

# FRES annual report 2022

Stepping up  
rural  
electrification  
to leave  
no one behind



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Delegations from Mali, Burkina Faso, Guinea-Bissau, Uganda and The Netherlands met in Mbarara, Uganda during the 2022 annual FRES company week. The event brought together teams from all FRES companies to leverage internal experience and learnings and strengthen cooperation and knowledge exchange.

Photo previous page: Entrepreneur Issa Sawadogo runs a shop in Bobo Dioulasso, Burkina Faso. He uses a FRES system to power a fan and provide lighting for his shop and refrigeration for cold drinks and yogurt. He is planning to add another system so that he can expand his business. He also plans to open an Orange Money point where he will install another fridge for yogurt and cold drinks.

## We are FRES

A Dutch not-for-profit foundation powering a group of African companies that supply solar electricity to almost 21,000 customers in off-grid rural areas, including households, businesses, clinics, schools and community centers. Combined, our activities touch the lives of over 2 million people.

With more than 200 technicians and service agents in the field, we maintain regional networks of solar home systems, nano grids, mini grids and village lighting, solar water-pumping and productive use platforms.

We are on a mission to accelerate rural electrification by servicing customers across Africa, specifically in Mali, Burkina Faso, Uganda and Guinea-Bissau.

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# Message from the board

## FRES continued to make real impact in rural Africa

**As the board of the Foundation Rural Energy Services (FRES), we are proud to present our 2022 annual report.**

Rural electrification in Africa remains an enormous challenge. Various statistics show that about 600 million people in sub-Saharan Africa have no access to electricity. This significantly hampers socio-economic development and livelihoods in often very challenging areas on the continent. Access to electricity is key to achieve the UN Sustainable Development Goals (SDGs) by 2030.

By providing off-grid renewable energy infrastructure in Uganda, Burkina Faso, Mali and Guinea-Bissau, FRES is a catalyst for sustainable community development. Our flexible solar electricity solutions for households, businesses and public services are key enablers for rural development in line with the SDGs.

Our systems provide electricity to households, facilitating the transition from expensive and polluting kerosene lamps. We address people's

development needs by providing lighting and access to basic appliances such as cell phones and small refrigerators. With larger systems, we enable businesses to provide services to communities and create employment opportunities. Our mini grids and larger solar home systems support government and other institutions by providing electricity to schools, medical centers and other key facilities.

Our business model is based on providing energy as a service, whereby we install and maintain solar systems for an affordable monthly fee. The benefits of our model are clear: customers gain access to energy without high upfront investment. Moreover, our services are reliable, durable, cost-effective, sustainable, flexible and modular. This means that we provide an infrastructure to our customers that is easy to access and gives them the flexibility to adapt the systems to their developing needs.

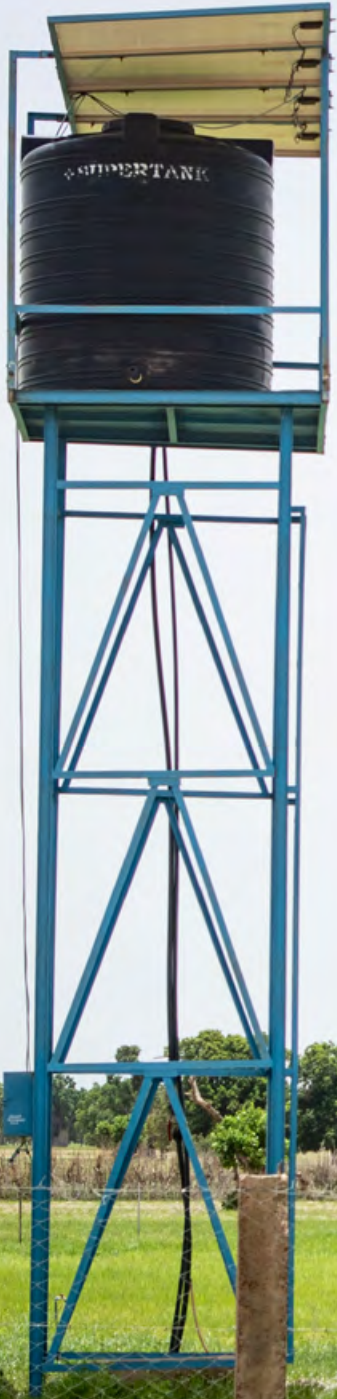
In 2022, we continued to advance our strategy of establishing and running locally managed

utilities. At year end, we employed 237 people, 14% of whom were women. The small head office in The Netherlands provided oversight and expertise to our local management teams.

FRES managed 20,538 connections at the end of 2022, comprising a combination of solar home systems, mini grids and micro grids. We also expanded our energy solutions for productive use with multifunctional platforms, allowing local communities to benefit from cooling, agro-processing and water-pumping facilities. For most of these initiatives, we worked with local women's cooperatives, enabling them to add further value to their products.

Thanks to the replication effect of the services we provide to our wide range of customers, we positively impacted the lives of over 2 million<sup>1</sup> people in rural Africa.

1. To calculate the number of beneficiaries that FRES reaches, we apply the industry-accepted multiplier of five times the total number of connections. For references made to the beneficiaries of business segments, such as schools, hospitals and places of worship, FRES bases these calculations on data collected by the FRES companies.



The solar water-pumping installation in the village of Diaramana, Mali. The system became operational in 2021 and is used by Sanouya women's cooperative to irrigate millet.

### A stable performance

Although most COVID-19 restrictions were lifted in the countries where we work, our operating companies needed more time to recover from the impact of the pandemic. We used the year to stabilize our operations and increase their resilience to current and future challenges.

Climate change and political instability are concerns that we need to prepare ourselves for, particularly in Mali and Burkina Faso. Both countries experienced coup d'états, jihadist insurgencies and failed harvests due to exceptional droughts. These events impacted the financial performance of both operating companies.

Nonetheless, our financial performance was satisfactory. Revenues remained stable at €3,867 million (2021: €3,399 million) while operational expenses (OPEX) decreased to €5,491 million (2021: €5,736 million). This resulted in an overall loss of €1,746 million (2021: €0,591 million).

The annual financial statements were prepared following RJ650 principles for fundraising organizations and were independently reviewed by Baker Tilly. The auditors provided us with a clean audit statement. A going concern note is included later in this annual report, indicating all activities currently underway to secure funding while also cementing efforts in our local entities to maintain sustainability. Several years of challenging



financial results have negatively impacted FRES' financial position and highlight the need for improved performance and refinancing in 2023.

Our largest operation in Mali continued to grow its customer base despite political instability and continued security issues.

In Burkina Faso, we currently lack the scale to be self-sufficient. However, the company's performance improved despite the difficult political and economic climate. FRES Burkina Faso (Yeelen Ba) has focused its activities on customers with income-generating energy solutions and has intensified its funding activities for scaling up.

Uganda continued to improve its performance and saw an increase in the uptake of mobile money, thanks to the installation of automated pay-as-you-go (PayGo) switches in 2021.

Following the successful completion of the restructuring in 2021, our focus in 2022 for our operation in Guinea-Bissau was on streamlining internal control processes and preparing the company for growth.

**Focus on scale and operational excellence**  
Our operational focus across the organization

was on incremental growth and improving the financial performance of our companies. Our aim is to make each of our four companies financially sustainable. This means being able to cover their own operational costs and replacement investments as well as a small service charge to cover the cost of the office in The Netherlands. Besides a level of operational excellence, this requires each company to have a minimum of 4,000 connections.

A minimum of 4,000 connections is also key to sustainably service our customers. This size creates the economy of scale and scope to maintain the number of technical and customer service staff as well as the level of managerial quality and expertise that is needed to run the business efficiently. It also provides for a company that is well rooted in local communities and recognized and appreciated as a long-term partner in the communities' development. Moreover, it ensures our position as a valued and trusted employer that offers training and development opportunities for its staff and long-term employment prospects.

We aim to continue improving the operational performance of our operating companies by investing in digitization. The focus of these investments is on asset management, customer/

payment management and overall administrative accuracy and transparency. We are in the process of rolling out the PayGo system across our network. Offering accurate customer data, mobile payment facilitation and an automatic system shutdown switch in the event of late payment, this system is expected to dramatically improve our payment rate and cash flow generation. We also plan to develop and implement an asset management system that primarily focuses on battery life optimization through system load monitoring and tracking of the installed base and inventory. Batteries make up the largest part of our replacement investments. Therefore, extending battery life will make a significant impact on the financial performance of our operating companies.

#### **Growth aspirations and funding needs**

Our 2023-2027 investment plans are focused on scaling and sustaining. Our aim is to achieve long-term financial sustainability. At a network level, this means that we need to scale up our existing customer base by roughly 50% to about 30,000 connections. To further increase our impact, our long-term ambition is to grow to at least 40,000 connections by adding one or two countries to our network.

To achieve this objective, we are working towards securing an investment of \$10-20 million over the

period 2023–2027. This investment will allow FRES to have a long-term and lasting impact on the lives of up to 4 million people in rural areas in Africa.

### **Board, management and staff changes**

The composition of the board changed with the resignation of Paul Hol, who was involved with FRES for five years, and Roland van der Pouw, who was involved for three years. The FRES Board and staff would like to express their appreciation and gratitude for Paul and Roland's support throughout these years. Tanja Pelle joined the board. Tanja brings significant expertise from a development and impact investment perspective.

After serving as FRES' managing director for three years, Ido Verhagen officially stepped down at the end of June 2023. We would like to

thank him for his hard work and dedication over the last three years and wish him success in his next endeavor. Ratidzo Michelle Makoni was appointed as chief operations officer and chief financial officer (COO & CFO) and as a board member, effective May 2023. With over 15 years of experience in various sectors and industries, Ratidzo brings extensive expertise in operations management, financial management, process improvement and cross-functional leadership.

There was also a management change in our operating companies. Louis San dit Traoré was appointed as general manager of FRES Yeelen Ba in Burkina Faso, succeeding Bourama Keita. Benjamin Emiau was appointed as interim general manager of FRES Uganda, in Uganda, succeeding Joselyne Musiime.

### **Our focus for 2023**

We will continue to focus on improving the lives and livelihoods of people in rural areas of Africa where others don't go. To be successful, we need to ensure the long-term sustainability of existing operations and expand our footprint, with investment initiatives as a key ingredient for success.

*Wim Plaizier – chair*

*Serge Leijten*

*Femke Smeets*

*Lidwien Schils*

*Sophie Dingenen*

*Tanja Pelle*

*Wim Sinke*

*Ratidzo Michelle Makoni – COO & CFO*

# 1. FRES at a glance



Yeelen Ba customer Barro Babou runs a restaurant in the village of Moussobadougou, Burkina Faso and uses a FRES solar home system to power his fridge and light his shop.



## 1.1 Accelerating rural electrification to leave no one behind

With less than ten years left to achieve the SDGs, the 2020s have been called the decade of delivery. As a key driver of sustainable development, access to clean, renewable energy is crucial for realizing not only the SDGs but also the core promise of the 2030 agenda to leave no one behind.

At the current pace of electrification, half a billion people – primarily living in rural areas of sub-Saharan Africa and the Sahel – will still be unserved in 2030. The scale and urgency of the challenge as well as the need to obtain long-term results that truly leave no one behind, mean we must step up our efforts.

As a pioneer in bringing off-grid solar energy solutions to rural Africa, FRES proves it can be done. Even in the most challenging areas that are at greatest risk of being left behind, FRES has become a trusted supplier of solar energy to businesses, communities and households.

Central to our success is our belief in local entrepreneurship. FRES establishes commercial electricity companies under local management that gradually extend their reach from village to village and district to district. Our aim is for our companies to become financially sustainable in the long term. Expenses are kept to a minimum, and any profits our companies generate are reinvested locally to support relevant expansion and finance future asset replacements without subsidies. This proven growth strategy and our ‘boots on the ground’ approach set us apart and allow us to combine affordable

premium technology with ongoing professional maintenance.

From a single company in KwaZulu Natal, South Africa in 1999 which became self-reliant, we have replicated and further developed our model in Mali, Burkina Faso, Uganda and Guinea-Bissau. Building on this 20-year track record, we are currently gearing up to increase our presence in our current countries and to add new countries to our network. We are looking for partners and donors to support and accelerate our work.

### Our vision

Rural electrification that leaves no one behind. We envision universal clean energy access as an enabler for all other social and development goals and key to achieving these goals sustainably.

### Our mission

Our mission is to accelerate electrification in rural Africa. We do this by establishing small-scale commercial electricity companies under local management in areas that have no access to a national or regional electricity grid and that are insufficiently served by commercial solar energy providers.

## 1.2 Touching the lives of millions in underserved areas

Since the launch of the SDGs in 2015, and specifically SDG 7, which aims to ensure access to affordable, reliable, sustainable and modern energy for all by 2030, our four companies have nearly doubled their reach.

From 11,174 connections at the beginning of 2015, we currently serve almost 21,000 customers in underserved rural areas.

Our companies act as regional off-grid utilities. As such, they manage regional off-grid infrastructures, providing energy as a service not only to households and businesses but also to schools, clinics and community centers.

Together, our companies touch the lives of over 2 million people through the reliable supply of electricity at home or work, greater availability of products and services that enable entrepreneurship, better security at night thanks to streetlighting and improved access to education and healthcare.



