounts.

The planned process of transitioning Country Offices to Linking Organisations and helping Linking Organisations to secure funding directly in-country, rather than via the Charity's UK Secretariat, led to year-on-year reductions in the total income and expenditure reported in the Charity's accounts from 2011 to 2013. In 2014, this trend was broken due to the impact of the Ministry of Foreign Affairs of the Netherlands funding for the Link Up programme: a multi-million-dollar programme focused on improving SRHR for young people affected by HIV. The programme, managed through the Charity and implemented in five countries, had a total budget of \$44 million and was delivered between the years 2013 to 2016. The close-out of the programme during 2016 was the largest contributor to the reduction in expenditure within the Charity when compared with previous years.

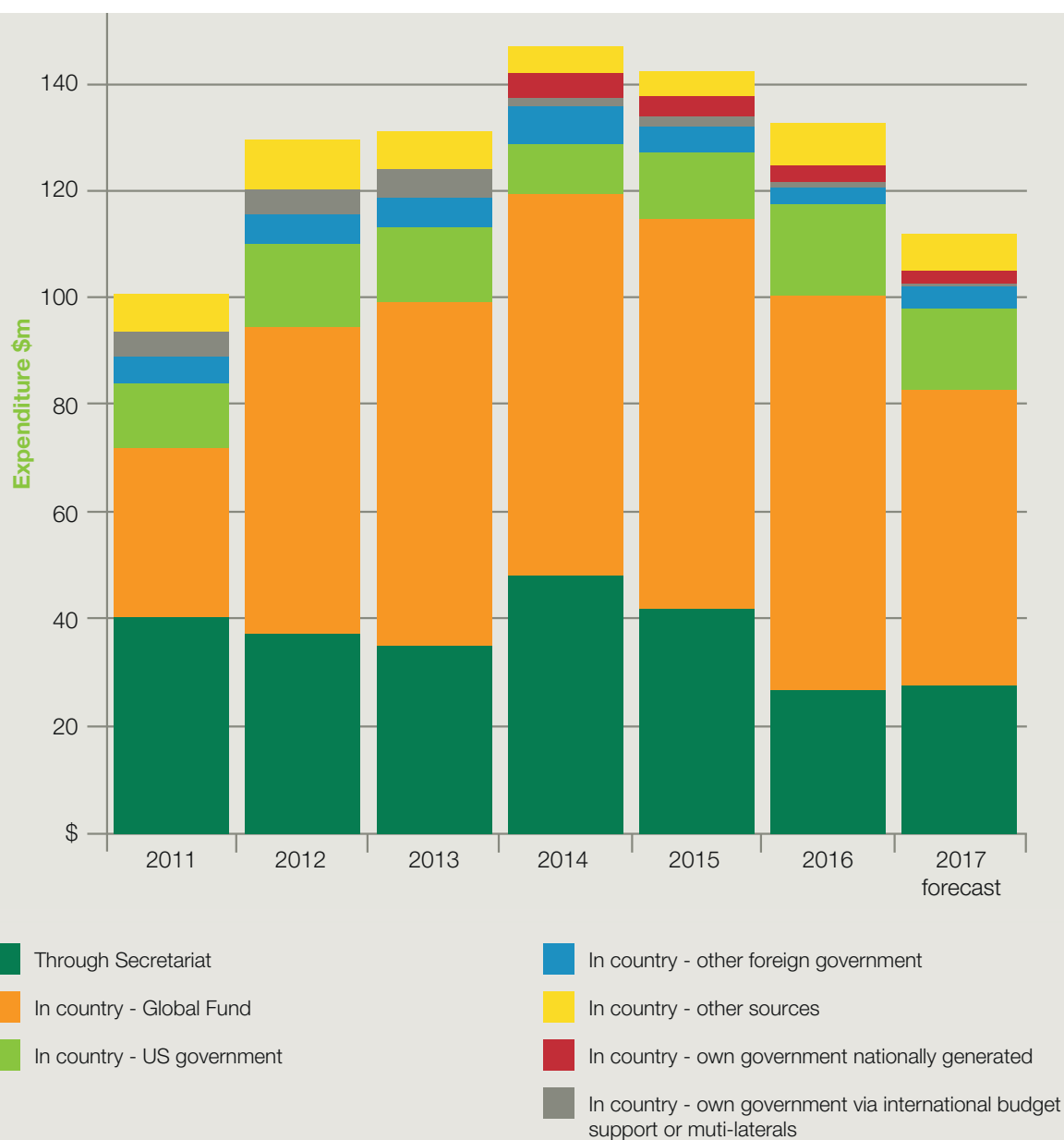
In terms of the Alliance global partnership accounts, year-on-year growth in expenditure was achieved between the years 2011 to 2014, in spite of a challenging global funding environment. A high point was reached in 2014, with total Alliance partnership expenditure of \$147 million. In 2015, expenditure declined to \$142 million and has reduced further to \$132 million in 2016. The target for 2016 was \$136 million. This trend of reduced global partnership expenditure is expected to continue, with 2017 partnership expenditure forecasted at \$115 million. The primary reason for the year on year reductions since 2014 has been a more challenging external funding environment. In particular, there has been a decline in funding to MICs, where the Alliance global partnership has a sizeable presence through its Linking Organisations. To manage the risks of this decline, the Alliance global partnership has invested in financial and political sustainability initiatives aimed at protecting existing funding, whilst identifying and securing new funding sources through a diversification of its funding base.

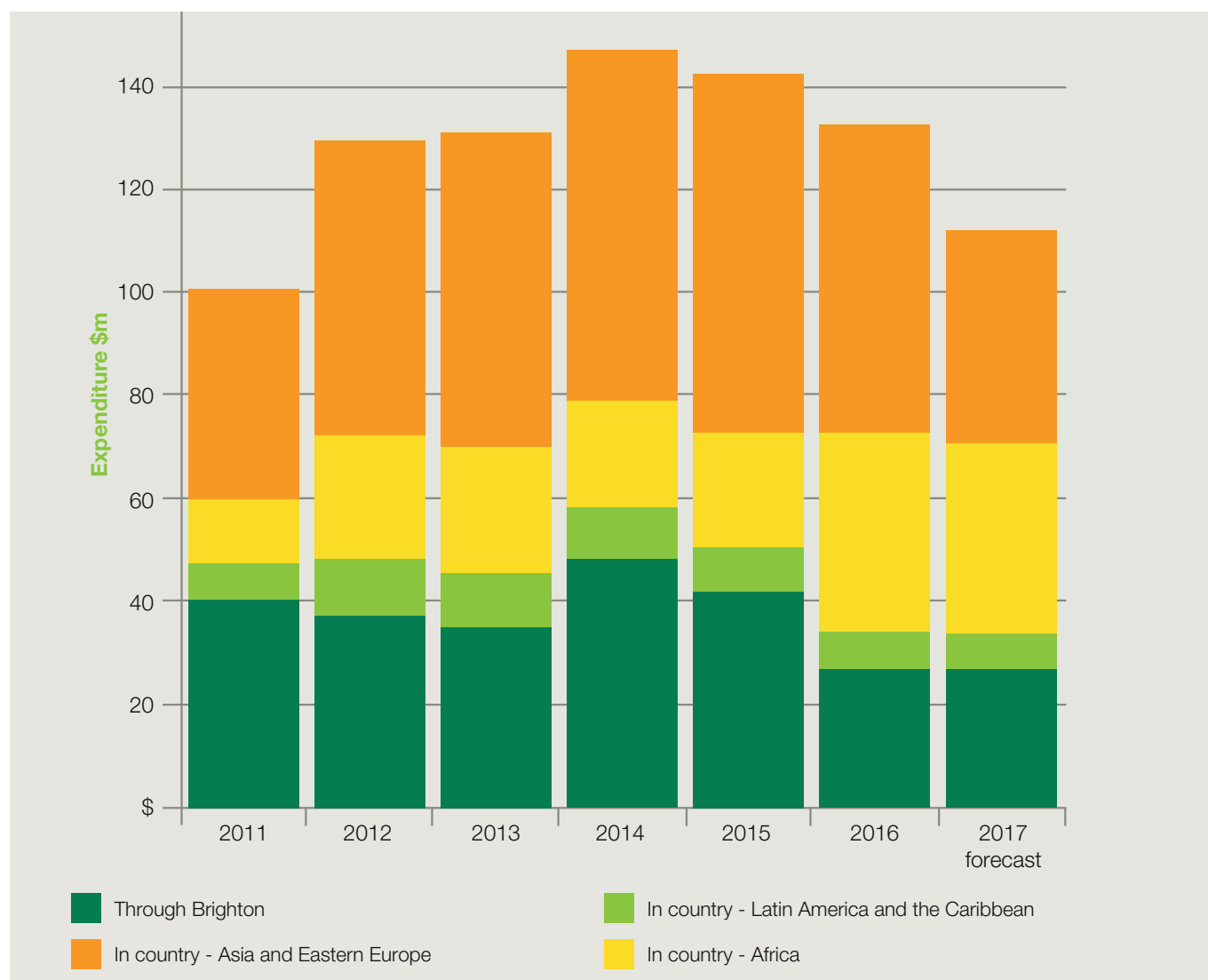
The funding the Alliance global partnership receives from the Global Fund represents a significant proportion of total expenditure achieved. For the financial years 2013 to 2016, Global Fund expenditure represented approximately half of total global partnership expenditure. The Global Fund will continue to represent a critical strategic and funding partner for the Alliance global partnership in the coming financial years and play a key role in the Alliance global partnership achieving its strategy.