### Operate

**4 companies**

- Mali
- Burkina Faso
- Uganda
- Guinea-Bissau



### Manage

**16,000 solar installations**

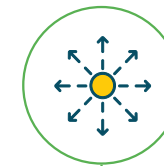
- 15 mini grids
- 16 nano grids
- 15,188 solar home systems
- 1,021 streetlighting points
- 2 solar water-pumping stations
- 2 multifunctional platforms



### Service

**20,000 connections**

- 16,145 households
- 3,366 businesses
- 127 schools
- 102 clinics
- 481 community buildings
- 4 cooperatives



### Reach

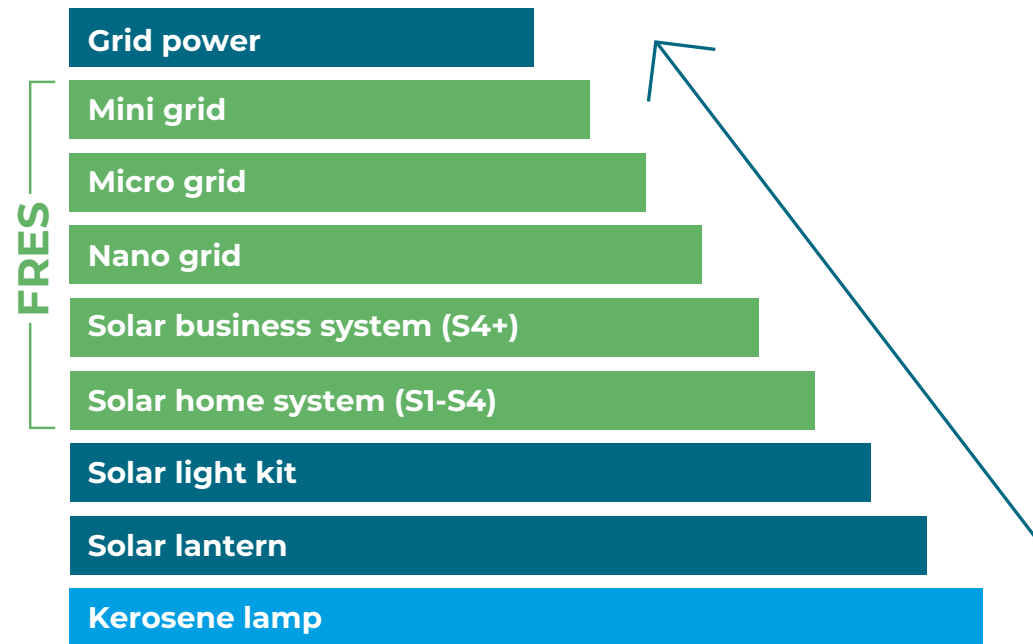
**over 2 million beneficiaries**

- 96,883 household members
- 1,645,089 business customers
- 58,300 schoolchildren
- 117,550 patients
- 82,650 community members
- 300 women farmers

## 1.3 Climbing the energy ladder

FRES provides premium quality electricity services for household, commercial and productive use in rural areas not reached by the national grid. We focus on affordability for households living on \$2-3 a day and for customers who are ‘climbing the energy ladder’ and require more capacity.

Our smallest solar home system (SHS) (S1) can power a small television while our largest SHS (S4) is suitable for refrigeration. Beyond the four preset levels, our technical teams can build fully customized solar business solutions (S4+) and neighborhood networks (nano grids). For business hubs or villages, we can design, build and operate micro grids or mini grids.



## 1 FRES at a glance

### 1.4 Providing energy as a service

FRES sees energy as a service. Our companies provide electricity based on a fee-for-service model. This means quick installation and no worries about maintenance for a fee that is generally cheaper than the cost of candles, batteries, paraffin or kerosine. Plus: no emissions, harmful substances or the risk of fires. Customers pay a monthly fee, increasingly using mobile payment, and can upgrade systems when needed.

FRES companies install and retain ownership of these systems, taking care of all after-sales maintenance and replacement investments. This ensures long-term, sustained use of the assets. FRES is also responsible for collecting and recycling old systems, thereby reducing waste and promoting circularity.

This model makes premium technology affordable to our customers and beneficiaries. To ensure our service levels remain high, we are currently upgrading the solar systems of our current customer base and converting to next-generation batteries with faster charging speeds and greater durability.



# 1 FRES at a glance

## 1.5 Contributing to the Sustainable Development Goals

### SDG 7

#### Affordable and clean energy

This SDG explicitly recognizes renewable energy as a key enabler for development. However, energy is crucial for achieving almost all 17 SDGs, from its role in eradicating poverty and advancements in healthcare, education and water supply through to combating climate change. FRES' specific contributions to nine SDGs besides SDG 7 are detailed below.

### SDG 1

#### No poverty

Access to energy services is a prerequisite for economic development and makes entrepreneurial activities possible beyond daylight hours. FRES contributes to fighting poverty by creating jobs in its own operations and by enabling small businesses to start up or expand.



## 1 FRES at a glance

### SDG 2

#### End hunger

Access to efficient technologies and fuels is vital for the preparation of many staple foods. In addition, energy can improve agricultural productivity through irrigation and reduce food waste through activities such as cooling. FRES company Yeelen Kura operates a solar water-pumping station serving a farmers' cooperative in Mali's Sikasso region. In Burkina Faso, Yeelen Ba is developing solar-powered agro-processing plants for local cooperatives.

### SDG 3

#### Good health and well-being

Energy is a key component of functioning health systems. For instance, it allows vaccines to be refrigerated and equipment to be sterilized. Over 100 health clinics in rural areas rely on solar energy from FRES, benefitting 306,000 patients. Furthermore, replacing traditional lighting technologies such as kerosene lamps with clean fuel reduces the risk of respiratory diseases.

### SDG 4

#### Quality education

Effective learning environments include access to electricity. FRES companies provide lighting to schools and homes, making classes and home study possible, including in the evenings. Electrification also enables the use of computers and laptops for educational purposes.

### SDG 5

#### Gender equality

FRES explicitly promotes gender equality in its own companies. FRES Guinée-Bissau currently leads the way, with 29% of management positions filled by women. In FRES The Netherlands, four out of five team members are women. Through its projects, such as solar water-pumping installations and agro-processing centers for women's cooperatives, FRES contributes to women's social and economic empowerment.

### SDG 8

#### Decent work and economic growth

Closely linked to SDG 1 (no poverty), the production and commercialization of energy products and services creates jobs and allows businesses to flourish. In 2022, FRES employed 237 people in its four companies and had 3,366 businesses as customers.

### SDG 9

#### Industry, innovation and infrastructure

Promoting sustainable industries and investing in innovation are key to finding lasting solutions to economic and environmental challenges, such as new jobs and energy efficiency. FRES establishes rural solar-powered entrepreneurial hubs that connect businesses and manufacturers via nano and micro grids.

### SDG 12

#### Responsible consumption and production

Energy is crucial to reduce food losses along food supply and value chains via cooling, drying, milling and so on. FRES' solar systems support these postharvest processes. In addition, the energy produced is renewable and does not contribute to global warming.

### SDG 13

#### Climate action

Fossil fuel use is the primary source of carbon dioxide, which accounts for two thirds of all global greenhouse gas emissions. By generating a reliable supply of renewable energy, FRES is helping to combat climate change. FRES' total carbon dioxide (tCO<sub>2</sub>) savings in 2022 accounted for 3,940 tCO<sub>2</sub>.

## 2. Operational report

Yeelen Ba technician Oue Ramatou Traoré (left) giving instructions to Barro Babou who runs a restaurant and uses a FRES system for lighting and to power a fridge that keeps his drinks cool in the town of Moussobadougou, Burkina Faso.

## 2 Operational report

# 2.1 Local roots, global connections

FRES accelerates electrification in rural areas of Africa by setting up commercial electricity companies under local management. We target remote and sometimes challenging areas that are at greatest risk of being left behind. We have operations in Burkina Faso, Guinea-Bissau, Mali and Uganda. We aim to replicate our model in at least two new countries in the coming five years.

FRES' small head office in Amsterdam, The Netherlands oversees and supports the activities of local companies in Africa. It provides the expertise and investments needed for them to start up, grow and, most importantly, become self-reliant. The head office is also responsible for the international procurement of hardware, maintaining relationships with donors, partners and suppliers, and planning for expansion in new countries.

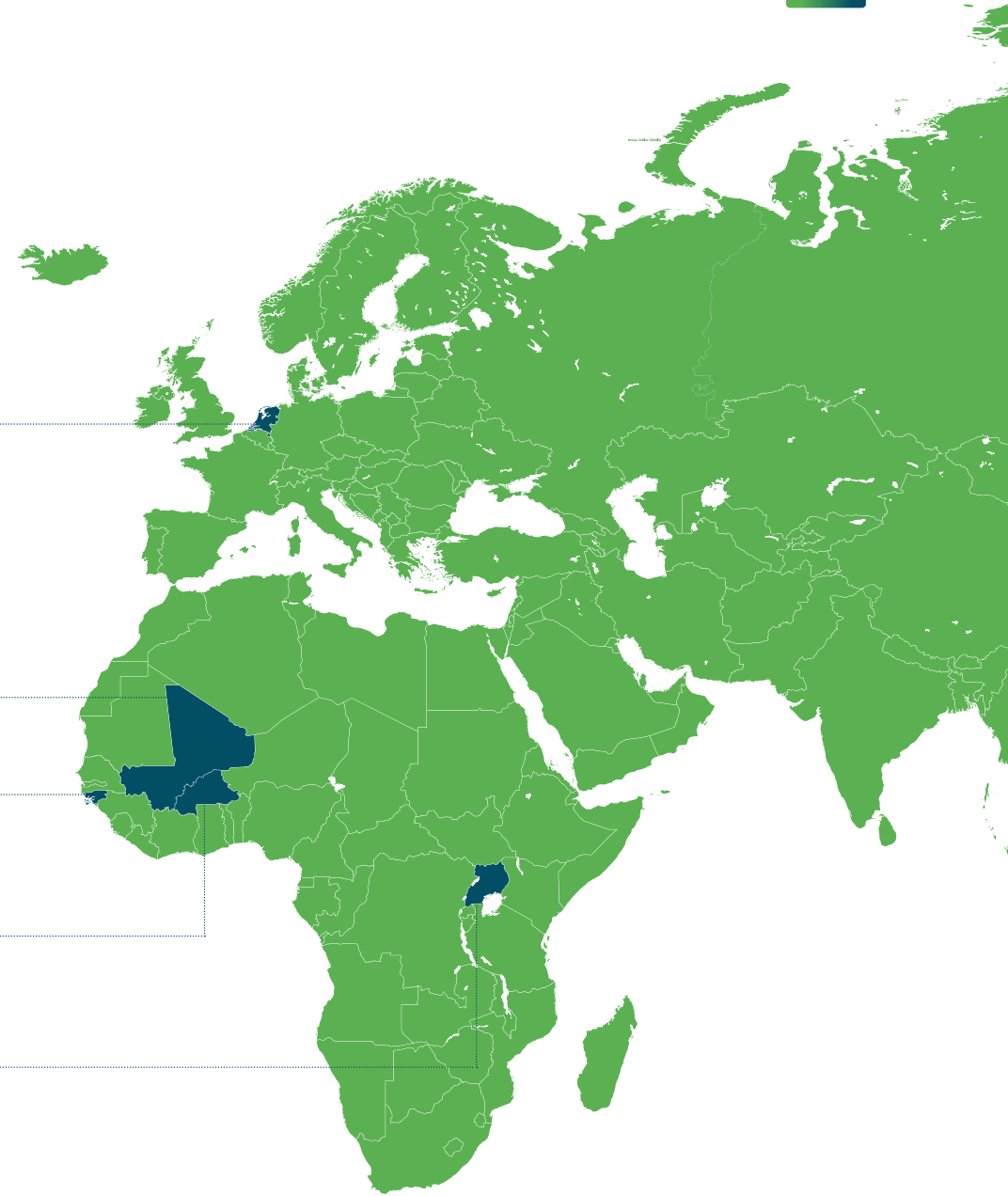
The Netherlands  
Amsterdam

Mali  
Koutiala

Guinea-Bissau  
Gabú

Burkina Faso  
Orodara

Uganda  
Mbarara





## 2 Operational report

# 2.2 FRES in numbers

Company	FRES Mali	FRES Burkina Faso	FRES Uganda	FRES Guiné-Bissau	FRES total
Founded	2001	2008	2010	2011	
Number of customers <sup>1</sup>	9,559	2,688	5,392	2,899	20,536
Solar energy capacity (kWp)	1,491	321	951	372	3,135
CO2 savings (tCO2/yr) <sup>2</sup>	1,265	614	1,477	584	3,940
Energy stores	20	17	6	3	46
Rural villages served	158	396	850	557	1,961
<b>Installation types</b>					
SHS	4,692	2,678	5,392	2,426	15,188
Mini grids	14	0	0	1	15
Public lighting points <sup>3</sup>	986	0	0	35	1,021
Nano grids	5	5	0	6	16
Solar water-pumping stations	2	0	0	0	2
Multifunctional platform (MFP)	0	2	0	0	2
<b>Customer segments<sup>4</sup></b>					
Households	8,846	2,460	2,413	2,426	16,145
Businesses	423	137	2,570	236	3,366
Schools	8	6	107	6	127
Clinics	22	30	48	2	102
Places of worship	26	30	153	9	218
Government	233	4	5	21	263
<b>Staff</b>					
Direct employment	69	26	79	63	237
Indirect employment	40	36	211	60	347
Percentage women	6%	27%	18%	13%	14%
Women in management	15%	26%	23%	29%	22%
Staff younger than 35	52%	73%	95%	71%	74%

1. The number of customers represents the number of installations that we have.
2. The CO2 savings have decreased compared to previous years. To calculate its CO2, FRES follows UN guidelines. The UN made several adjustments to the calculation method, resulting in a significant downward adjustment of the numbers.
3. Our mini grids always come with public lighting installations.
4. The customer segments show the type of customers we have and how many customers we have in each category. The numbers represented in the customer segment section do not indicate how many systems a customer has. Therefore, the total number of customer segments does not equal the number of customers we have. For example, one school can have installations in multiple locations. Since it is part of the same school, we only count one school. This has been considered in the customer count. The purpose of the customer segment section is to show the diversification of our customer base.

# 2.3 FRES Mali – Yeelen Kura



The solar water-pumping installation in the village of Diaramana, Mali. The system became operational in 2021 and is used by Sanouya, a cooperative of 150 women, for irrigation.