The first chart below shows the total expenditure of the Alliance global partnership in the years 2011 to 2016, and the forecast for 2017. The dark green segment of each bar represents the total expenditure recorded in the Charity's group accounts, including Linking Organisations to the extent that they are funded through the Charity. The other segments show the additional expenditure of Linking Organisations on HIV that has been funded directly (rather than through the Charity) by donors. For 2011 onwards, this additional expenditure is broken down into the major donor types. The second chart shows the additional in-country expenditure broken down by region.

As noted in previous years, the increase in Alliance partnership expenditure represents progress in increasing the capacity of Linking Organisations to become strong, effective,

financially independent organisations. The Charity's strategy for 2013-20 recognises that more needs to be done to diversify the funding base of Linking Organisations, particularly as development funding is withdrawn from MICs.





Commentary on the Charity's financial results for the year

This section is a commentary on the financial statements on pages 40-58, which report the financial results and position of the Charity: that is, the Secretariat in the UK plus the Country Offices. The expenditure of Alliance Linking Organisations is only included in those financial statements to the extent that the funding was channelled through the Secretariat in the UK.

The overall financial performance of the Charity in 2016 has been robust in what has become an increasingly challenging external environment. The Charity closes 2016 in a stable financial position, which will support the Charity's important work in delivering its strategy and working towards its vision of a world without AIDS for 2017 and beyond.

Total charitable expenditure has declined from the previous year, lowering to \$28 million in 2016 from \$43 million in 2015. The closure of several significant multi-country programmes has been the key driver for this. The Dutch Ministry of Foreign Affairs funded Link Up and Community Action on Harm Reduction (CAHR) programmes both closed during 2016, as did the Danish Government funded Sexual Health and Rights Programme (SHARP) and European Commission funded Harm Reduction programme.

In their place, several new significant programmes have started in 2016 that will ensure the Charity's financial sustainability for 2017 and beyond:

- A five-year, multi-country programme called PITCH – a Partnership to Inspire, Transform and Connect the HIV response, started in January 2016. The programme, funded by the Dutch Ministry of Foreign Affairs, is a strategic partnership between the Charity and a Dutch partner, Aids Fonds. The programme focuses on advocacy to beat the AIDS epidemic.
- A four and quarter year multi-country programme called READY+ funded by the Dutch Ministry of Foreign Affairs commenced in October 2016. The programme focusses on 10-24 year olds living with HIV and is implemented through a consortium of partners, including three Alliance Linking Organisations.
- A significant five-year programme funded by the Swedish Government (Sida) and focused on SRHR commenced in July 2016 and will be delivered through the Charity's Linking Organisation in Uganda.
- A five-year strategic grant from the Dutch Ministry of Foreign Affairs has enabled the Charity to strengthen its programming with adolescents and with people who use drugs, whilst supporting other important areas of the wider strategy.

For the year 2016, expenditure in Africa declined to \$13 million (2015: \$20 million). The close-out of the Link Up programme during 2016 was the biggest contributor to the drop in expenditure. However, significant activity still occurred within African Link Up countries (Burundi, Ethiopia and Uganda) during 2016. Other key programmes during 2016 were: the pan-African Key Populations Connect Programme and Ugandan focused SRHR programme, both funded by the Swedish government (Sida); and READY Plus programme in Southern Africa, funded by the Dutch Ministry of Foreign Affairs.

Spending through the Charity's books in the combined region of Asia and Eastern Europe and Latin America and the Caribbean also declined in 2016, to \$12 million (2015: \$17 million). The closure of Link Up again contributed to the fall in expenditure, however Link Up activity in Bangladesh and Myanmar continued during 2016 up to close-out. The other significant programme activity in the combined region during 2016 was a Global Fund funded programme in Myanmar and strategic harm reduction and adolescent programme work delivered across the Asia and Eastern European region.

Spend on strategic interventions in 2016 totalled \$3.4 million, adding to the \$11.2 million invested from the previous strategic investment cycle of 2013 to 2015. The Charity has continued to make progress against its key strategic response areas through the significant investments it has made in this period.

Support costs (shown in note five on page 49) have reduced to \$5.4 million in 2016, versus \$6 million in 2015. This reduction in support costs continues a general trend that the Charity has achieved since 2009. The Charity has a strategic priority of ensuring it continues to strengthen its investment in Southern leadership. The completion of an organisation restructure in 2016 has placed the Charity in a strong position to focus a greater amount of resources in charitable activities in the South, furthering its longer term strategic objectives.

The Charity's largest donors by value during the year were the governments of the Netherlands, the UK and Sweden, together with the Global Fund to Fight AIDS, Tuberculosis and Malaria. The Charity's partnership programme arrangement with the UK government's Department for International Development ended on the 31st December 2016. However, the Charity secured new strategic funding from the Dutch Ministry of Foreign Affairs: a \$19.5 million five year grant that will continue to support the Charity in delivering against its strategic objectives for 2017 and beyond.

Financial impact of significant events

During the course of 2016, the Charity underwent an organisational restructure, the full details of which are discussed on page 10 and note 15 to the accounts. At the balance sheet date, the restructuring process had been fully completed and the new organisational structure implemented. All costs associated with the restructure had been incurred and no liabilities were outstanding at 31 December 2016.

Performance of Charity's fundraising activities

The financial year 2016 was another strong year in terms of meeting fundraising targets, with a number of significant new funding agreements secured. This success has been achieved against the background of a challenging external donor environment, where the shape and focus of ODA funding continues to evolve. The funding secured will help the Charity to meet its financial objectives for the coming years and enable important charitable and programmatic work to continue. A summary of the new agreements follows:

- A new five-year programme funded by the Swedish Embassy in Uganda and focused on SRHR was secured during 2016 and commenced in July. The programme has a total value of SEK 110 million (approximately \$12 million).
- A new four and quarter year multi-country programme funded by the Dutch Ministry of Foreign Affairs was secured and commenced in October. The programme, entitled READY+ and focused on 10-24 year olds living with HIV in Africa, has a total value \$10.4 million.
- A top-up of strategic funding was secured from the Swedish Government (SIDA), adding to the current strategic funding agreement in place with the Charity. The value of this top-up was SEK 15 million (approximately \$1.7 million).
- A new two-year, \$4 million grant was secured from the Elton John AIDS Foundation. The project focused on supporting people and communities in 29 countries who are at risk of experiencing human rights violations as a result of their sexual orientation or gender identity, launched in the Autumn of 2016 to provide emergency relief to these populations.

Balance sheet and cash flow

The balance sheet and the cash flow statement show a small decline in cash balances at 31 December 2016, compared to the previous year-end, with \$13.7 million held in cash and cash equivalents (2015: \$14 million). The small change reflects the fact that the cash position of the Charity has been relatively stable during the course of 2016. This stability is expected to continue into 2017, with a similar proportion of advanced funding being received from donors.

Income of \$7 million was deferred at year end, including amounts relating to the Government of Sweden (Sida) for \$1.6 million (strategic funding) and \$1.2 million (for the next phase of the Key Populations Connect programme). Additionally, \$1.3 million was deferred on the programme READY PLUS, which is funded by the Ministry of Foreign Affairs for the Netherlands. All these significant deferred income balances arose due to receiving funds close to the end of the financial year.

Group structure

Branches and subsidiaries

The Charity's Country Offices are treated as branches of the Charity where they are not incorporated locally. The Charity has one Country Office, in Myanmar. The Charity's fundraising and policy office in the United States is incorporated locally as a separate legal entity and is treated as a subsidiary. The regional representative office in Thailand, where the Charity was registered as a Foundation, was made dormant in 2015 and is currently in the process of being acquired by the Australian Federation of AIDS Organisations (AFAO). For further details, see 'Organisational Structure' on page 7.

In practice there is little operational distinction between branches and subsidiaries, but in the financial statements, the assets and liabilities of the branches are included within the parent Charity balance sheet as well as within the group balance sheet, whereas the assets and liabilities of the subsidiaries are included only within the group balance sheet.

Principal risks and uncertainties

The Trustees have ultimate responsibility for identification of the risks to which the Charity is exposed. The risk management framework approved by the Trustees, includes the following measures:

- The Finance and Audit Committee (FAC) reviews the organisational risk register at its bi-annual meetings, assesses the risks facing the Charity and the measures put in place to mitigate them, and reports its findings to the Board of Trustees;
- Critical risks are monitored on an ongoing basis by the Senior Management Team (SMT), a process which includes monthly review of the organisational risk register. The chair of the FAC is updated regularly on any significant new risks or other changes to the register by the Executive Director;
- Secretariat clusters maintain operational risk registers which are reviewed regularly by directors. Through the directors, operational risk registers inform the organisational risk register.
- The internal audit function carries out a programme of audits across all operations and activities, based on an annual internal audit plan approved by the FAC.

The following principal strategic risks and uncertainties have been identified and the management actions relating to them are subject to regular review by the FAC.

Risk	Management actions
<p>Funding</p> <p>The changing funding landscape results in the Charity being unable to raise the resources necessary to achieve its strategy 2016-2020.</p>	<ul style="list-style-type: none"> • Maintain 3-year forecasting scenarios • Develop and implement donor strategies • Continue to generate compelling evidence of community-based HIV programming effectiveness • Continue to develop alternative income streams from non-ODA sources, with a particular focus on MICs
<p>Relevance</p> <p>The Charity is unable to remain relevant and to be innovative due to a changing HIV epidemic and policy environment.</p>	<ul style="list-style-type: none"> • Establish and strengthen links with relevant stakeholders (e.g. World Health Organisation) • Increase focus on evidence in the design and delivery of programmes • Test and fund innovative approaches, for example through the successful implementation of an innovation fund
<p>Strategic</p> <p>Poor engagement and working relationships with global and regional key population networks leads to reputational damage, loss of effectiveness and inability to sustain community response.</p>	<ul style="list-style-type: none"> • Develop strategic MOUs and other relationship mechanisms with global and regional KP networks • Monitor the funding base of Latin American regional networks and support income generation efforts to replace the funding received from the Global Fund for the last 5 years
<p>Programmes</p> <p>Poor quality programming (multi-country projects and Linking Organisations' programming) leads to ineffectiveness, not reaching targets, loss of relevance and funding.</p>	<ul style="list-style-type: none"> • Accreditation Cycle II includes HIV programme standards • Tailored package of services for Linking Organisations from Secretariat • Capacity Development Fund (CDF) for programme development
<p>Programmes</p> <p>Failure to deliver on restricted programme objectives, poor donor compliance, poor financial management or fraud leads to programme failure and reputational damage.</p>	<ul style="list-style-type: none"> • Restricted Contracts and Agreements oversight including robust onward granting and monitoring procedures • Risk-based internal audit plans • High awareness of anti-fraud policy and robust investigation procedures when frauds are reported
<p>People</p> <p>Organisational change management programme ('People Deliver') fails to deliver new culture, sense of urgency and high performance needed to achieve strategy.</p>	<ul style="list-style-type: none"> • SMT lead change management initiative • Focused staff training and performance management • Close monitoring of the 'People Deliver' intervention (which aims to enhance employee engagement, deliver high performance, and encourage staff development)
<p>People</p> <p>Injury or abduction of staff member or Technical Support Hub consultant whilst working leads to reputational damage, corporate liability, and reduced staff morale.</p>	<ul style="list-style-type: none"> • Security management systems including Linking Organisation security oversight, travel management and staff personal safety training • Functioning Crisis Management Team • Engagement from Technical Support Hub Managers on consultant personal safety

Financial instruments and foreign exchange risk

The Charity's operations and working capital requirements are financed principally by a mixture of reserves and funds received in advance from donors. In addition, trade debtors (funds due from donors) and trade creditors arise directly from the company's operations.

The Charity's income is received mainly in US dollars, British Pounds, Swedish Krona and Euros. The costs of the Charity are primarily incurred in pound sterling, while the costs of in-country operations and support for partner organisations are incurred in around 20 different currencies.

The Charity's policy on foreign exchange, in summary, is that:

- the Charity will regularly review its net exposure to foreign exchange risk
- the Charity will pass on foreign exchange risk to suppliers and partners where appropriate, and where it is appropriate that the Charity bears the risk, it will manage significant exposure by the use of forward contracts and options
- the Charity will continue to hold liquid reserves mainly centrally, in US dollars, British Pounds and Euros, subject to ensuring that partner organisations have sufficient cash locally to prevent disruption to services

Reserves policy

The Charity's reserves policy was agreed at the April 2010 Trustees' meeting. The policy was reviewed at the November 2015 Trustees' meeting, to confirm that it continued to meet the Charity's financial objectives and sufficiently safeguarded the financial position of the Charity. The Trustees' review confirmed that the current Reserves policy remained appropriate and decided to retain the policy as detailed below.

The Charity has no long-term borrowings so all of its financing needs must be met from either reserves or current income. The Charity needs to hold reserves for the following main purposes:

- to provide working capital for country operations. The Charity normally pays grants to its partners for three months of planned activity, in advance. Some smaller grants are paid annually in advance. The Charity's own restricted funding from its donors, on the other hand, can be paid in arrears. Therefore the working capital needs of its country operations may need to be met from the Charity's unrestricted reserves
- to cover for a shortfall in funding for core costs. The salaries and running costs of the Charity are mainly covered by unrestricted funding, which comes from the Dutch and Nordic governments. If that funding were delayed, the Charity would need a buffer of unrestricted reserves to pay core costs in the meantime. If unrestricted funding were discontinued or significantly reduced, the Charity would need unrestricted reserves to fund restructuring and redundancy costs. The target level of this element of unrestricted reserves is three months of Charity core costs
- to cover unbudgeted costs incurred by partner organisations. The Alliance is a partnership of over 30 organisations worldwide, so it is normal that from time to time there will be emergencies or unanticipated costs that the Charity will want to support. There may not be sufficient contingency within a single year's budget, so to be able to respond to

emergencies the Charity needs a contingency fund within unrestricted reserves. The target level of this element of unrestricted reserves is \$0.2 million

The three requirements above are met from the General Fund. The target level for the first two is variable according to the values and the cash flow patterns of the budgets for the year, so the overall target level for the General Fund is reassessed annually. Based on budgets for 2017, the target minimum level for the General Fund is \$4.7 million. The Charity is currently above that short-term minimum level with a balance of \$5.8 million at the 31st December 2016. The Trustees have reviewed the current level of the General Fund and given the volatile external environment and the changing shape of HIV/AIDS funding, consider it appropriate to maintain the General Fund above this target minimum level.