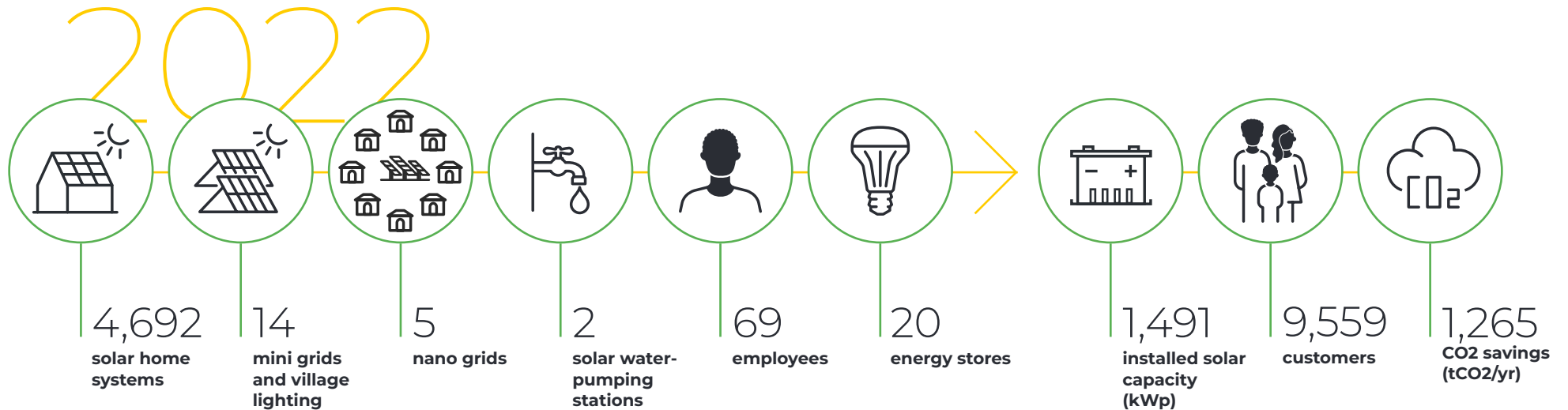
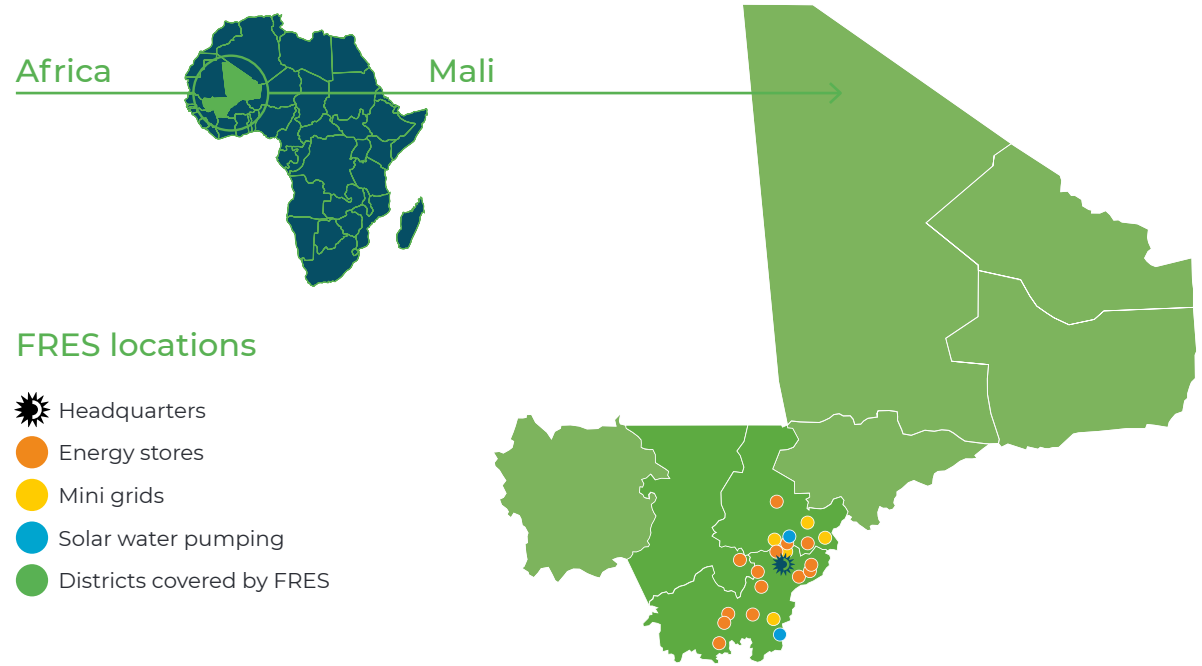


## 2.3 FRES Mali – Yeelen Kura

# Overview

Yeelen Kura, meaning ‘new light’ in Bambara, was established in the Sikasso region in 2001. It has since expanded to the neighboring regions of Ségou and Koulikoro. Besides SHS, the company operates 14 mini grids and two solar water-pumping stations.

In 2022, Yeelen Kura employed 69 people. At the end of the year, it had 9,559 customers (4,692 SHS customers and 4,819 solar mini grid customers) and 20 energy stores.



# Highlights 2022

The year 2022 was marked by the news that the long-awaited transfer of two of Yeelen Kura’s large mini grids (Kouri and Yorosso) was imminent and scheduled for early 2023. Both are part of a government concession with a total of five mini grids that will be transferred back to the government once gridlines penetrate rural villages and formerly remote locations are connected to the national grid. With Yeelen Kura’s services making access to energy possible, these once hard-to-reach places have become thriving economic centers. The development of major public and private infrastructure makes them eligible to receive the substantial investment needed for the national grid and the expected return on investment.

This resonates with our vision to leave no one behind, as we work in partnership with the government and other Malian rural development actors to provide access to energy and spearhead rural economic development. It is within this vision that in 2022, Yeelen Kura was awarded a grant from the Netherlands Enterprise Agency’s (RVO) SDG 7 Results Fund to achieve a minimum of 2,000 new household connections in remote

villages that will not be targeted by the national grid for at least the next ten years. The winning idea that secured the funding is to take the obsolete solar infrastructure in villages being transferred to the grid, such as solar panels and inverters, and install it in fast-growing villages that need more generating capacity. RVO believes this is an innovative way to give our solar infrastructure a second life while helping more villages take their first step on the energy ladder.

With widespread insecurity in the country and skyrocketing fuel prices, Yeelen Kura faced its share of challenges in 2022. Having a local

team rooted in the communities we serve which is trained to adapt to rapidly changing environments, as well as a company policy that makes the security of our personnel a top priority, we were able to operate without interruption. To tackle the fuel crisis, we removed batteries from villages where the available battery capacity could no longer satisfy the demand, and where we could not invest in new battery banks due to imminent government transfers, and installed them in villages with lower demand. This increased the solar capacity in the receiving villages and enabled less usage of backup generators and major fuel cost savings for Yeelen Kura.



*“Readiness is key in running a business located in a rapidly changing economic and political environment. Despite coup d’états, growing insecurity, border closures and a bad cotton season, Yeelen Kura remained a trusted energy supplier and partner in Mali.”*

**Djibril Séméga**  
General Manager Yeelen Kura, Mali

## 2.3 FRES Mali – Yeelen Kura

The mini grid in Dogoni, in the Ségou region of Mali, has 344 connections. Through RVO's SDG 7 Results Fund we will realize another 100 connections for vulnerable households in Dogoni.



### SUCCESS STORY

## Providing energy to 2,000 new customers in Mali

Yeelen Kura was awarded a four-year grant from RVO's SDG 7 Results Fund to connect a minimum of 2,000 new households in remote villages not targeted by the national grid. The key factor behind this funding success is Yeelen Kura's ability to find innovative solutions despite changing circumstances. Five of the 14 mini grids in Yeelen Kura's portfolio will be transferred to the

government and connected to the national grid as it expands and reaches villages once undeveloped but which, thanks to Yeelen Kura, are now part of the country's economic hubs. Yeelen Kura proposed reusing the solar equipment from the mini grids that will soon be transferred and installing them in villages that will not be touched by the grid in at least the next 10 years.

Giving this solar equipment a second life serves multiple purposes. These include lowering the initial investment cost of a new mini grid, improving the lives of thousands of people who will benefit from having access to sustainable energy and helping Yeelen Kura to keep its carbon footprint small despite the transfer. As such, RVO did not hesitate to make Yeelen Kura an SDG 7 Results Fund grantee until 2026.

# 2.4 FRES Burkina Faso – Yeelen Ba



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Sindo (province du Kénédougou) Contacts : (226) 66 94 25 52/71 06 44 93

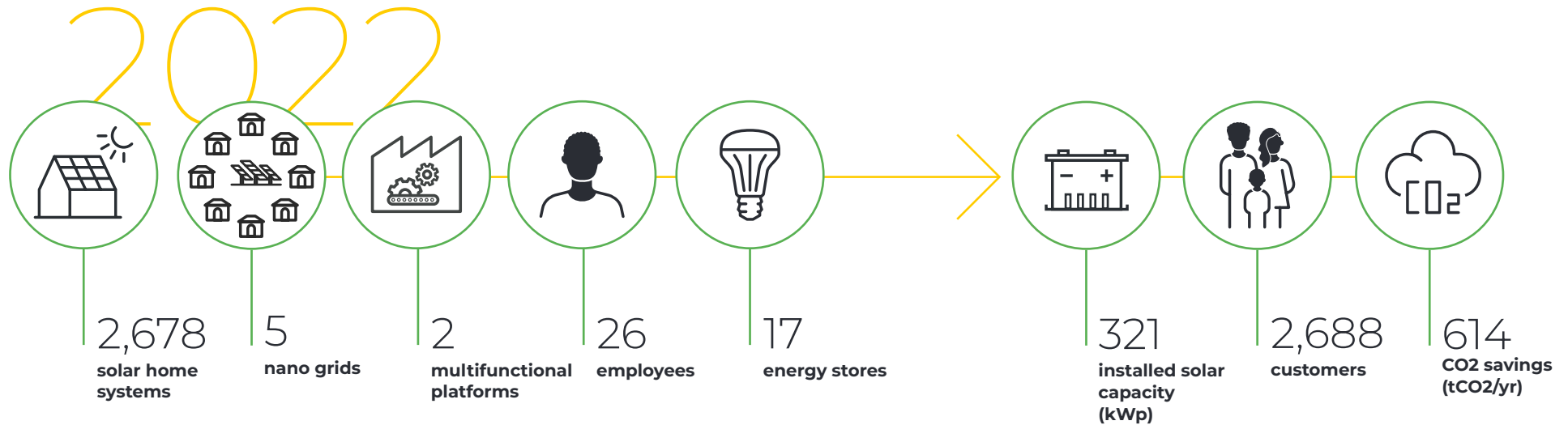
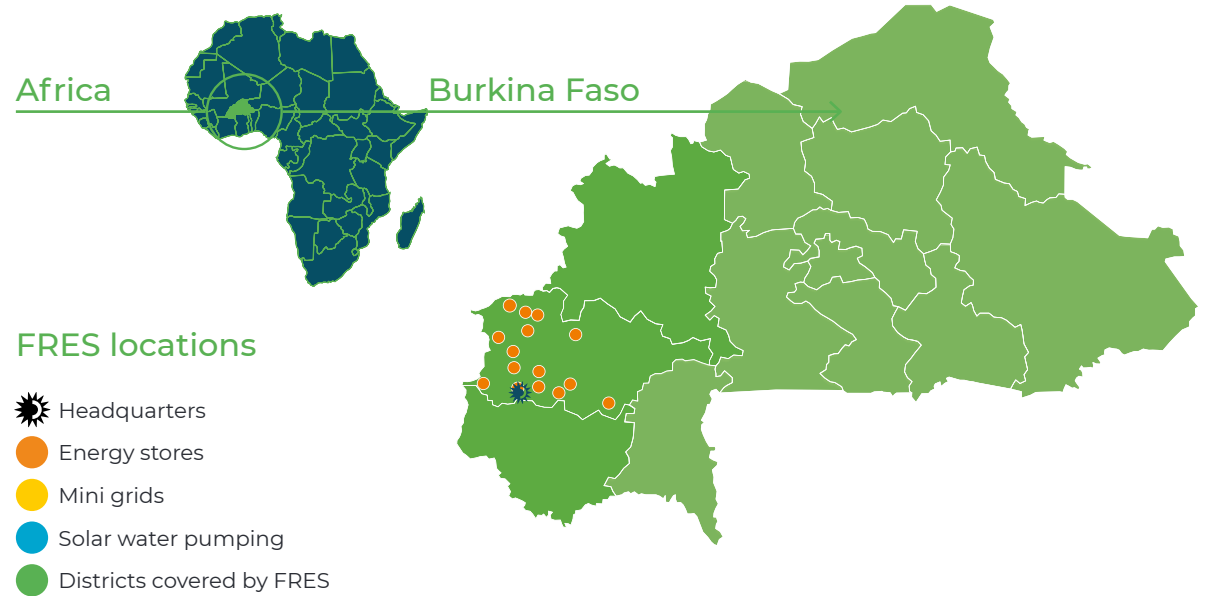
Thanks to secretarial services offered by Sanou Jean Bosco (left) in Sindo, residents of this village close to the border with Mali no longer have to walk 50 km to make a photocopy. Sanou also runs a shop selling office materials and cold drinks. He leases a FRES solar system to power his copier, computer, printer and fridge.

## 2.4 FRES Burkina Faso – Yeelen Ba

# Overview

Yeelen Ba, meaning ‘great light’ in Bambara, was established in 2008 in Kéné Dougou, the eastern province of the Hauts-Bassins region. After expanding to Houet, the company is now extending its service to the neighboring regions of Boucle du Mouhoun and Cascades.

In 2022, Yeelen Ba employed 26 people. At the end of the year, the company had 2,678 SHS customers and 17 energy stores.



# Highlights 2022

A successful company is one that can adapt to changing environments and various stressors. This is true of Yeelen Ba, which has shown resilience in an exceedingly difficult political and economic climate since the start of the security crisis in Burkina Faso in 2016. Moreover, we have embarked on a new initiative to develop our business by offering our customers income-generating energy solutions.

By supplying these large systems with nano grids and micro grids, we are creating growth centers

in the country’s remote regions and localities, many of which suffer from rural outmigration, particularly by young people. Improving job and income prospects encourages young people to stay in their environment and contribute to the economic development of communities. Our focus has been on working with organized women’s agro-processing cooperatives. These energy solutions for agro-processing have been essential for the women and their family’s daily subsistence as well as generating additional household income.

To further support income-generating activities made possible by access to energy, we are working to secure partnerships with suppliers of fridges and other income-generating equipment to enable young people and women to start their own businesses.