In addition to the General Fund, the Trustees maintain a Programme Designated Reserve. This reserve account is maintained to fund important strategic interventions that the Charity is delivering as part of its strategy to 2020. The balance on this account at the 31st December 2016 was \$2.9 million and these reserve funds will be utilised to support strategic interventions during 2017 and 2018, as part of a multi-year investment approach. Together, the General Fund and the Programme Designated Reserve make up the Charity's free reserves.

Separate unrestricted reserves are needed for the following purposes:

- *to cover the balance of funds invested in fixed assets.* The Charity's fixed assets have been acquired using unrestricted funds. The net book value of fixed assets is held in a separate reserve, to reflect the fact that that part of the Charity's reserves is not readily realisable to finance any other activity or obligation. At the 31st December 2016, the balance on this reserve fund is \$62,000. During the course of 2016, the Charity capitalised leasehold improvements associated with merging onto one floor within its leased offices in Preece House. These fixed assets will be depreciated over the remaining life of the lease, with the depreciation allocated against this fund
- *to cover for foreign exchange losses.* Currency markets continue to be very volatile, and with major income and expenditure streams in over ten different currencies, the Charity is exposed to significant foreign exchange risk. Steps are taken to hedge against that risk in line with the foreign exchange risk policy set out above, but it is still prudent to retain a minimum balance in the Exchange Rate Revaluation Reserve to cover for unhedged foreign exchange losses. The target minimum value of the reserve is \$0.5 million. At the 31st December 2016, the balance on this reserve fund was \$0.5 million

The total funds that the Charity holds at the 31st December 2016 are \$9.3 million.

Liquidity and interest rate risk

The Trustees monitor the liquidity and cash flow risk of the Charity carefully. Cash flow is examined by the Trustees on a regular basis and action is taken as appropriate. The Charity did not need an overdraft in 2016, and will not need an overdraft in 2017. There are no long-term borrowings, so the Charity is not exposed to interest rate risk.

Investment policy and objectives

The Charity's investment policy was approved at the April 2013 Trustees' meeting. The objectives of the policy, in order of priority, are to ensure that the Charity's funds are held safely; to ensure that the Charity has sufficient liquidity to implement its programmes; and to achieve a return on surplus funds. Surplus funds may be invested in either:

- fixed-interest government or government-backed investments with less than five years to maturity which are rated AAA by either Standard & Poor's or Moody's
- bank treasury deposits and/or notice accounts with terms of up to 12 months in banks that are rated at least A by both Standard & Poor's and Moody's and have been approved by the Trustees, or
- in a sterling common deposit fund managed by a corporate trustee, as approved by the Charity Commission

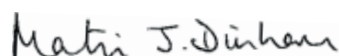
During the course of 2016, interest earned on investments totalled \$28,000. The objectives of the policy are to generate interest on the Charity's British pound, US dollar and Euro bank balances equal to the Bank of England, Federal Reserve and European Central bank base rates. The Charity met this target in 2016.

In 2014, a review was undertaken of the above policy to confirm whether it still aligned with strategic and financial objectives of the Charity. It was concluded that the policy was fit for purpose and no material changes were proposed. The current policy will be reviewed again in May 2017.

Approval

This annual report of the Trustees, prepared under the Charities Act 2011 and the Companies Act 2006, has been approved by the Board of Trustees; this included approval in their capacity as company directors of the Strategic Report contained herein.

Signed on behalf of the Board of Trustees.



Martin Dinham
Chair

Date 13 June 2017

Independent auditors' report to the members of International HIV/AIDS Alliance

We have audited the financial statements of International HIV/AIDS Alliance for the year ended 31 December 2016 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's trustees as a body in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Pesh Framjee

Pesh Framjee
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

29 June 2017

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated statement of financial activities

for the year ended 31 December 2016

		2016	2016	2016	2015	2015	2015
		Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
		\$000	\$000	\$000	\$000	\$000	\$000
<i>Notes</i>							
Income from:							
Donations and legacies		-	8	8	-	6	6
Investments	2	-	28	28	-	23	23
Charitable activities							
Grant and other income	3	15,134	11,582	26,716	28,132	12,712	40,844
Contract income	3	-	890	890	-	1,745	1,745
Total		15,134	12,508	27,642	28,132	14,486	42,618
Expenditure on:							
Charitable activities	3,4	15,134	12,620	27,754	28,132	13,445	41,577
Restructuring costs/provision	15	-	439	439	-	897	897
Net loss on forward contract		-	-	-	-	81	81
Total		15,134	13,059	28,193	28,132	14,423	42,555
Net income (expenditure)		-	(551)	(551)	-	63	63
Reconciliation of funds							
Total funds brought forward	3	-	9,804	9,804	-	9,741	9,741
Total funds carried forward	3	-	9,253	9,253	-	9,804	9,804

The notes on pages 42 to 58 form part of these financial statements.

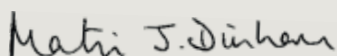
There are no recognised gains and losses other than those shown within the Consolidated Statement of Financial Activities.

Balance sheet

as at 31 December 2016

		2016	2016	2015	2015
		Group	Charity	Group	Charity
	Notes	\$000	\$000	\$000	\$000
Fixed assets					
Tangible assets	8	62	62	2	2
Current assets					
Debtors	11	3,898	3,929	4,616	4,676
Short term deposits		3,000	3,000	4,448	4,448
Cash at bank and in hand	12	10,685	10,654	9,595	9,535
		17,583	17,583	18,659	18,659
Liabilities					
Creditors: Amounts falling due within one year	13,14	(8,292)	(8,292)	(7,960)	(7,960)
Net current assets		9,291	9,291	10,699	10,699
Provision for liabilities	15	(100)	(100)	(897)	(897)
Total Net assets		9,253	9,253	9,804	9,804
The funds of the charity					
3					
Unrestricted					
General Fund		5,826	5,826	5,826	5,826
Fixed Asset Fund		62	62	2	2
Exchange Rate Revaluation Reserve		500	500	500	500
Programme Designated Reserve		2,865	2,865	3,476	3,476
		9,253	9,253	9,804	9,804
Restricted					
		-	-	-	-
Total charity funds		9,253	9,253	9,804	9,804

The financial statements were approved by the Board of Trustees and authorised for issue on 13 June 2017



Martin Dinham
Chair

The notes on pages 42 to 58 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2016

		2016	2015
	Notes	\$000	\$000
Cash flows from operating activities			
Net cash used in operating activities	23	(303)	(7,477)
Cash flows from investing activities			
Dividends, interest and rents from investments	2	28	23
Purchase of property, plant and equipment	8	(84)	(32)
<i>Subtotal: Net cash used in investing activities</i>		(56)	(9)
Change in cash and cash equivalents for the year		(359)	(7,486)
Cash and cash equivalents at the beginning of the year		14,043	21,529
Cash and cash equivalents at 31 December		13,685	14,043

The notes on pages 42 to 58 form part of these financial statements.

Notes to the consolidated financial statements

1. Accounting Policies

Legal form of Charity

The International HIV/AIDS Alliance is registered as a limited liability company in England and Wales under number 2883774 and its registered office is Preece House, 91 - 101 Davigdor Road, Hove, BN3 1RE. The International HIV/AIDS Alliance is a Public Benefit Entity registered with the Charity Commission under number 1038860.

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Report Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. The date of transition to FRS102 was 1 January 2014 and in preparing the financial statements, the Trustees have considered whether the accounting policies required by the standard require the restatement of comparative information.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

Before approving the financial statements, the Trustees review and re-approve the detailed budget for the year following the balance sheet date (2017: the Trustees having originally approved the 2017 budget in November 2016), outline information for the following two years (2018 and 2019), and the major risks to which the Charity is exposed. Following these reviews, the Trustees are satisfied that the Charity has a reasonable expectation of securing adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties casting doubt on going concern. The financial statements are therefore prepared on the basis that the Charity is a going concern.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings in the USA and Thailand. The consolidation has been carried out on a line by line basis.

The subsidiary undertaking in Thailand, a foundation, ceased operations during 2015 and an application to legally dissolve the foundation was submitted on 7th September 2015. The organisation is currently dormant. The Charity's regional representative was hosted by a local Thai organisation from January 2016 to August 2016. The regional representative departed the Charity in September 2016. During the course of 2016, the Charity was approached by the Australian Federation of AIDS Organisations to acquire the dormant Thai foundation. This acquisition process is currently underway and is expected to be completed during 2017.

The Charity has a branch office in Myanmar, the results of which are included in the financial statements. On the 17 February 2017, the Myanmar branch was granted a temporary registration as a local civil society organisation in Myanmar. Permanent registration is anticipated later in 2017, at which point the Alliance Myanmar branch will transition to an independent linking organisation. Transition is expected to be completed by 31 December 2017.

No separate SOFA has been presented for the parent charity alone. The subsidiary undertakings in the USA and Thailand have incurred no income or expenditure outside of that provided by and reported to the Charity. Therefore, the SOFA of the parent charity is the same as the consolidated SOFA.

Funds structure

The Charity maintains two types of fund:

Unrestricted Funds

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity, and which are not subject to donors' restrictions. The Charity further divides unrestricted funds as follows:

- The Fixed Asset Fund, which represents the funds tied up in tangible fixed assets and therefore not immediately realisable.
- The Programme Designated Reserve, which are funds the Trustees have set aside for particular purposes.
- The General Fund, which represents the working capital for the Charity and also provides a buffer, should there be a shortfall in income or unbudgeted costs. The Trustees review the level of the General Fund annually and have agreed in the Reserves Policy (see page 34) a target minimum level for the General Fund of \$4.7 million.
- The Exchange Rate Revaluation Reserve, which holds a minimum balance of \$0.5 million to cover unhedged foreign exchange losses.

Restricted funds

Restricted funds are funds that must be used in accordance with specific instructions imposed by donors.

Transfers between funds

Transfers to or from the General Fund from other funds are made in accordance with the Charity's reserves policy.

Incoming resources

Incoming resources are included in the SOFA when the Charity is legally entitled to them, is reasonably certain of receipt, and the amount can be reliably measured. Incoming resources from charitable activities includes income from performance related grants; income and fees for contracts and services; and income from unrestricted grants. Voluntary income comprises public donations and is included when it is received.

The Charity receives funding from performance-related grants and contracts for direct and indirect programme costs and to provide sub-grants to other agencies. This funding is subject to contractual restrictions which must be met through incurring qualifying expenses for particular programmes.

Income arising from performance related grants is treated as restricted income. Income arising from contracts for services is recognised as unrestricted income, as any surplus or deficit remaining after the contract terms have been fulfilled is for the Charity to keep.

Revenue from performance grants and contracts is recognised only when funds have been utilised to carry out the activity stipulated in the agreement. This is generally equivalent to the sum of relevant expenditure incurred during the year and any related

contributions towards overhead costs. Deferred income amounts received under these grants and contracts represents the amount of cash received in advance of earning revenue through the delivery of programme activities.

The Charity also receives some grants from governments and foundations that are not subject to contractual restrictions. Revenue from these grants is included at the time the contract is signed by the donor.

Resources expended

Charitable activities

Expenditure is recognised on an accruals basis. All costs are allocated to direct charitable activities. Support costs are allocated on a total cost basis. All salaries are allocated to either support costs or direct activities according to timesheets.

Contributions are paid to Alliance Country Offices and Linking Organisations overseas, and are given for two purposes, either to support the operating costs of the Country Office or Linking Organisation, or to provide funds for 'onward granting' to implementing partners.

Operations expenditure is recognised when expenses have been incurred by the Country Office or Linking Organisation and have been approved by the budget holder at the Charity.

Onward grants by Country Offices to implementing partners are recognised in line with the expenditure of the grant reported back to the Country Office by the implementing partner. Onward grants by Linking Organisations are recognised as expenditure in full on signing of the onward granting agreement with the implementing partner.

Governance costs

These are the costs associated with the governance arrangements of the Charity as opposed to those costs associated with fundraising or charitable activities. Governance costs include internal and external audit costs, and costs associated with constitutional or statutory requirements, for example the costs of Trustees' meetings or of preparing statutory accounts.

Functional and presentation currency

The functional and presentation currency of the Charity is US Dollars. A significant proportion of the Charity's funding and programme expenditure is denominated in US Dollars, therefore the Charity has elected to use US Dollars as its functional currency and the currency that the consolidated Financial Statements are prepared in.

Foreign exchange gains and losses

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rate of exchange ruling at the date of the transaction or at an average monthly rate. Exchange differences are taken into account in arriving at the net movement in resources for the year.

Fixed assets and depreciation

Expenditure on tangible fixed assets is capitalised at original cost.

The capitalisation limit is \$5,000.

Assets held by Country Offices are fully depreciated in the year of acquisition. Assets held by the Charity in the UK are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements: 7 years, or the term of the lease, whichever is shorter

Furniture and fixtures: 7 years

Computer equipment and software: 3 years

Office equipment: 3 years

A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Cash and cash equivalents and current asset investments

Cash and cash equivalents are measured through the US dollar equivalent cash value held by the group at the balance sheet date. Current asset investments are measured as the US dollar equivalent value of short term treasury deposits structured for a period of up to 12 months at the balance sheet date. The balances held in these short term treasury deposits are not intended to be used to fund working capital requirements in the immediate future.

Debtors

Debtor balances are made up of balances due from donors, amounts due from subsidiary companies, amounts advanced to partners, prepayments and other debtors.

Debtor balances due from donors are measured as the US dollar equivalent value of invoices submitted to donors for reimbursement of funds. Amounts due from subsidiary companies and amounts advanced to partners are both measured as the US dollar equivalent value of unspent funds at the balance sheet date. Prepayments are measured as the US dollar equivalent value of net amounts prepaid at the balance sheet date.

Provisions for liabilities and charges

Provisions for liabilities and charges are provided for where these arise from a legal or constructive obligation, as a best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Pensions

The Charity offers staff a range of benefits including membership of a defined contribution pension scheme. Where staff opt to join the scheme, the Charity makes employer's pension contributions to personal pension schemes. The assets of these schemes are held separately from those of the Charity in independently administered funds. In accordance with SORP 2015 'Retirement and post-employment benefits', contributions are charged to unrestricted and restricted funds on the same basis as other employee related costs.

Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

Financial instruments

Where the Charity has obligations denominated in one currency that are funded by grants or contracts denominated in another currency, it is exposed to the risk of movements in the exchange rate between those two currencies. In accordance with its foreign exchange policy (see page 34), the Charity may use forward contracts or options to reduce the risk arising from its significant foreign exchange exposures. Those contracts may commit the Charity to exchange a given amount of one currency for another at a future date, at a set rate. These contracts are classed as derivative financial instruments, because their value changes in response to changes in market foreign exchange rates. Accounting standards require derivatives to be held at fair value, with the change in value from one period to another taken through the Statement of Financial Activities. At the balance sheet date, any outstanding forward foreign exchange contracts or options would be revalued at the applicable forward rate for each contract at the year end. The unrealised gain or loss arising on revaluation is taken through the Statement of Financial Activities. The Charity does not hold or trade in any other type of derivative financial instrument.

Estimation of uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in this accounting policies note and specifically relate to incoming resources and resources expended.