We currently provide basic energy services to more than 2,400 households across Hauts-Bassins, Boucle du Mouhoun and Cascades, as well as energy to over 130 commercial infrastructures, 30 public health centers, schools and administrative establishments.

By the end of 2023, we plan to transform our current customer base from households requiring only basic services such as lighting and phone charging to business customers. We will do this through a strategy incentivizing the use of larger systems suitable for productive use. We also aim to build more micro grids like the one in Kouakoualé and transform more agro-processing platforms run on diesel into fully solar-powered platforms as we have done in Basneré (see success stories on page 25 and 36).



*“As a pioneer in rural electrification in the private sector in Burkina Faso, Yeelen Ba aims to create income-generating activities through the supply of productive use energy. With over ten years’ experience electrifying households and community institutions, we are now turning our focus toward young people and women in rural and peri-urban areas by providing them with appropriate energy services at affordable prices. We truly leave no one behind!”*

**Louis San dit Traoré**  
*General Manager Yeelen Ba, Burkina Faso*



## 2.4 FRES Burkina Faso – Yeelen Ba

The solarized multifunctional platform in the village of Kouakoualé, which powers a women's agro-processing center, SMEs and streetlighting.



### SUCCESS STORY

## Multifunctional platform powering agro-processing and SMEs

Yeelen Ba has built FRES' first solarized multifunctional platform for an agro-processing center run by a local women's cooperative as well as a micro grid connecting 20 small and medium-sized enterprises (SMEs) and powering 15 streetlights in the village of Kouakoualé.

The cooperative uses agricultural machinery in the center to mill maize, millet and sorghum,

dehusk maize and prepare peanut butter. The multifunctional platform promotes energy self-sufficiency and sustainable growth while improving the quality of life of and economic opportunities for the cooperative's 50 members.

The 21 kWp installation was designed by Yeelen Ba's Young Expert Lassina Davou after a consultation process involving the

women's cooperative as well as village leaders and entrepreneurs. It was implemented in partnership with SysAid Group. The project was funded by the UN Capital Development Fund (UNCDF) and Vivace, a Dutch family foundation, and was successfully completed in December 2022.

The platform in Kouakoualé is a steppingstone for further expansion. The intention is to expand the network in the coming years into a mini grid that will also supply the hospital, other public institutions, more SMEs and households with clean energy.

# 2.5 FRES Uganda

FRES Uganda's technicians installing solar PV modules at dairy farmer Jane Mbazazi's shop in Rugaaga Barracks, Kiruhura District. Our system powers a freezer that she uses to keep her milk and yogurt fresh.

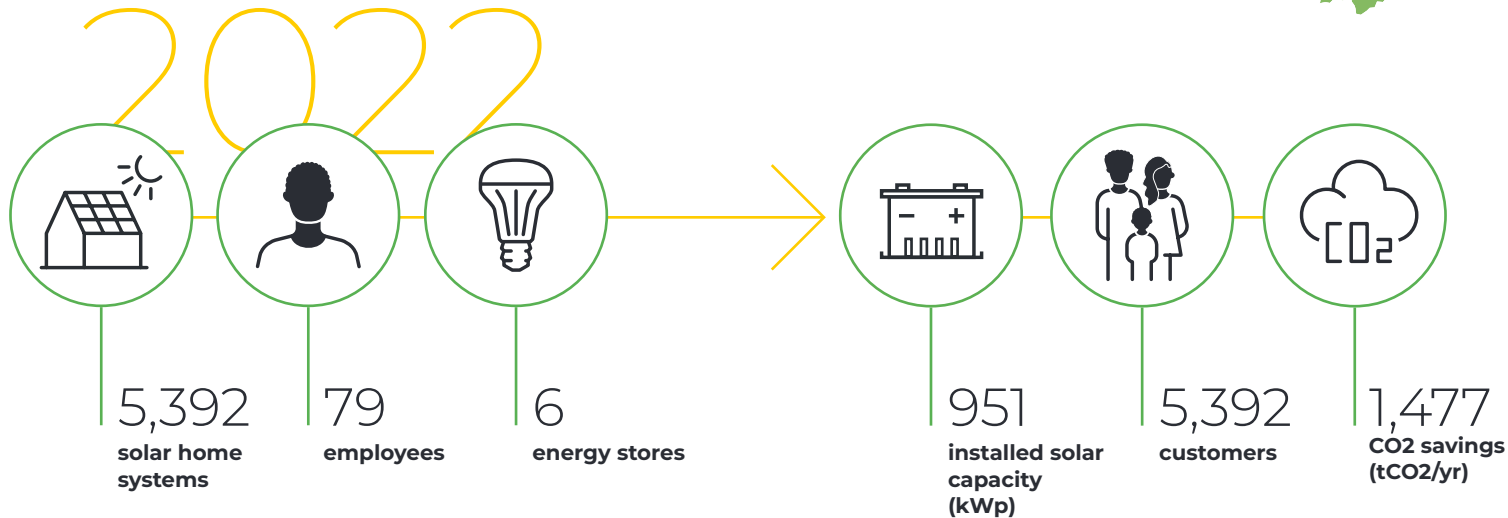
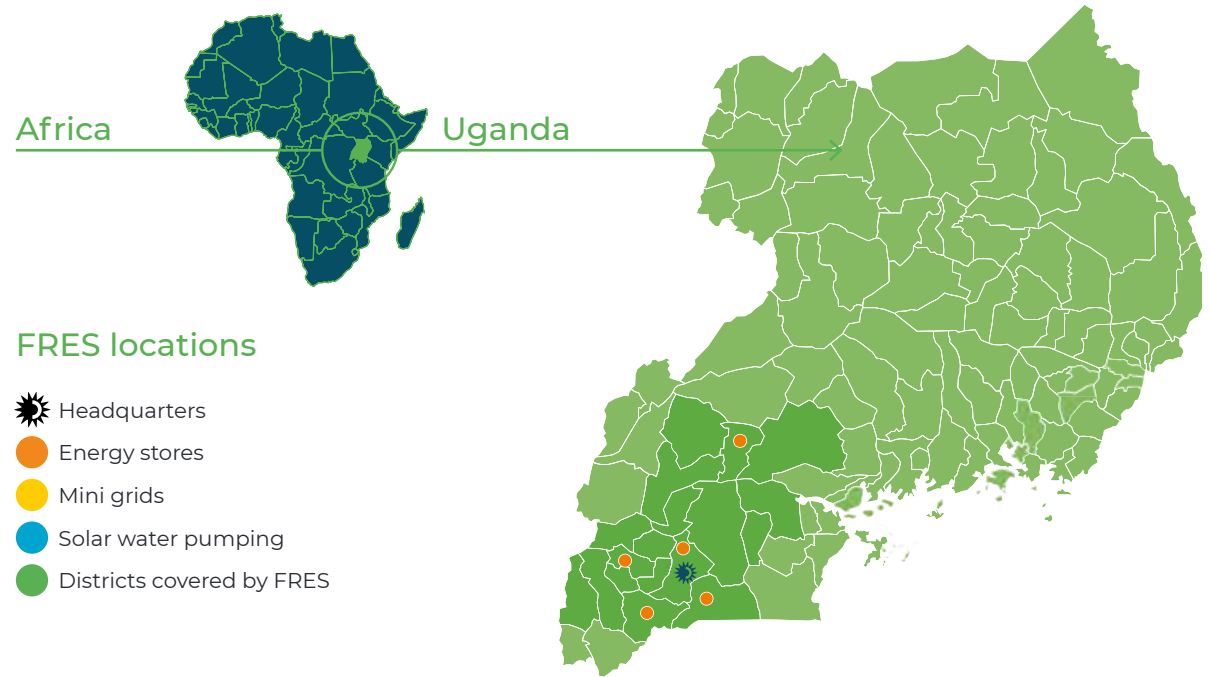


## 2.5 FRES Uganda

# Overview

From its beginnings in Mbarara district in 2010, FRES Uganda has grown rapidly and now covers 35 districts in southwestern and central Uganda. Two thirds of the company’s SHS users are businesses while one third is households. It also serves customers living in three refugee camps.

In 2022, FRES Uganda employed 79 people. At the end of the year, the company had 5,392 SHS customers and six energy stores.



# Highlights 2022

FRES Uganda undertook two major structural changes in 2022: redesigning our solar systems to cater to higher energy demand and increasing our service fees. The goal was to leverage our experience and focus more on providing energy for productive use. Additionally, our service fees had remained constant since 2010, despite inflation and an increase in operating costs over the years. The changes were met with resistance both from the staff and some customers, who opted to discontinue the service on the grounds that they were unable to afford the new tariffs. However, increased sensitization activities by

senior management created more buy-in and implementation ultimately exceeded expectations.

Thanks to the installation of automated PayGo switches for two thirds of our customer base by mid-2022, we also saw an increased uptake of mobile money to pay the monthly service fees. The whole customer experience has significantly improved as customers are in control of their energy consumption with automatic switches. This also translated into a 10% savings in transport costs due to reduced movements in the field by the team. For 2023, we are working

toward installing the PayGo switches for all our customers.

Another highlight from the year was our successful application for funding from SNV, a global development partner, to connect 50 milk-cooling businesses, a target that we easily achieved. However, a potential market of over 2,000 milk farmers with 1,000-liter capacity coolers who still depend on diesel generators remains untapped. We will continue to adapt to changing energy needs in the market to meet the demand in the areas where we operate.



*“The supply of bigger solar systems where energy is used for productive use benefits both FRES Uganda and our customers. Entrepreneurs are the backbone of rural development and enablers of a sustainable business model, as energy isn’t an optional extra but the basis of their success. Going forward, we will become the go-to partner of rural businesses.”*

**Benjamin Emiau**  
Interim General Manager FRES Uganda



FRES Uganda customer Jane Mbabazi is one of the beneficiaries of the dairy project supported by SNV/Endev. The project aims to promote the use of renewable energy to improve the incomes of smallholder dairy farmers by powering milk-cooling equipment. Jane has a shop in Rugaaga Barracks, Kiruhura District. Our solar system powers her DC Chest Freezer which she uses to keep her milk and yogurt fresh.

## SUCCESS STORY

### Supporting businesses and schools with better systems

In response to the growing market demand for energy, FRES Uganda embarked on a strategic transformation that proved to be a resounding success. Recognizing the need to cater to SMEs requiring energy for productive use, the company undertook a technical redesigning and resizing of its systems. This shift in focus from households to businesses was driven by the realization that businesses highly value a constant and reliable

power source to support revenue generation and potentially also expansion.

This strategic shift was further validated when FRES Uganda received performance grants from SNV and the German Agency for International Cooperation (GIZ). GIZ aims to promote the adoption of cleaner energy in schools, while SNV is supporting FRES Uganda with a marketing budget to

expand its outreach to rural areas and encourage the use of solar energy in the dairy sector.

Through these strategic changes and collaborations, FRES Uganda has successfully positioned itself as a leader in providing sustainable energy solutions to SMEs, supporting job creation, enabling economic growth and contributing to a cleaner and more prosperous future.

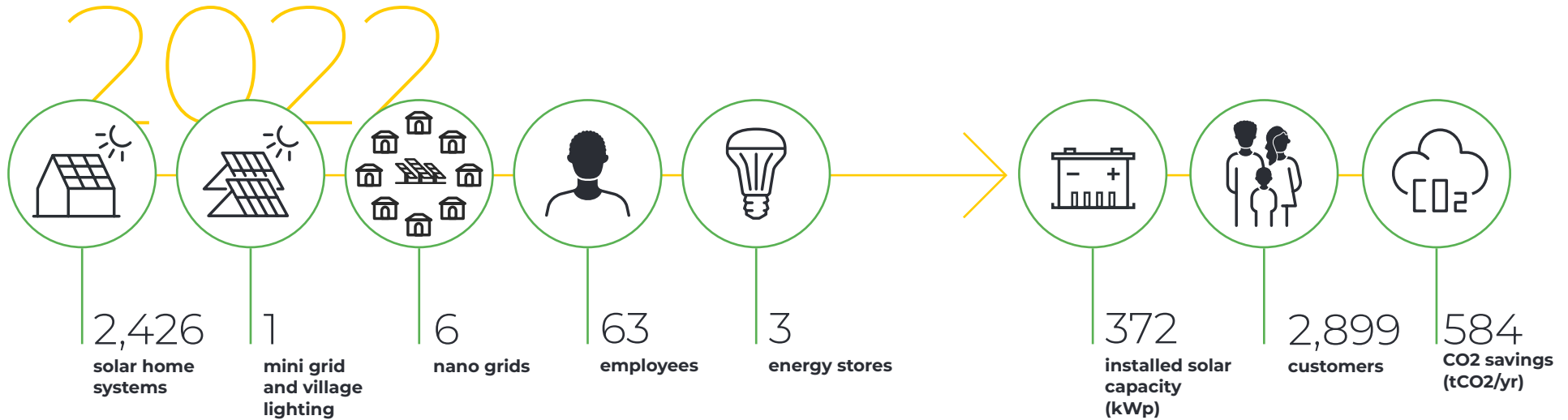
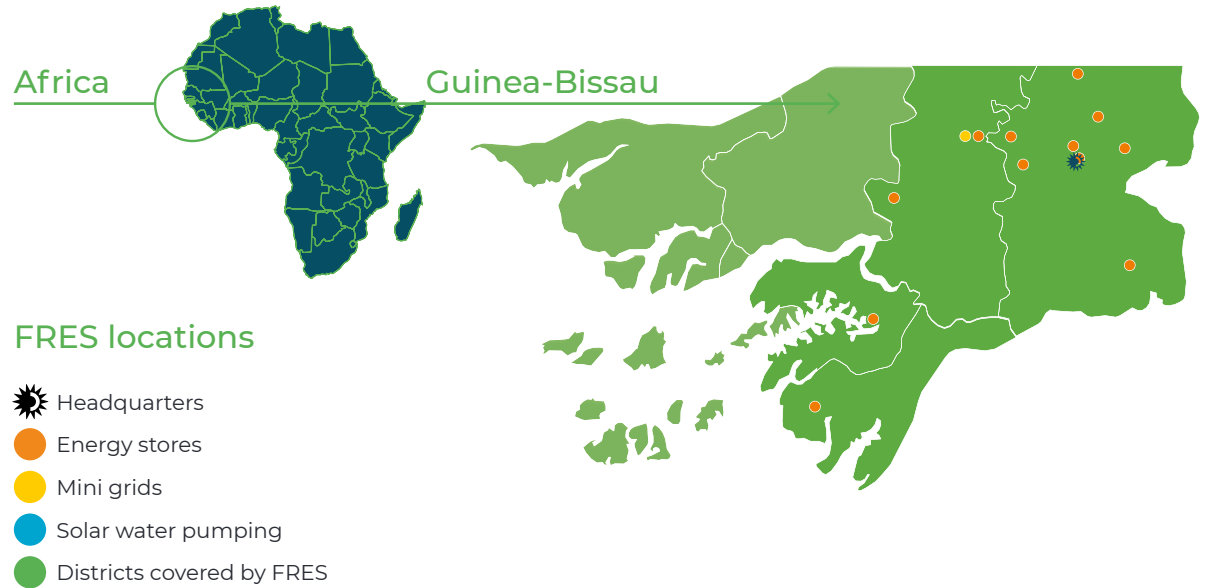
# 2.6 FRES Guiné-Bissau

Entrepreneur Cande Aliu uses a FRES system to run a phone-charging business in the village of Cossara in Bafatá, Guinea-Bissau. His business enables residents without access to energy themselves to charge their phones. >

# Overview

FRES Guiné-Bissau was founded in 2011 and initially operated in the eastern Gabú region. Following expansion in recent years, the company now covers the whole southwest of the country. Since 2017, it has operated a multifunctional mini grid in Contuboe, Bafatá.