2. Income from investments

	2016	2015
	\$000	\$000
Interest on treasury deposits and bank balances	28	23

3. Movement in resources

	Balance at 1/1/16	Incoming 2016	Transfers 2016	Outgoing 2016	Balance at 31/12/16
	\$000	\$000	\$000	\$000	\$000
Restricted Funds					
amfAR, The Foundation for AIDS Research	-	75	-	75	-
Big Lottery Fund	-	387	-	387	-
Comic Relief	-	86	-	86	-
Conrad N. Hilton Foundation	-	344	-	344	-
Danish Government (Danida)	-	78	-	78	-
Dutch Government (BuZa)	-	8,289	-	8,289	-
Elton John AIDS Foundation	-	429	-	429	-
European Commission	-	14	-	14	-
German Government (GIZ)	-	214	-	214	-
Global Fund to Fight Aids, Tuberculosis & Malaria	-	2,560	-	2,560	-
New Venture Fund	-	8	-	8	-
Open Society Foundations	-	15	-	15	-
Pepal Foundation	-	11	-	11	-
Swedish Government (SIDA)	-	2,251	-	2,251	-
United Nations	-	186	-	186	-
US Government (USAID)	-	185	-	185	-
Other restricted funds	-	2	-	2	-
Total restricted funds	-	15,134	-	15,134	-
Unrestricted Funds					
Contracts					
US Government (USAID)	-	634	-	634	-
Other contract income	-	256	-	256	-
Subtotal contracts	-	890	-	890	-
<i>Unrestricted grants (details below)</i>		11,377			
<i>Other unrestricted grant income</i>		205			
<i>Total grant income</i>		11,582			
<i>Other unrestricted income</i>		36			
<i>Total incoming resources on general fund</i>		11,618			
General fund	5,826	11,618	(3,488)	8,130	5,826
Fixed asset fund	2	-	60	-	62
Exchange rate revaluation reserve	500	-	695	695	500
Programme designated reserve	3,476	-	2,734	3,345	2,865
Total funds	9,804	27,642	-	28,193	9,253

Restricted funds relate to donor-funded programmes, with expenditure incurred in the delivery of those programmes through Linking Organisations and onward granting to implementing partners. Incoming resources on restricted funds are only recognised to the extent that these funds have been utilised to carry out programme activities as stipulated in the relevant agreements. Any funds received in excess of activity delivered are treated as deferred income. Note 14 summarises the amount of incoming resources deferred in the financial year ending 31st December 2016.

The programme designated reserve is approved by the Trustees for the delivery of the strategy, supported by detailed budgets and project plans. These are significant resources to explore and invest strategically in the pursuit of sustaining the Charity's linking organisations, and community responses more generally, in middle income countries and fragile states. The programme designated reserve was utilised to support \$3,345,000 of strategic activities during the course of 2016. At the 31st December 2016, the Trustees approved a transfer of \$2,734,000 into the programme designated reserve from the general fund, to meet the balance of strategic investment expenditure in 2016 and to fund further important strategic initiatives in 2017.

The exchange rate revaluation reserve is maintained to cover unhedged foreign exchange losses that arise in a particular year. During 2016, \$695,000 of foreign exchange losses were incurred, with the exchange rate revaluation reserve being drawn upon accordingly. At the 31st December 2016, the Trustees approved increasing the balance of this reserve back to the target minimum level of \$500,000 per the reserves policy.

Unrestricted grants include the following:

	2016	2015
	\$000	\$000
UK Government (DFID)	5,459	6,000
Swedish Government (Sida)	2,005	4,725
Danish Government (DANIDA)	-	1,512
Norwegian Government (NORAD)	-	475
Dutch Government (BuZa)	3,913	-
	11,377	12,712

4. Charitable activities

	Support to Country Operations	Onward Granting	International Technical Assistance	Salaries	Support Costs	2016 Total	2015 Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Asia & Eastern Europe and Latin America & the Caribbean	1,777	5,518	1,304	1,101	2,331	12,331	17,189
Africa	-	6,845	1,812	1,754	2,503	12,914	20,460
Policy	-	-	92	355	108	555	963
Technical Cooperation Unit	-	-	656	351	242	1,249	1,678
Programme Impact	-	-	141	669	195	1,005	1,287
Total	1,777	12,363	4,005	4,230	5,379	27,754	41,577

5. Support costs

	Asia & Eastern Europe and Latin America & the Caribbean	Africa	Policy	Technical Cooperation Unit	Programme Impact	2016 Total	2015 Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Executive Director's Department	229	246	11	24	19	529	571
External Relations	571	613	26	59	48	1,317	1,635
Field Programmes Co-ordination	-	-	-	-	-	-	69
Corporate Services	1,036	1,112	48	108	87	2,391	3,005
Governance costs	71	76	3	7	6	163	172
Central costs	424	456	20	44	35	979	494
Total	2,331	2,503	108	242	195	5,379	5,946

In each geographical area a comprehensive portfolio of prevention, care and mitigation programmes is implemented. These activities are achieved through a combination of direct expenditure and onward granting. The policy, technical support and planning, analysis and learning activities of the Charity support the work of field programmes at a local, national and international level. Direct costs are used as the basis to apportion support costs across charitable activities. The support costs associated with onward granting were \$2,972,000 (2015: \$3,207,000).

6. Onward granting

The Charity grants funds to linking organisations (LOs). Linking organisations then support other non-governmental and community-based organisations working to further the Charity's charitable objectives within those countries by sub-granting the funds received. In Myanmar, where the Charity has a Country Office (CO) rather than an LO, the CO makes grants directly to local community based organisations. On rare occasions the Charity in the UK also grants funds directly to programme-implementing organisations ('implementing partners').

The Charity has a comprehensive onward granting policy and procedures manual that provides clear guidelines on the criteria for awarding grants to non-governmental and community-based organisations, to ensure that accountability and transparency is maintained. Grant renewal is subject to performance, review and re-planning. The Charity's standard sub-grant agreement provides for grant recipients over a value threshold of \$300,000 per annum to be audited. No grants are made to individuals.

Onward grants made during 2016 totalled \$14,140,000. Of this amount, the 20 most material grants totalled \$10,132,000. The 20 recipient organisations receiving these grants are listed as follows:

		2016 Group \$000	2015 Group \$000
Community Health Alliance Uganda (CHAU)	Uganda (LO)	1,915	1,409
Marie Stopes International	UK, Link Up partner	1,245	3,765
Population Council	USA (Link Up partner)	929	1,216
Positive Vibes	Namibia (LO)	913	819
Kenya AIDS NGO Consortium (KANCO)	Kenya (LO)	781	1,091
Organization for Social Services, Health and Development (OSSHD)	Ethiopia (LO)	576	1,178
Alliance Nationale Contre le SIDA (ANCS)	Senegal (LO)	445	351
Alliance for Public Health	Ukraine (LO)	425	727
Alliance Burundaise Contre le SIDA (ABS)	Burundi (LO)	394	490
India HIV/AIDS Alliance	India (LO)	390	751
Myanmar Positive Group (MPG)	Myanmar	362	275
Rumah Cemara	Indonesia (LO)	349	289
Ashar Alo Society	Bangladesh	305	538
AIDS Care China	China (LO)	227	619
Center for Supporting Community Development Initiatives (SCDI)	Vietnam (LO)	219	364
Via Libre	Peru (LO)	208	445
Malaysian AIDS Council (MAC)	Malaysia (LO)	144	251
Icebreakers Uganda	Uganda	109	236
Promoteurs Objectif Zérosida (POZ)	Haiti (LO)	98	173
Corporación Kimirina	Ecuador (LO))	98	29

7. Staff numbers and costs

The average number of employees of the group for the year was 131 (2015: 163). The aggregate costs of these staff were as follows:

	2016	2015
	Group	Group
	\$000	\$000
Salaries	6,684	8,383
Social security costs	522	667
Pension costs	349	476
Severance costs	712	189
Provision for restructuring (released in 2016)	(897)	897
	<u>7,369</u>	<u>10,612</u>

During the financial year, the following key management personnel received total emoluments of \$684,000 for services to the Charity.

- Executive Director
- Director: Knowledge and Influence
- Director: Programmes
- Director of External Relations
- Director: Corporate Services
- Associate Director: Asia, Eastern Europe, Latin America & Caribbean
- Associate Director: Technical Cooperation Unit
- Associate Director: Programme Impact

The Executive Director is the highest paid employee within the Charity.

A restructuring process took place within the Charity during the course of 2016. As part of this process, severance payments were made to 28 staff members who have left the organisation under mutual consent. The total cost of these severance payments were \$712,000. One payment is outstanding at the 31st December 2016 and has been accrued for. This will be paid in early 2017.

The numbers of employees whose emoluments for the year fell within the following bands were:

	2016	2016	2015	2015
	Group	Charity	Group	Charity
	number	number	number	number
\$160,000 - \$169,999	-	-	1	1
\$150,000 - \$159,999	2	2	-	-
\$140,000 - \$149,999	-	-	1	1
\$130,000 - \$139,999	1	1	2	2
\$120,000 - \$129,999	-	-	1	-
\$110,000 - \$119,999	5	4	8	7
\$100,000 - \$109,999	3	3	4	4
\$90,000 - \$99,999	8	8	6	6

The above bands define severance payments as a form of emolument. One departing employee received combined emoluments that lifted them into the top banding for 2016, alongside the Executive Director. This was a one-off situation, which will not arise in future years.

8. Tangible fixed assets

	Furniture and fixtures	Computer equipment and software	Office equipment	Motor vehicles	Total
Group	\$000	\$000	\$000	\$000	\$000
Cost at 1 January 2016	653	264	185	36	1,138
Additions for the year	77	-	7	-	84
Disposals for the year	-	(16)	-	-	(16)
Cost at 31 December 2016	730	248	192	36	1,206
Accumulated depreciation at 1 January 2016	653	264	183	36	1,136
Depreciation for the year	15	-	9	-	24
Depreciation on disposals	-	(16)	-	-	(16)
Accumulated depreciation at 31 December 2016	668	248	192	36	1,144
Net book value at 31 December 2016	62	-	-	-	62
Net book value at 31 December 2015	-	-	2	-	2

	Furniture and fixtures	Computer equipment and software	Office equipment	Motor vehicles	Total
Charity	\$000	\$000	\$000	\$000	\$000
Cost at 1 January 2016	653	264	185	36	1,138
Additions for the year	77	-	7	-	84
Disposals for the year	-	(16)	-	-	(16)
Cost at 31 December 2016	730	248	192	36	1,206
Accumulated depreciation at 1 January 2016	653	264	183	36	1,136
Depreciation for the year	15	-	9	-	24
Depreciation on disposals	-	(16)	-	-	(16)
Accumulated depreciation at 31 December 2016	668	248	192	36	1,144
Net book value at 31 December 2016	62	-	-	-	62
Net book value at 31 December 2015	-	-	2	-	2

All fixed assets are held for charitable use.

9. Investments - Charity

Fixed asset investments

Investment in non-UK subsidiary undertakings

International HIV/AIDS Alliance, Inc. - one share of common stock of one dollar

2016	2015
\$	\$
1	1

10. Subsidiary undertakings

The following companies are subsidiary undertakings of the International HIV/AIDS Alliance. Both are incorporated outside the UK. Only International HIV/AIDS Alliance, Inc has a share capital (see note 9).

The Thai foundation ceased operations during 2015 and an application to legally dissolve the company was submitted on 7th September 2015. The entity was dormant at 31st December 2016.

The income, expenditure and aggregate amount of the assets, liabilities and funds of the USA subsidiary for the year ended 31 December 2016 are as below and solely represent trading between this subsidiary undertaking and the International HIV/AIDS Alliance.

Country	Name of subsidiary	Date of incorporation	Year end	Income \$000	Expenditure \$000
USA	International HIV/AIDS Alliance, Inc	2 May 2003	31 December	278	275
				Assets \$000	Liabilities \$000
				35	49
					Funds \$000
					(14)

The employer identification number for the International HIV/AIDS Alliance, Inc is 57-1177110.

The net reserves of these subsidiaries was nil as at 31st December 2016. The incoming resources of the parent charity were \$27,642,000 with resources expended of \$28,193,000.

There were no further related party transactions during the course of 2016.

11. Debtors

	2016	2016	2015	2015
	Group	Charity	Group	Charity
	\$000	\$000	\$000	\$000
Due from donors, including accrued income	2,675	2,675	2,828	2,828
Amount due from subsidiary companies	-	35	-	62
Advances to partner organisations	987	987	1,297	1,297
Other debtors	65	64	226	225
Prepayments	171	168	265	264
	3,898	3,929	4,616	4,676

Advances to partners made by the Charity take the form of concessionary loans. These loans are non-interest bearing and are repaid to the Charity in the form of services delivered by partners. The carrying amount of these concessionary loans in the Charity and Group are equivalent to the balance of advances to partners at the 2016 financial year end.

12. Cash and cash equivalents

	2016	2016	2015	2015
	Group	Charity	Group	Charity
	\$000	\$000	\$000	\$000
Balances held by subsidiaries	31	-	60	-
Balances held by Country Office branches	311	311	280	280
Balances held by the Secretariat	10,343	10,343	9,255	9,255
	10,685	10,654	9,595	9,535

“Cash and cash equivalents” refers to funds held by the Charity for the delivery of donor-funded programmes. At the end of 2016, the Charity received advances of strategic donor funding for the financial year 2017, which increased the Charity’s cash and cash equivalents balance compared with 2015. These advanced funds will be spent during the course of 2017, which will lower the Charity’s cash balance.

13. Creditors falling due within one year

	2016	2016	2015	2015
	Group	Charity	Group	Charity
	\$000	\$000	\$000	\$000
Trade creditors	312	312	464	464
Due to partner organisations	423	423	788	788
Other creditors	126	126	540	540
Tax & social security	103	103	167	167
Accruals	370	370	648	648
Deferred income (note 14)	6,958	6,958	5,353	5,353
	8,292	8,292	7,960	7,960

14. Deferred income

	Group	Charity
	\$000	\$000
Balance at 1 January 2016	5,353	5,353
Amount released to incoming resources	(5,056)	(5,056)
Amount deferred in the year	6,661	6,661
Balance at 31 December 2016	6,958	6,958

Deferred income includes cash amounts received under performance related grants and contracts for which qualifying expenses have not yet been incurred.

15. Provisions

A provision of \$897,000 was made in 2015 for the estimated cost of an organisational restructure, which took place during the course of 2016. Redundancy costs and other associated costs of the restructuring were set against this provision in 2016. The final restructuring cost was \$1,336,000. These final costs were higher than initially provided for due to a higher number of staff taking redundancy than had initially been estimated. Additionally, the Charity invested in a change management consultancy firm to guide the charity through the reorganisation of its operations, the costs of which have been captured as part of the restructuring process.

As part of the restructuring process, severance payments were made to 28 staff members who left the organisation under mutual consent. Full details of the restructuring process are discussed within the Trustee's report on page 10.

Restructuring costs	2016
	\$000
Actual costs of restructure	1,336
Release of provision (made in financial year 2015)	(897)
Charged to SOFA during the year	439

A provision has been made for the estimated cost of accrued but untaken holiday by employees at the 31st December 2016. The value of the provision of these costs is \$100,000, calculated based upon 60 employees accruing untaken holiday.

Provisions	2016
	\$000
Balance at 1 January 2016	897
Charged to SOFA during year	100
Release of restructuring provision	(897)
Charged to SOFA during the year	100

16. Trustees' emoluments and reimbursed expenses

No Trustees were remunerated for their role during the year.

Travelling and accommodation expenses for 12 Trustees for attendance at meetings amounted to \$29,205 (2015: \$37,483).

No other transactions were entered into with the Trustees.

17. Indemnity insurance

The Charity maintains a directors and officers insurance policy both to protect itself and indemnify the Trustees from the consequences of any neglect or default on the part of the Trustees, employees or agents of the Charity. This insurance is included in a Commercial Combined Package with an overall cost of \$46,388 for the period 1 January-31 December 2016.