In 2022, FRES Guiné-Bissau employed 63 people. At the end of the year, it had 2,426 SHS, six nano grid and 469 mini grid customers, and three energy stores.



# Highlights 2022

FRES Guiné-Bissau made significant steps in digitizing operations and continuing to operationalize the changes to the number of energy stores that had taken place throughout 2021, reducing it from four to three energy stores. As part of this process, a new performance management system was implemented. This will improve the cash flow position and ensure that the company becomes futureproof and is able to save for replacement costs. Additional training of field staff on PayGo continued to promote the uptake of the software.

In addition, the PayGo switches arrived in the country and the team started the process of

installing them on the existing SHS systems. The switches will help to reduce cash collection and operational costs and promote the use of mobile money (MoMo). In support of this process, we opened a MoMo trading account with Orange Money, which most customers can use. Customers now have two ways to pay; via MTN or Orange Money. With the supporting systems in place, Orange Money has been fully integrated into the PayGo customer relationship management system.

Sage accounting software was partially implemented by the end of 2022 with some additional training and final integration still

required. The software will make it easier for us to integrate into the future FRES enterprise resource planning system. Three of the four FRES companies now use Sage.

We also signed a memorandum of understanding with Shelter for Life, an international relief and development organization. Through this partnership, we are exploring off-grid energy solutions that will enable the integration of cashew farmers (who represent 60% of our customers) into cooperatives, use energy as an enabler for durable income generation through productive use solar platforms, and allow sustainable supply chain optimization.



*“We are very positive about the opportunities that exist in the country, particularly for larger systems, having been approached to look into solar installations for public institutions such as hospitals and schools as well as for productive use of energy.”*

**Romi de Matos**

*General Manager FRES Guiné-Bissau*



## 2.6 FRES Guiné-Bissau

The University of Paulo Freire in Gabú uses a FRES system to power computers, lights and fans. >

### SUCCESS STORY

## Improving the quality of education with access to energy

FRES companies provide solar energy to a total of 127 schools and educational institutions, enabling thousands of students to study longer and more safely and have access to devices, which helps improve the quality of education.

One of these institutions is the University of Paulo Freire in Gabú. The university has been a

FRES customer since 2021. It has 150 students and ten teachers and uses a nano grid to light its classrooms, offices and compound and to power its computers and fans.

Educational facilities are key for social development in rural communities. A lack of access to sustainable energy negatively impacts

educational performance and quality and increases health risks if alternative polluting energy solutions are used in classrooms. In 2023, we aim to contribute more to social development by electrifying more educational institutions like the University of Paulo Freire.

# 2.7 FRES The Netherlands



From right to left: Joelle Nzambimana, FRES Regional Operations Manager for Burkina Faso, Bako Etienne, President of the Bobo-Dioulasso municipal delegation, Idrissa Cansonre, Governor of the Hauts-Bassins region, Cynthia Kpozuxe, FRES Business Advisor & Community Manager, and Ousmane Barbari, representative of the Ministry of Energy, at the inauguration of the multifunctional platform in Kouakoualé, Burkina Faso.

# Highlights 2022

In 2022, the FRES team in Amsterdam devoted considerable attention to preparing our companies for future growth. It became apparent at the end of 2021 that the operational landscape and funding dynamics for our companies had undergone significant transformations.

Intensifying competition in the market for affordable solar kits, specifically designed for lighting and phone charging, led to a decline in demand for our smaller systems. Conversely, there was a surge in demand for energy solutions that cater to the needs of entrepreneurs and public institutions seeking energy for productive use. This paradigm shift necessitated structural adjustments across all our companies, including revising service fees and redesigning solar solutions. As a result, all companies promptly implemented cost-effective tariffs and expanded their range of offerings to include larger systems and innovative solutions. Notably, in Burkina Faso, these efforts materialized in the successful implementation of our first multifunctional platforms for two women’s cooperatives in the villages of Basneré and Kouakoualé, facilitating agro-processing activities.

With a profound transformation in development funding, which increasingly favors results-based financing and loans, FRES shifted its customer focus and elevated its efforts to secure local funding. Commencing in Uganda, we appointed a dedicated local external relations officer responsible for stakeholder management and funding. Simultaneously, we initiated preparations in Burkina Faso and Mali with the appointment of focal points and plans to establish liaison offices in both countries’ capitals in the first half of 2023. By extending our presence through local representation and intensifying fundraising activities, we aim to enhance our visibility and gain access to diverse funding opportunities. In Guinea-Bissau, a focal point is expected to be appointed by the end of 2023, further strengthening our efforts.



*“FRES is poised to make a significant impact on the financial outlook of 2023. Our unwavering dedication aligns seamlessly with the SDGs, offering a distinctive and invaluable contribution. The escalating interest we are witnessing in our approach and proven track record fills us with optimism. As we forge ahead, we anticipate a prosperous financial landscape, driven by sustainable energy solutions and the collective pursuit of a brighter, more equitable future.”*

**Ratidzo Michelle Makoni**  
COO & CFO FRES The Netherlands

Continuing our commitment to optimizing operational performance and leveraging existing assets, we embarked on the implementation and optimization of PayGo. This involved sensitizing customers across our companies about the benefits of PayGo, installing switches and integrating Sage accounting software in Guinea-Bissau. These endeavors were aimed at enhancing the efficiency and effectiveness of the company’s operations.

Through our unwavering dedication to fostering sustainable growth, nurturing local enterprises and forging strong external relations in the four countries where we operate, FRES strives to have lasting positive impacts on the lives of communities and the environment in Africa.

## 2.7 FRES The Netherlands

← The women farmers of the Scoop Pengwende cooperative in front of FRES' solar system. The women use the energy to power a fridge for cold drinks and two machines for agro-processing maize, peanut butter and other cereals.



### SUCCESS STORY

## Switching from diesel to solar in agro-processing

The women farmers of Scoop Pengwende cooperative in Basné village, Burkina Faso wanted to replace the broken diesel generator they used to power their maize processing machines with solar electricity.

The agro-processing platform was built in 2018. However, the women soon encountered difficulties as the platform and equipment

were poorly maintained and the cost of fuel for the generator rose sharply. This resulted in the platform closing down in May 2021. After the cooperative approached Yeelen Ba in 2022, the technical team designed and installed a solar system to power the women's machines, so that they can process their upcoming maize harvest, peanut butter and other cereals and nuts. The women have also expanded their business by

adding a fridge, which they use to sell cold drinks. As FRES' service includes maintenance and repairs, the women are assured of a clean, reliable energy supply now and in the future.

The project was made possible with support from the Embassy of Austria and the Young Expert Programmes of the Dutch Ministry of Foreign Affairs and the Dutch embassy in Burkina Faso.

# 3. Governance report



A group discussion during the Annual FRES Company Week in Mbarara, Uganda. The event took place in April 2022 and brought together the management teams of our four solar energy companies to share their successes and challenges in rural electrification.

## 3.1 Our partners

FRES works with a variety of partners who provide financial support as well as goods and services. Our main partners in the past have included the European Union, the World Bank, the Government of the Netherlands, the Energy and Environment Partnership, the OPEC Fund for International Development and DOEN Foundation. We also work with national governments and local nongovernmental organizations (NGOs) in the countries where we operate.

### Funding and partnerships

Since 2020, FRES has partnered with the Young Expert Programme (YEP Energy), a coaching and learning initiative supported by the Dutch Ministry of Foreign Affairs that encourages young professionals to pursue a career in the energy sector. In 2021, our first YEP trainee joined the Burkina Faso team, followed by a second YEP trainee who joined the Uganda team in early 2022. We have selected two new trainees for YEP positions in Mali and Burkina Faso, starting in January 2023.

In 2022, Yeelen Ba concluded the activities under a contract subsidized by the UNCDF and Dutch

family foundation Vivace to develop a solar-powered agro-processing platform for a women's cooperative in the village of Kouakoualé in Burkina Faso.

Yeelen Ba also realized the transformation of a second agro-processing platform by replacing the diesel generator with solar electricity. The project was made possible with support from the Embassy of Austria and the Young Expert Programmes of the Dutch Ministry of Foreign Affairs and the Dutch embassy in Burkina Faso.

FRES Guiné-Bissau was awarded technical assistance support by the UN Environment Programme (UNEP) to strengthen its local fundraising practices. Funders are increasingly localizing their grantmaking activities, which requires our operating companies to manage relations with funders at the local level.

FRES Guiné-Bissau will use the UNEP support to draft proposals to develop mini grids in off-grid villages. These proposals will then be submitted to funders active in the country.

FRES Uganda won two projects in 2022. The first project, financed by SNV, will connect 50 milk-cooling businesses by August 2023. The second project aims to connect 160 schools by August 2023 and is supported by GIZ.

Yeelen Kura successfully secured a subsidy through RVO's SDG 7 Results Fund to achieve a minimum of 2,000 new household connections in remote villages that will not be targeted by the national grid for at least the next ten years. The project runs until June 2026.

### Goods, services and other support

As part of our environmental responsibility and circularity ambitions, FRES renewed its battery recycling strategy in 2020. A search for accredited e-waste recycling partners resulted in contracts with Enviroserve in Rwanda and Gravita in Ghana and Senegal. All our batteries are now recycled on the African continent.

To improve customer service, financial accounting and internal monitoring and control, we began implementing a new customer relationship management system with our partner Solaris Offgrid.

### 3 Governance report

Concurrently, we initiated an exploration of an appropriate enterprise resource planning (ERP) system that would encompass the entire scope of FRES operations. Through our investigations, a preference for a solution provided by Microsoft became evident. Notably, Microsoft acknowledged FRES' nongovernmental organization (NGO) status in the early months of 2021. This recognition is

poised to substantially decrease the expenses associated with the implementation process.

This endeavor unfolded in two distinct phases. The initial phase is centered around harmonizing the utilization of our customer relationship management (CRM) databases, specifically the PayGo system, across all our organizational

entities. Subsequently, the second phase will be dedicated to enhancing our accounting, inventory, and asset management functionalities.

ING Bank has supported FRES since 2011 by waiving its fees for national and international money transfers, considerably reducing our expenses.

### 3 Governance report

## 3.2 Leadership and governance

FRES is a Dutch not-for-profit organization that establishes commercial electricity companies under local management to accelerate electrification in rural Africa.

FRES is recognized as a public benefit organization (ANBI) by the Dutch tax authority and endorses the Wijffels Code, the Dutch code for good governance of charities.

Our leadership team is a diverse group of people who bring years of experience in sustainable energy, international development and business management.

#### **FRES Board**

The FRES Board consists of two executive members, five non-executive members and FRES'

COO & CFO. The board approves FRES' long-term strategy and annual business plans and budgets, monitors progress toward the achievement of organizational targets, exercises oversight of investment and risk management, and ensures compliance with relevant legal and regulatory requirements. The executive board meets monthly to review operational reports. The full board convenes four times a year to review financial and operational overviews. The principles, planning and control cycle of FRES' governance are laid down in our Governance Guide, which is [available on our website](#). Board members work on a voluntary basis.

#### *Executive members*

- Wim Plaizier, chairperson
- Serge Leijten, operations focal point

#### *Non-executive members*

- Sophie Dingenen, board member
- Tanja Pelle, board member
- Wim Sinke, board member
- Lidwien Schils, board member
- Femke Smeets, board member

#### *COO & CFO*

- Ratidzo Michelle Makoni

Paul Hol stepped down as a board member at the beginning of 2022 and was succeeded by Tanja Pelle. Roland van der Pouw stepped down as a board member at the end of June 2023. Managing Director Ido Verhagen stepped down at the end of June 2023 and was succeeded by Ratidzo Michelle Makoni.



### 3 Governance report

#### FRES companies

Operational excellence is a core objective for our companies. To achieve this, we aim for effective and efficient local operations that manage costs and maximize revenues. FRES companies are headed by general managers who lead all local operations and are responsible for daily affairs.

The management team of each company holds monthly progress meetings with their respective board of directors via teleconference. In addition, the general managers attend the annual FRES company week in The Netherlands to evaluate results and discuss future strategy and business plans.

In late 2022, Louis San dit Traoré succeeded Bourama Keita as general manager of Yeelen Ba in Burkina Faso. In mid-2023, Benjamin Emiau succeeded Joselyne Musiime as interim general manager of FRES Uganda, in Uganda.

- Djibril Séméga,  
General Manager Yeelen Kura, Mali
- Romi de Matos,  
General Manager FRES Guiné-Bissau,  
Guinea-Bissau
- Louis San dit Traoré,  
General Manager Yeelen Ba, Burkina Faso
- Benjamin Emiau, Interim General Manager FRES  
Uganda, Uganda

#### FRES The Netherlands

Our small head office in Amsterdam, The Netherlands oversees and supports the activities of local companies in Africa. It is also responsible for procurement, fundraising and expansion in new countries.

- Ratidzo Michelle Makoni,  
Chief Operations Officer &  
Chief Financial Officer
- Joelle Nzambimana,  
Regional Operations Manager
- Sadia Peneux,  
Regional Operations Manager
- Martijn Schootstra,  
Technical Advisor
- Cynthia Kpozuxe,  
Business Advisor & Community Manager
- Willem Post,  
Human Resources

## 3.3 Risk management

The aim of FRES’ risk management activities is to ensure the long-term resilience of the organization and continued service to our stakeholders. We regularly assess our strengths, weaknesses, opportunities and threats (SWOT) to ensure we adequately manage internal risks and mitigate external risks. Although robust opportunities exist for us to contribute to and benefit from rural electrification, there are also risks and threats involved. We are very aware of these and undertake to maximize opportunities while mitigating risks.

### Maximizing opportunities, countering threats and overcoming weaknesses

Identifying and controlling risks is one of the responsibilities of the FRES Board. To maximize opportunities and counter threats, we have formulated a set of important guidelines.

These are:

- We build strong relationships with our stakeholders via a dedicated strategy for each type of stakeholder (government, donor, volunteer, employee, customer etc.).
- We focus on expanding in countries where we are already active by increasing the scale of our

existing companies to reduce unit costs and build long-term financial sustainability.

- Expansion in new countries is carefully considered and only executed when sufficient scale can be achieved and when fully funded by external resources.
- We continually improve our customer service because we believe that satisfied customers are a prerequisite for higher payment rates.
- We aim for full digitization of the customer payment process through the introduction of PayGo and mobile payments.
- We centralize purchasing activities (i.e. solar systems) when relevant.
- We invest in IT for our companies that is interchangeable and standardized.
- We maintain an adequately implemented health, safety and environment policy in all companies and maintain a high level of alertness in view of security concerns.
- We have a FRES code of conduct in place with direct whistleblower access to one of our board members.

### Financial sustainability

FRES companies must achieve financial

sustainability, covering their own operational costs and replacement investments and contributing to the cost of FRES The Netherlands. In FRES’ business model, financial sustainability depends on economies of scale (number of customers), effective collection of payments from customers and the ability to optimize the costs of operations and replacements. Together, FRES and its companies set key performance indicators that are monitored via monthly reports. The performance of FRES companies is assessed, among others, on payment rate, operating and replacement costs, customer retention/growth and financial sustainability.

### Payment arrears

Achieving an acceptable payment rate is a major challenge for all FRES companies. We employ prepaid meters for day/night mini grid tariffs in Guinea-Bissau and Mali. We are continuing the organization-wide implementation of PayGo software and hardware to facilitate the full transition to mobile money and significantly improve payment rates. PayGo enables us to increase the number of customers serviced per agent, reducing staff, motorcycle and fuel costs.

### 3 Governance report

#### **Political instability and threats of terrorism**

Political instability and violence in Mali and Burkina Faso continue to influence our operations in these countries. It affects onboarding of new customers and the ability of existing customers to pay our fees. Instability and violence also impact our employees and their families. We continue to update the emergency response plans in place in our companies, and we take all precautions possible to counter threats to our local operations and staff.

#### **Fuel-related operating cost increases for mini grids**

Particularly in Mali, the rates for our solar mini grids are insufficient to cover operating costs. This is due to the need to use diesel generators at night and the sharp increase in fuel costs resulting from the war in Ukraine. Yeelen Kura continues to look at optimizing its battery use to reduce generator hours and is working with the Agency for the Development of Domestic Energy and Rural Electrification to investigate increasing its rates.

#### **Fraud and corrupt practices prevention**

FRES companies in Africa must adhere to strict anti-corruption guidelines to comply with the Foreign Corrupt Practices Act. Improving control, grievance and whistleblowing mechanisms continues to be a priority. We apply a zero-tolerance policy, and a proven case of fraud or corruption results in immediate dismissal. The fact that the control measures and policies in place have proven sufficient in detecting fraud in Mali demonstrates the effectiveness of our anti-corruption efforts. It is essential to regularly assess and update these measures to stay ahead of evolving fraud tactics and to ensure ongoing compliance with regulations. Continuing to prioritize fraud and corruption prevention through these measures is crucial for maintaining the integrity of our operations in Africa. It not only protects the company's reputation but also contributes to a more transparent and equitable business environment in the regions.

#### **Financial reserve management**

Since 2009, FRES-owned reserve funds have been managed by a professional asset manager (ING Bank). The asset manager is tasked

with achieving optimal effectiveness within a moderately defensive investment profile while respecting ethical and social boundaries set by FRES. In view of the relative size of the funds and the uncertainty in the global financial market, we have decided to divest from equity and bond investments and have transferred all funds to a savings account.

#### **Exchange rate fluctuations**

Exchange rate fluctuations are limited for FRES as three of our operating companies are active in countries with a currency linked to the euro. FRES The Netherlands manages the funds and reserves for each of the FRES companies and holds them in euros. Exchange rate risks can occur when funders award grants in dollars, which is currently not the case.

#### **Continuity reserve**

FRES maintains a continuity reserve of €250,000 that can be used in the event FRES' activities suddenly stop (either partially or completely) for whatever reason. The reserved amount covers proper completion of the necessary activities in the Amsterdam office in such an event.

### 3 Governance report

#### Strengths

- Over 20 years' experience in electrification in rural Africa
- An extensive network in the international development and solar energy sectors
- A competent team with committed board members
- Locally run operating companies with trained local staff
- An energy-as-a-service model that includes maintenance, replacement, and recycling of solar assets
- A standardized, proven and replicable business model
- Extensive experience in managing major investment programs
- Solid business plans for our operations
- Centralized procurement activities for our investments

#### Weaknesses

- Insufficient scale, particularly in Burkina Faso and Guinea-Bissau
- Dependence on external funding to scale up operations
- Low margins as rates are determined by regulation and kept low by local authorities
- Payment arrears ('non-payment') as our customers depend highly on local harvests
- Only one out of four operating companies has achieved long-term financial sustainability
- Insufficient customer retention due to non-payment, which drives up operational costs
- Operations in regions with limited or unreliable internet access, hampering the use of digital solutions for online monitoring and payments

### SWOT ANALYSIS

#### Opportunities

- Global commitments to access to renewable energy in the SDGs and Paris Climate Agreement, with limited time left to achieve the 2030 goals
- Interest from international donor agencies and social investors in solar solutions for rural electrification in sub-Saharan Africa
- Around 600 million people in sub-Saharan Africa without access to electricity
- African governments have prioritized solar-powered rural electrification; national grids are expensive
- Technical developments in solar power are driving down the cost of generating and storing electricity
- Technological advancements, such as mobile payment, prepaid metering and remote system control, are improving processes and fee collection

#### Threats

- Lengthy procedures involved in donor agreements
- Global political and economic uncertainties influencing fuel prices
- Political instability in some of the countries where we operate
- Lack of transparency in national policies, regulations and grid expansion planning
- Exchange rate fluctuations
- Bureaucratic and unpredictable government procedures
- Threats from nationalization
- Increasing competition from commercial players in the solar systems market
- Insufficient rate levels for mini grids

## 3.4 Outlook 2023 and beyond

As we move through 2023, we are placing special focus on developing and strengthening funding in all our operating countries. FRES The Netherlands acknowledges the importance of cementing the going concern of the group and has therefore intensified its fundraising efforts. To this end, we have developed a comprehensive pitch deck. This is being shared with all relevant funding partners to attract the funding needed to scale up our companies.

In addition to the pitch deck, we have submitted several proposals at the head office level, while we continue to actively pursue calls for proposals in our respective operating countries. FRES Uganda is currently leading the way with three results-based financing projects underway,

along with three other submissions awaiting a response. Meanwhile, Yeelen Kura in Mali is engaged in an RVO-funded project, with the contract set to conclude in 2026. In Burkina Faso, our customer focus is gradually shifting from smaller to larger systems. The business plan for the coming year anticipates a higher ratio of larger systems to smaller systems, thereby generating more revenue for a sustainable future.

While progress may be slower in Guinea-Bissau, the head office is actively supporting the local team with operational improvements and preparations for growth. We recognize the need to strengthen the funding aspect in Guinea-Bissau and remain committed to driving progress in the country.

Furthermore, it is crucial to mention that we are continuously monitoring PayGo, our digitized CRM platform, in all our entities. The benefits of PayGo are already apparent, providing us with better control and efficiency in monitoring our customer database, including automatic disconnection for non-payment. This online tool also enables us to project and map areas of future strategic growth with ease.

While there is still room for operational improvement within our companies, 2022 and the first months of 2023 have shown a remarkable turnaround. FRES The Netherlands has increased its presence with more operational visits and constant financial monitoring to ensure the success and sustainability of our projects.

## 3.5 Going concern

FRES and its subsidiaries currently rely on a combination of factors to continue operating as a going concern. The profitability of the customer portfolio and the success rate of attracting additional funding for expansion are considered to be the most significant factors.

In the early days of its establishment, FRES received a €10 million grant from NUON for sustainable energy investments in rural Africa. This grant has mainly been used as a co-funding mechanism for expansion. In the period up to 2021, FRES co-financed about €6.5 million in various expansion programs from the World Bank, European Union and OPEC Fund. Furthermore, the central costs of the office in The Netherlands have been covered by the reserve.

The reserve has also served as a pre-financing facility for replacement and incremental growth investments for the operating companies. The goal is for the operating companies eventually to repay these funds.

In recent years, the ability of operating companies to pay for their own replacement investments has significantly diminished due to COVID-19, climate change-related harvest losses that reduced the ability of customers to pay their fees and political instability in Mali and Burkina Faso. Despite these financial setbacks, we have continued to invest in replacement investments and in a digital payment platform (PayGo) to strengthen financial operations. Funds from the central reserve have been used for this purpose, to enable FRES and its operating companies to make the required impact in rural Africa. We feel this is of particular importance in view of the difficult circumstances referred to.

As a result, the central reserve has further reduced while efforts to obtain new funding are ongoing. At the end of 2022, the central cash balance amounted to €2.2 million. The board and management believe that this amount will be sufficient to ensure the going concern of all FRES operations in the short term until the end of 2024.

Efforts are underway to secure new funding in 2023 and early 2024 to scale up operations and ensure the long-term sustainability of the organization. We are focusing on developing and strengthening local funding in all four operating countries. In FRES The Netherlands, we are intensifying our efforts to lobby for funds and have developed comprehensive documentation to attract funding partners to support our scaling ambitions.

Alternative plans are also being prepared in case additional funding cannot be obtained.

# 4. Financial report 2022

Consolidated annual accounts

Yeelen Ba Secretary Cashier Chimene Farima Traoré in the Orodara office, Burkina Faso. Chimene receives all customers and is responsible for the company's billing process, which is key to the company's financial control.

We are committed to managing our finances efficiently and transparently. This section provides details of our financial position for the year ended December 31, 2022. It is a consolidated overview of (1) the operational results of the FRES companies, (2) funds and reserves and (3) the expenses of FRES The Netherlands.

The consolidated revenues include incoming funds for investments in solar systems that are added to the assets of the local companies.

The funds and reserves include a minimum reserve of FRES' own funds that can be used to pre-finance new investments. Reserves for

replacing assets are intended to ensure the sustainability of installed systems and are maintained separately.

FRES The Netherlands has an annual budget of €700,000 that is partly covered by grants and partly charged to investment projects.

## 4 Financial report 2022

### 4.1 ANNUAL ACCOUNTS 2022

#### CONSOLIDATED BALANCE AS AT DECEMBER 31, 2022 (after appropriation of results)

(amounts in euros)

	December 31, 2022	December 31, 2021
<b>Assets</b>		
<b>1. Fixed assets</b>		
1.1 Property, plant and equipment	6,429,019	7,402,277
	6,429,019	7,402,277
<b>2. Current assets</b>		
2.1 Receivables	850,588	703,107
2.2 Inventory	17,839	23,147
2.3 Securities	-	1,988,420
2.4 Cash and cash equivalents	2,369,661	1,951,738
	3,238,088	4,666,412
<b>Total</b>	<b>9,667,107</b>	<b>12,068,689</b>
<b>Equity and liabilities</b>		
<b>3. Reserves</b>		
3.1 Continuity reserve FRES The Netherlands	250,000	250,000
3.2 Reserve for pre-financing future investments FRES companies	3,000,000	3,000,000
3.3 Reserve for financing assets FRES companies	3,885,802	5,628,080
3.4 Reserve for financing assets FRES The Netherlands	2,658	6,620
3.5 Reserve currency difference	4,488-	13,504
	7,133,972	8,898,204
<b>4. Current liabilities</b>		
4.1 Payables and other accruals	2,533,135	3,170,485
<b>Total</b>	<b>9,667,107</b>	<b>12,068,689</b>



## 4 Financial report 2022

### CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2022

(amounts in euros)

	Actual 2022	Actual 2021	Budget 2022
<b>5. Income</b>			
<b>Income from fundraising</b>	<b>126,604</b>	<b>1,350,111</b>	<b>58,982</b>
Income from our own fundraising - private persons	422	579	492
Income from our own fundraising - companies	39,477	87,537	20,485
Income from subsidies from governments	86,705	1,261,995	38,005
Income from other subsidies	-	-	-
<b>Income from benefits in return for service</b>	<b>3,867,556</b>	<b>3,399,664</b>	<b>2,377,347</b>
Other income (FRES companies)	3,867,556	3,399,664	2,377,347
<b>Sum of the income</b>	<b>3,994,160</b>	<b>4,749,775</b>	<b>2,436,329</b>

## 4 Financial Report 2022

	Actual 2022	Actual 2021	Budget 2022
<b>6. Expenses</b>			
Spent on objectives			
<b>Expenses company activities</b>	<b>5,042,174</b>	<b>5,211,504</b>	<b>3,800,384*</b>
Expenses for regular company activities	3,554,543	3,774,241	2,762,498
Expenses for company expansion	1,487,631	1,436,751	1,037,886
Expenses for new initiatives remaining countries	-	512	-
<b>FRES service costs spent on objectives</b>	<b>291,528</b>	<b>184,549</b>	<b>516,876</b>
Direct support existing companies	291,528	184,549	516,876
Direct support expansion companies	-	-	-
Direct support new initiatives	-	-	-
<b>Total spent on objectives</b>	<b>5,333,702</b>	<b>5,396,053</b>	<b>4,317,260</b>
<b>FRES service costs management &amp; administration</b>	<b>158,244</b>	<b>339,987</b>	<b>278,320</b>
Direct costs	12,840	22,685	23,856
Indirect costs and costs from investments	145,404	317,302	254,464
<b>Sum of the expenses</b>	<b>5,491,946</b>	<b>5,736,040</b>	<b>4,595,580</b>
Financial income and expenses	248,454-	394,720	7,337-
Release negative goodwill	-	-	-
<b>Result</b>	<b>1,746,240-</b>	<b>591,545-</b>	<b>2,166,588-</b>
<b>The result of 2022 is appropriated as follows:</b>			
Reserve for future projects	<b>1,742,278-</b>	<b>587,161-</b>	<b>2,166,588-</b>
Reserve for replacement of assets	<b>3,962-</b>	<b>4,384-</b>	
	<b>1,746,240-</b>	<b>591,545-</b>	<b>2,166,588-</b>

\* The overall budget of €3,800,384 includes an amount of €2,762,498 from operational activities from the FRES companies.