18. Auditors' remuneration

	2016	2015
	\$	\$
Fee for the statutory audit	41,836	50,408
Fees for other services:		
Fee for the RCA (USAID compliance) audit	14,150	16,308
Other grant audits	48,231	70,491
Total fees, excluding VAT	104,217	137,207

19. Analysis of net assets between funds

	Restricted \$000	Unrestricted \$000	Total \$000
Fund balances at 31 December 2016 are represented by:			
Group			
Tangible fixed assets	-	62	62
Investments	-	-	-
Net current assets	-	9,291	9,291
Total net assets	-	9,353	9,353
Charity			
Tangible fixed assets	-	62	62
Investments	-	-	-
Net current assets	-	9,291	9,291
Total net assets	-	9,353	9,353

20. Limited liability

The Charity is limited by guarantee, the liability of each member being limited to £1.

21. Taxation

The Charity is not liable to pay UK taxation on its charitable income or capital gains.

22. Obligations under operating leases

At 31 December 2016 the group had non-cancellable lease commitments as shown below:

	2016 \$000	2015 \$000
	Land and buildings	Land and buildings
Due within one year	217	398
Due within one and five years	623	40
Due after five years	-	-

A break clause of the lease on Preece House, the Charity's head office, was exercised by the Charity during the summer of 2016. The Charity vacated the first floor of this building. The Charity has now consolidated its operations onto the second floor within Preece House. This lease on this floor ends on 24th December 2021. Non-cancellable lease commitments due within one year and between one and five years reflect the value of the rental due during this lease period. The balance of non-cancellable lease commitments due within one year relate to the Charity's branch in Myanmar and subsidiary in the US.

During 2016, lease payments of \$372,000 were expensed in the group (2015: \$419,000).

23. Note to the cash flow statement

Reconciliation of cash flows from operating activities	2016 \$000	2015 \$000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(551)	63
Adjustments for:		
Depreciation charges	24	35
Dividends, interest and rents from investments	(28)	(23)
Provision for liabilities and charges	(798)	897
(Increase)/decrease in debtors	718	(359)
Increase/(decrease) in creditors	332	(8,090)
Net cash used in operating activities	(303)	(7,477)

24. Specific donor disclosures

Netherlands Ministry of Foreign Affairs

Community Action on Harm Reduction (CAHR)

In 2010 the Charity was awarded EUR 10m over the four years 2011 - 2014 by the Netherlands Ministry of Foreign Affairs (BuZa) from their Choices & Opportunities Fund for the programme Community Action on Harm Reduction. On 21st November 2014 a one-year cost extension of EUR 2.5m was awarded, with final reporting costs incurred in the first three months of 2016. The key financial totals for the programme are as follows.

	2010	2011	2012	2013	2014	2015	2016	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cash received during the year	1,250,000	2,500,000	1,250,000	2,500,000	2,000,000	2,375,000	486,663	12,361,663
Interest allocated	-	8,029	6,888	5,546	6,771	2,734	-	29,968
Expenditure incurred	-	(1,938,661)	(2,856,381)	(2,685,286)	(2,308,289)	(2,574,202)	(28,814)	(12,391,631)
Balance carried forward	1,250,000	1,819,368	219,875	40,135	(261,383)	(457,850)	0	0
(within deferred income, note 14)								
	USD	USD	USD	USD	USD	USD	USD	USD
USD value of expenditure incurred, and income recognised in the accounts (note 3)	-	2,604,932	3,712,127	3,611,685	3,069,830	2,875,681	32,605	15,906,861

No interest was allocated in 2010 because the cash was not received until 20 December. The programme started in 2011.

Link Up

'In November 2012 the Charity was awarded USD 43,849,824 over the three years 2013 - 2015 by BUZA from their SRHR fund for the Link Up programme. On 15th January 2015 a nine-month no-cost extension was awarded. The first cash instalment of USD 8,031,000 was received on 18 December 2012 and activities commenced on 1 January 2013. The key financial totals for the programme are as follows.

	2012	2013	2014	2015	2016	Total
	USD	USD	USD	USD	USD	USD
Cash received during the year	8,031,000	8,031,000	12,354,000	10,139,000	3,100,000	41,655,000
Interest allocated	799	25,801	30,963	10,774	-	68,337
Expenditure incurred and income recognised in the accounts (note 3)	-	(7,903,203)	(16,532,043)	(13,184,869)	(6,228,070)	(43,848,184)
Balance carried forward (within deferred income, note 14)	8,031,799	8,185,397	4,038,317	1,003,222	(2,124,848)	(2,124,847)

READY+

In October 2016 the Charity was awarded USD 10,367,889 over the period 1st October 2016 to 31st December 2020 by the Embassy of the Kingdom of the Netherlands in Mozambique for the Resilient and Empowered Adolescents and Young People (READY+) project. The key financial totals for the project are as follows.

	2016 USD	Total USD
Cash received during the year	1,558,000	1,558,000
Interest allocated	-	-
Expenditure incurred and income recognised in the accounts (note 3)	(212,563)	(212,563)
Balance carried forward (within deferred income, note 14)	1,345,437	1,345,437

Funds are subgranted to project partners in various currencies, relevant to their operations. The approximate USD equivalents of funds obligated and disbursed in 2016 are as follows.

	2016 USD	Total USD
Funds obligated to partners through subgrants	577,567	577,567
Funds disbursed to partners	(373,936)	(373,936)
Balance of obligated funds yet to be disbursed	203,631	203,631

Ministry of Foreign Affairs of Denmark**SHARP**

In November 2012 the Charity was awarded DKK 25,000,000 over the three years 2013-2015 by DANIDA for the Sexual Health & Rights Programme (SHARP). A no-cost extension to December 2016 was subsequently granted. All activities were completed in 2016; however, a small balance of expenditure will be recognised in 2017. Funding is received in DKK and then converted to USD, with USD being the reporting currency for the programme. The key financial totals for the programme are as follows.

	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD	Total USD
Cash received during the year (DDK)	9,000,000	8,000,000	8,000,000	-	-	25,000,000
Cash received during the year (USD equivalent)	1,559,549	1,453,885	1,353,190	-	-	4,366,614
Interest allocated	153	4,243	6,389	2,038	-	12,823
Expenditure incurred and income recognised in the accounts (note 3)	(14,248)	(886,424)	(1,511,759)	(1,866,284)	(77,838)	(4,356,553)
Balance carried forward (within deferred income, note 14)	1,545,454	2,117,148	1,964,968	100,722	22,884	22,884

25. Financial instruments

Sections 11 and 12 of FRS 102 require the disclosure of the role that financial instruments have had during the year in creating or changing the risks that the Charity faces in undertaking its activities. The main financial risk the Charity is exposed to is foreign exchange risk, which applies because there is a mismatch between the currencies in which the Charity is funded and the currencies in which the Charity incurs expenditure and obligations.

The Charity manages foreign exchange risk in accordance with its foreign exchange policy, set out on page 34, which includes the use of forward contracts or options to reduce risk on significant foreign exchange exposures. At 31st December 2016, the Charity was committed to no forward contracts or options.

Below is a table summarising the carrying amount of all financial assets and liabilities at the year-end date.	2016 \$000	2015 \$000
Financial assets measured at amortised cost	17,583	18,659
Financial liabilities measured at amortised cost	(1,231)	(2,521)
Financial liabilities measured at fair value through the statement of financial activities	-	(81)
Carrying amount of financial assets/liabilities	16,352	16,057

About the International HIV/AIDS Alliance

We are an innovative alliance of nationally based, independent, civil society organisations united by our vision of a world without AIDS.

We are committed to joint action, working with communities through local, national and global action on HIV, health and human rights.

Our actions are guided by our values: the lives of all human beings are of equal value, and everyone has the right to access the HIV information and services they need for a healthy life.

“At the heart of our strategy is the ambition to bring about healthy people, stronger health and community systems, and inclusive and engaged societies.”