## 4 Financial Report 2022

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

(amounts in euros)

	2022	2021
Income from private persons, companies, institutions and governments	3,846,677	5,779,325
Payments to suppliers, employees and projects	-5,225,138	4,922,065-
<b>Cash generated from operating activities</b>	<b>1,378,461-</b>	<b>857,260</b>
Received interest, realised result investments and balance deposits and withdrawals investments	248,454-	394,720
<b>Cash flow from operational activities</b>	<b>1,626,915-</b>	<b>1,251,980</b>
Investments in property, plant and equipment	80,526	778,811-
Consideration paid on acquisition Yeelen Ba	-	-
Securities	1,988,420	-
<b>Cash flow from investment activities</b>	<b>2,068,946</b>	<b>778,811-</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
Cash flow	442,031	473,169
Exchange rate and conversion differences	24,111-	366,763-
<b>Net cash flow</b>	<b>417,920</b>	<b>106,406</b>
Cash as on January 1	1,951,741	1,845,335
Net cash flow	417,920	106,406
<b>Cash as at December 31</b>	<b>2,369,661</b>	<b>1,951,741</b>

We consider it is appropriate to reflect the change in securities under investment activities, this is a change from 2021 in which this was classified as operating activities.

## NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

### General notes

#### Activities

Stichting Rural Energy Services ('FRES') was founded in 2004 and is registered at the Chamber of Commerce in Amsterdam with the number 34201011. The foundation is located at Plantage Middenlaan 2G in Amsterdam. The activities of FRES and its group companies consist of realizing sustainable rural electrification in developing countries, especially through the placement and management of autonomous solar energy systems. Additionally, FRES aims to participate in subsidiaries and partnerships that perform activities which benefit the goals of the foundation.

#### Public benefit organization (ANBI)

In 2007, FRES was designated as an ANBI (public benefit organization) by the Dutch tax authority. FRES complies with the ANBI requirements and publishes various data on the internet.

#### Group structure

As at December 31, 2022, the group included four operating companies: SSD Yeelen Kura S.A., FRES Uganda Limited, ONG FRES Guiné-Bissau and SSD

Yeelen Ba S.A. FRES is the 100% owner of these companies.

#### Judgments, estimates and uncertainties

In applying the principles and policies for preparing the financial statements, the FRES Board makes different estimates and judgments that may be essential to the amounts disclosed in the financial statements. To provide a true and fair view of the financial position, the nature of these estimates and judgments, including assumptions related to uncertainties, are disclosed in the notes to the financial statement items.

#### Consolidation

Intercompany transactions, intercompany results and intercompany balances among group companies and other consolidated entities are eliminated, insofar as the results were realized through transactions with third parties outside the group. Unrealized losses on intercompany transactions are also eliminated unless such losses qualify as impairment. Accounting principles of group companies and other consolidated entities have been changed where

necessary to align them with the prevailing group accounting policies.

The consolidation includes the financial information of FRES, its group companies and other entities in which it exercises control or where it is responsible for the overall management. Group companies are entities in which FRES exercises direct control, based on ownership of more than one half of the voting rights or statutory rules. Potential voting rights that can be directly exercised on the balance sheet date are also taken into account. Within this policy, the companies below are included in the consolidation of FRES.

Name	Statutory seat	Share in the issued capital
SSD Yeelen Kura S.A.	Mali	100%
FRES Uganda Ltd.	Uganda	100%
ONG FRES Guiné-Bissau	GNB	
SSD Yeelen Ba S.A.	Burkina Faso	100%

## 4 Financial Report 2022

The participation in SSD Yeelen Kura S.A. was obtained at the end of 2008, and the company has been a 100% subsidiary of FRES since. FRES Uganda Limited was founded in 2010 as a 100% subsidiary of FRES. ONG FRES Guiné-Bissau was founded in 2011 as a 100% subsidiary of SSD FRES. SSD Yeelen Ba S.A. has been a 100% subsidiary of FRES since January 4, 2017. An asset valuation was performed in respect of this acquisition in 2017.

In addition to the aforementioned subsidiaries, FRES has interests in the entity mentioned below. These entities are currently not consolidated, as they are, separately and together, of insignificant importance.

Name	Statutory seat	Share in the issued capital
SSD-FRES Benin S.A.	Benin	100%

SSD-FRES Benin S.A. was founded in 2010 as a 100% subsidiary of FRES to be able to lay claim to a concession area and exemption from taxes. No activities took place in Benin during 2022.

### Related parties

All legal entities that can be controlled, jointly

controlled or significantly influenced are considered to be a related party. In addition, board members, other key management of FRES and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes, insofar as they are not transacted under normal market conditions. The nature, extent and other information regarding such transactions is disclosed, if this is necessary to provide the required insight.

### Acquisition of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill)

is disclosed under accruals. During 2022 no acquisitions took place.

### Accounting policies for the cash flow statement

The cash flow statement was prepared using the direct method. The cash items disclosed in the cash flow statement consist of cash. Cash flows denominated in foreign currencies were converted at an average estimated exchange rate following euro foreign exchange reference rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Interest paid and received, dividends received, and income taxes are included under cash from operating activities. Dividends paid are included as cash used in financing activities. The purchase consideration paid for the acquired group company is included as cash used in investing activities, insofar as it was settled in cash.

### General principles for preparing the consolidated annual accounts

#### General principles

The annual accounts were prepared in accordance with the revised Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, applicable for the financial year starting on January 1, 2022.

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The objective of this standard is to provide insight into the expenses of the organization and the utilization of funds in relation to the objectives for which the funds were collected. FRES did not apply for early adoption of the revised standard. The annual accounts are presented in euros.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle is stated, valuation is at historical cost. In the balance sheet, statement of income and expenditure and the cash flow statement, references are made to the notes.

### Prior-year comparison

The accounting policies were consistently applied to all the years presented. During 2022, and up to the publication date of this annual report, there were no policy changes.

### Functional currency

Items included in the annual accounts of the individual group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated annual accounts are presented

in euros, which is FRES' functional and presentation currency.

### Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing at the balance sheet date. Foreign currency transactions in the reporting period are converted into the functional currency using the exchange rate prevailing at the dates of the transactions. Conversion differences on non-monetary assets held at cost are recognized using the exchange rate prevailing at the dates of the transactions.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency, are converted at the exchange rate prevailing at the balance sheet date. Revenues and expenses are converted at the average exchange rates during the financial year. Any result-exchange differences are directly charged to the group equity for translation differences.

### Financial instruments

Securities included in current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity

instruments not held for trading. All other on-balance financial instruments are carried at (amortized) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques.

### Criteria for no longer recognizing assets and liabilities

An asset or liability included in the balance sheet remains recognized in the balance sheet when a transaction does not lead to a significant change in the economic reality, with regard to this balance sheet item. For such transactions, no results are recorded. An important change in the economic reality is assessed on the basis of the economic benefits and risks that are likely to occur in practice.

An asset or liability item included in the balance sheet is derecognized from the balance sheet when a transaction results in all or substantially

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all rights to economic benefits and all or substantially all risks related to the asset or liability item being transferred to a third party.

### Principles for the valuation of assets and liabilities

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost, minus cumulative depreciation and, if applicable, impairment losses.

Depreciation is based on the estimated useful lives of tangible fixed assets and is calculated based on a fixed percentage of the historical cost, taking into account the possible residual value.

Depreciation occurs from the tangible fixed assets' moment of implementation.

Investment subsidies are deducted from the historical cost or manufacturing price of the assets to which the subsidies relate. No provision for major repairs to buildings has been formed for future repairs. When they occur, the costs of repair will be included in the results.

#### Financial assets

The issued loans to subsidiaries and other receivables are initially measured at fair value, and subsequently valued at amortized cost, which equals the nominal value, minus impairment losses.

#### Impairment of fixed assets

At each balance sheet date, the foundation checks whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the realizable value and the value in use. An impairment loss is directly recognized in the statement of income and expenditure, while the carrying amount of the asset concerned is concurrently reduced.

#### Receivables

Receivables are initially included at fair value and subsequently measured at amortized cost, which equals the nominal value, minus a provision for impairment for receivables. The provision is determined based on the individual evaluation of the receivables.

#### Inventory

Inventories (stocks) are valued at historical price based on the FIFO method (first in, first out) or lower realizable value. The historical

cost consists of all costs relating to the acquisition and the costs incurred in order to bring the inventory to its current location and current condition. The realizable value is the estimated sales price less directly attributable sales costs. In determining the realizable value, the obsolescence of the inventories is taken into account.

#### Securities

Securities that are held for trading are valued at fair value in the initial processing. Changes in the actual value are recognized directly in the statement of income and expenditure. Bought, interest-bearing bonds that will be held to maturity are valued at amortized cost. Transaction costs are included in the statement and expenditure if they are related to securities, which were carried at actual value.

#### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value and are at free disposal of the foundation, unless stated otherwise.

#### Reserves and funds

The reserve financing asset matches the property, plant and equipment of FRES The Netherlands. For more detailed disclosure of

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the reserves and funds, we refer to the notes on equity.

### Negative goodwill

Negative goodwill resulting from acquisitions and calculated in accordance with the section 'Acquisition of group companies', is released in the statement of income and expenditure, based on the weighted average of the remaining life of the acquired amortizable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognized directly in the statement of income and expenditure.

### Other assets and/or liabilities

The remaining assets and liabilities are valued at amortized cost, which is usually equal to the nominal value.

### Principles for result determination

#### Result

Profit or loss is determined by income from our own fundraising activities and other income, minus the incurred expenses on the objectives. Donations are accounted for in the year in which these were received. Proceeds from inheritances are recognized in the year in which the size is reliably determined.

Operating expenses for which a contribution in kind is received are accounted for in gross, if and insofar as they can be quantified.

### Subsidies

Operating subsidies are recorded as income in the statement of income and expenditure in the year in which the subsidized costs were incurred or income was lost or when there was a subsidized operation deficit. Income is recognized when it is probable that it will be received.

Subsidies related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the statement of income and expenditure as part of the amortization costs.

### Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are processed in the statement of income and expenditure in the period that they occur, unless they are hedged.

### Depreciation of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives as from the

inception of their use. Land is not depreciated.

### Financial income and expenses

Interest paid and received is processed on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When processing the paid interest, the transaction costs on loans received as part of the calculation of effective interest are taken into account.

Dividends receivable from associates not carried at net asset value and securities are recognized as soon as FRES acquires the right to them. Changes in the value of financial assets and liabilities that are held for trading are recognized directly in the statement of income and expenditure.

### Taxes

The foundation is not obliged to pay company tax or turnover tax as reiterated in 2017 by the tax authorities. The foundation obtained and has maintained ANBI status since 2007.



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### Financial instruments and risk management

#### Market risk

##### *Currency risk*

FRES mainly operates in Africa and the European Union. The currency risk for FRES largely concerns the positions and transactions of our subsidiary FRES Uganda in Ugandan shillings (UGX). The currencies of Mali, Burkina Faso and Guinea-Bissau have a fixed exchange rate to the euro. The currency risk is not hedged.

##### *Price risk*

FRES incurs risk regarding the valuation of securities within current assets. The foundation manages market risk by stratifying the portfolio and imposing limits.

##### *Interest rate and cash flow risk*

FRES incurs limited interest rate and cash flow risk as the foundation does not have long-

term interest-bearing receivables or long-term interest-bearing liabilities (including borrowings).

##### *Credit risk*

FRES incurs credit risk, as customers pay a fee-for-service on a monthly basis. The payment period may differ per country and generally ranges between 30 and 60 days. FRES is improving payment rates and fee collection by enabling mobile payment. In addition, FRES is implementing proven technology with regard to prepayment systems.

##### *Liquidity risk*

FRES incurs only limited liquidity risk. FRES has sufficient funds freely available, and there is no need for bank overdrafts. The EBITDA and cash flow from our operations were at a level in 2022 that FRES The Netherlands did not have to provide funding for the current operations in the FRES companies.

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### NOTES TO THE CONSOLIDATED BALANCE SHEET ITEMS

#### 1. FIXED ASSETS

##### 1.1 PROPERTY, PLANT AND EQUIPMENT

	Installations and materials FRES companies	Land and buildings FRES companies	Furniture office	Computers, software and office equipment	Total
Historical cost	17,461,720	857,374	10,840	33,054	18,362,988
Accumulated depreciation and impairments	10,669,131	254,307	6,866	30,407	10,960,711
<b>Balance at January 1</b>	<b>6,792,589</b>	<b>603,067</b>	<b>3,974</b>	<b>2,647</b>	<b>7,402,277</b>
<b>Movements</b>					
Investments/disposal	106,036-	25,509	-	-	80,527-
Exchange differences	6,119	-	-	-	6,119
Depreciation	860,982	33,906	2,168	1,794	898,850
<b>Total movements</b>	<b>960,899-</b>	<b>8,397-</b>	<b>2,168-</b>	<b>1,794-</b>	<b>973,258-</b>
Historical cost	17,361,803	882,883	10,840	33,054	18,288,580
Accumulated depreciation and impairments	11,530,113	288,213	9,034	32,201	11,859,561
<b>Balance at December 31</b>	<b>5,831,690</b>	<b>594,670</b>	<b>1,806</b>	<b>853</b>	<b>6,429,019</b>

##### 1.2 DEPRECIATION PERCENTAGES

	%
Motor vehicle	20
Motor cycles	20-33
Computer and accessories	7-25
Furniture and fittings	10-20
Land and buildings	4
Solar panels	5
Solar regulators	10
Solar batteries	33

Investments during 2022 consisted of the acquisition of 9,000 PayGo switches for all FRES companies, €150,000 construction costs of a multifunctional platform built by Yeelen Ba, replacement accessories for Yeelen Ba and

replacement batteries for FRES Uganda, FRES Guiné-Bissau and Yeelen Ba. The installations and materials of FRES Guiné-Bissau are fully compensated by received grants and subsidies. Therefore, the historical cost is nil.

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### 2. CURRENT ASSETS

#### 2.1 RECEIVABLES

	12-31-2022 Total	12-31-2021 Total
Receivables	682,484	620,731
Prepayments	23,835	26,788
Other receivables and accrued income	144,269	55,588
<b>Total</b>	<b>850,588</b>	<b>703,107</b>

The fair value of the receivables approaches their book value, given the short-term character and the fact that provisions for recoverability have been established where necessary.

The receivables of the FRES companies are from regular company activities such as debtors and other receivables.

#### 2.2 SECURITIES

	12-31-2022 Total	12-31-2021 Total
Shares	-	1,056,763
Bonds	-	927,476
Increased coupon interest bonds	-	4,181
<b>Total</b>	<b>-</b>	<b>1,988,420</b>

All the securities mentioned above are quoted and are freely available to the foundation. Investment activities are executed by ING Bank and monitored by the FRES Board. FRES and ING Bank agreed upon a defensive

investment profile. This profile also excludes activities connected to alcohol, fur, gambling, nuclear industries, child labor, pornography, tobacco, weapons or misconduct regarding the environment, (social) laws/codes and human

rights. The return on the securities amounted to 0% in 2022 (10.92% in 2021). The FRES Board evaluated the investment policy in 2022 and it was decided to dissolve the portfolio with effect from November 2022.

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### 2.3 CASH AND CASH EQUIVALENTS

	12-31-2022	12-31-2021
ING Bank	359,183	691,527
ING Bank, investment account	57	27,228
ING Bank, savings account	1,881,199	1,036,927
Cash	140	559
Bank credits FRES companies	129,082	195,497
<b>Total</b>	<b>2,369,661</b>	<b>1,951,738</b>

Cash and other cash equivalents are generally freely available, unless stated otherwise, and are used for FRES' operational activities and objectives. The amount in the ING Bank savings account includes a guarantee of €1,036,927

that was released in May 2022 and was freely available at year end.

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### 3. RESERVES

#### 3.1 CONTINUITY RESERVE FRES THE NETHERLANDS

	2022	2021
Balance at January 1	250,000	250,000
Appropriation of results	-	-
<b>Balance at December 31</b>	<b>250,000</b>	<b>250,000</b>

This continuity reserve is intended to cover the cost of laying off staff, office costs and delayed payments. Additions are taken into account when necessary and are submitted for approval to the FRES Board. This reserve makes it possible to shoulder the non-variable part of FRES The Netherlands' expenses for a period of six months.

#### 3.2 RESERVE FOR PRE-FINANCING FUTURE INVESTMENTS FRES COMPANIES

	2022	2021
Balance at January 1	3,000,000	3,000,000
Appropriation of results	-	-
<b>Balance at December 31</b>	<b>3,000,000</b>	<b>3,000,000</b>

This reserve is intended to ensure that FRES maintains a minimum reserve of own funds that can be used to pre-finance new, future investments while awaiting first payments by donors. It will only be used for projects where there are signed agreements with donors.

#### 3.3 RESERVE FOR FINANCING ASSETS FRES COMPANIES

	2022	2021
Balance at January 1	5,628,080	6,215,241
Appropriation of results	1,742,278-	587,161-
<b>Balance at December 31</b>	<b>3,885,802</b>	<b>5,628,080</b>

This reserve represents the value of the assets received by the FRES companies as a gift, minus their annual depreciations.

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### 3.4 RESERVE FOR FINANCING ASSETS FRES THE NETHERLANDS

	2022	2021
Balance at January 1	6,621	11,005
Appropriation of results	3,962-	4,384-
<b>Balance at December 31</b>	<b>2,659</b>	<b>6,621</b>

This reserve is based on Dutch Accounting Standard 650 for the annual reporting of Fundraising Institutions and equals the total book value of the property, plant and equipment of FRES The Netherlands. Because this standard is not applicable to Yeelen Kura, FRES Uganda, Yeelen Ba and FRES Guiné-Bissau, the amount of tangible fixed assets of these companies is not included in the reserve.

### 3.5 CURRENCY DIFFERENCE

	2022	2021
Balance at January 1	13,504	121,387
Currency changes UGX	17,992-	107,883-
<b>Balance at December 31</b>	<b>4,488-</b>	<b>13,504</b>

This currency difference relates to the exchange differences between Ugandan shillings (UGX) and euros.

## 4 Financial Report 2022

### 4. PAYABLES AND OTHER ACCRUALS

#### 4.1 SHORT-TERM DEBTS AND ACCRUED INCOME

	12-31-2022	12-31-2021
Creditors	224,996	217,535
Other payables	2,308,140	2,952,951
<b>Total</b>	<b>2,533,136</b>	<b>3,170,486</b>

All payables and other accruals mentioned above fall due in less than one year. The fair value of the payables and other accruals approximates the book value because of their short-term character. The financial obligations towards FRES companies are funds that FRES holds for FRES companies to pay for future replacement investments.

#### **Commitments and contingencies not included in the balance sheet**

There is an annual rent obligation for the office at Plantage Middenlaan 2G in Amsterdam, in the amount of €17,824.

### NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

#### General

The donations relate to income from own fundraising activities.

#### Continuity of the activities

In the second half of 2022, FRES further invested in battery replacements for Yeelen Kura, Yeelen Ba, FRES Guinée-Bissau and FRES Uganda. We also invested in PayGo switches for all customers in our four companies to enable automatic disconnections for non-paying customers, thus managing operational efficiency. The customer base decreased slightly from 20,860 in 2021 to 20,536 in 2022.

#### Percentages spent on objectives

In accordance with Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, the clarification below states several percentages.

#### Percentage of expenditures spent on objectives

This percentage is calculated as follows: the total of the expenses spent on the objectives divided by the sum of the expenditures. The percentage of expenditures spent on objectives amounted to 87.7% in 2022 (2021: 89.3%). The percentage of expenditures spent on management and administration therefore amounts to 12.3%. The percentage relating to overhead costs is low

because volunteers, including board members and commissioners, execute their activities on a pro bono basis.

#### Percentage of income spent on objectives

This percentage is calculated as follows: the total of the expenses spent on the objectives divided by the income received in 2022. This income does not include transfers from reserves that were spent on activities in 2022. The percentage of income spent on objectives amounted to 133.44% for 2022 (2021: 113.6%). The percentage has increased because the EU contract was concluded in 2021, and a significant amount was used from the reserves.



## 5. INCOME AND EXPENSES

### INCOME FROM OWN FUNDRAISING – PRIVATE PERSONS

	2022	2021
Private donations	422	579
<b>Total</b>	<b>422</b>	<b>579</b>

### INCOME FROM OWN FUNDRAISING – COMPANIES

The donations from companies can be specified as follows:

	2022	2021
Donation companies (NL)	15,000	0
Donation companies (UG)	24,477	87,537
<b>Total</b>	<b>39,477</b>	<b>87,537</b>

### SUBSIDIES FROM GOVERNMENTS

	2022	2021
Project financing EU Regional	19,005	869,742
Project financing EU Fragile States	-	324,629
<b>Total</b>	<b>19,005</b>	<b>1,194,371</b>

### OTHER SUBSIDIES

	2022	2021
Project financing PREO	19.607	32.656
Project financing YEP	19.000	9.500
Project financing UNCD	29.093	25.468
<b>Total</b>	<b>67,700</b>	<b>67,624</b>

### OTHER INCOME

	2022	2021
Income FRES companies	3,867,556	3,399,664
<b>Total</b>	<b>3,867,556</b>	<b>3,399,664</b>

## 4 Financial Report 2022

### FINANCIAL INCOME AND EXPENSES

	2022	2021
Interest bank	9,691-	17,622-
Exchange rate difference Uganda	19,425	142,057
Result interest bonds	9,320	1,708-
Dividends	13,092	34,737
Realised gains/losses shares & bonds	280,600-	99,506
Unrealised gains/losses shares	-	175,144
Unrealised gains/losses bonds	-	37,394-
<b>Total</b>	<b>248,454-</b>	<b>394,720</b>

The net return on investments in securities and cash equivalents is accounted for under the financial income and expenses. The above-mentioned return of -€248,454 also included an amount of €0 unrealized results on the investments. Cash equivalents were kept in a current account and deposit account at credit institutions with at least an 'A' credit rating.

### LOANS TO FRES COMPANIES

	12-31-2022	12-31-2021
<b>Total</b>	<b>8,898,000</b>	<b>8,477,965</b>

### Loans

FRES The Netherlands issued several loans to FRES companies. These loans were recognized as expenses spent on objectives. The principal amount of the loans issued by FRES The Netherlands is indicated below:

### Employees

The number of FTEs as at December 31, 2022 amounted to 3.0 FTE (2021: 3.84 FTE).

### Remuneration board members

The remuneration of FRES board members amounted to €0 in 2022 (2021: €0). No loans, advances or guarantees were issued to board members. No employment contract exists between FRES and the board members.

### Subsequent events

- Mutual separation agreement between FRES and FRES Burkina Faso General Manager Bourama Keita, in December 2022.
- Resignation of Mark van Niekerk, Regional Operations Manager FRES Guiné-Bissau & FRES Uganda, in April 2023.
- Resignation of Ido Verhagen, Managing Director, in May 2023.
- Appointment of Ratidzo Michelle Makoni as COO & CFO and board member with effect from May 2023.
- Appointment of Sadia Peneux as Regional Operations Manager for FRES Guiné-Bissau with effect from June 2023.
- Mutual separation agreement between FRES and FRES Uganda General Manager Joselyne Musiime in August 2023.

## 4 Financial Report 2022

### FOUNDATION'S BALANCE SHEET AS AT DECEMBER 31, 2022 (after appropriation of results)

(amounts in euros)

	December 31, 2022	December 31, 2021
<b>Assets</b>		
<b>1. Non-current assets</b>		
1.1 Property, plant and equipment	2,659	6,621
1.2 Financial assets	6,471,277	6,783,908
	<b>6,473,936</b>	<b>6,790,529</b>
<b>2. Current assets</b>		
2.1 Receivables	17,149	14,553
2.2 Securities	-	1,988,420
2.3 Cash and cash equivalents	2,240,579	1,756,241
	2,257,728	3,759,214
<b>Total</b>	<b>8,731,664</b>	<b>10,549,743</b>
<b>3. Reserves</b>		
3.1 Continuity reserve FRES The Netherlands	250,000	250,000
3.2 Reserve for pre-financing future investments FRES companies	3,000,000	3,000,000
3.3 Reserve for financing assets FRES companies	3,885,801	5,628,079
3.4 Reserve for financing assets FRES The Netherlands	2,659	6,621
3.5 Reserve currency difference	4,488-	13,504
	<b>7,133,972</b>	<b>8,898,204</b>
<b>4. Current liabilities</b>		
4.1 Payables and other accruals	1,597,692	1,651,539
<b>Total</b>	<b>8,731,664</b>	<b>10,549,743</b>

## 4 Financial Report 2022

### FOUNDATION'S STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED DECEMBER 31, 2022

(amounts in euros)

	Actual 2022	Actual 2021	Budget 2022
<b>6. Income</b>			
Income from private persons	422	579	492
Income from companies	15,000	-	-
Income from subsidies	86,705	1,261,995	38,005
<b>Sum of the income</b>	<b>102,127</b>	<b>1,262,574</b>	<b>38,497</b>
<b>7. Expenses</b>			
Spent on objectives (consolidated budget)	835,747	1,804,552	2,179,051
<b>FRES service costs spent on objectives</b>			
Direct support existing companies	291,528	184,549	516,876
Direct support company expansions	-	-	-
Direct support new initiatives	-	-	-
<b>FRES service costs management &amp; administration</b>			
Direct costs	12,840	22,685	23,856
Indirect costs and costs from investments	145,404	317,302	254,464
<b>Sum of the expenses</b>	<b>1,285,519</b>	<b>2,329,088</b>	<b>2,974,247</b>
<b>Subtotal</b>	<b>1,183,392-</b>	<b>1,066,514-</b>	<b>2,935,750-</b>
<b>Financial income</b>	<b>268,209-</b>	<b>251,716</b>	<b>-</b>
<b>Result subsidiaries</b>			
Result subsidiary Yeelen Kura	237,745-	52,600	-
Result subsidiary FRES Uganda	23,687	7,142	-
Result subsidiary FRES Guiné-Bissau	45,551-	58,721	-
Result subsidiary Yeelen Ba	35,030-	104,790	-
Release Yeelen Ba	294,639-	223,253	-
<b>Result</b>	<b>2,040,879-</b>	<b>368,292-</b>	<b>2,935,750-</b>

## NOTES TO THE BALANCE SHEET AND STATEMENT OF INCOME AND EXPENDITURE

### General principles for preparing the annual accounts

#### General principles

The foundation’s standalone annual accounts were prepared in accordance with the revised Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, applicable for the financial year starting on January 1, 2022. The objective of this standard is to provide insight into the expenses of the organization and the utilization of funds in relation to the objectives for which the funds were collected. The annual accounts are presented in euros.

The principles of valuation and result determination for the foundation’s standalone annual accounts and the consolidated annual accounts are the same.

For the principles of the valuation of assets and liabilities and the result determination, we refer to the notes to the consolidated balance sheet items on page ## and consolidated statement of income and expenditure on page ##.

### Financial assets

#### Subsidiaries

Group companies, in which FRES exercises significant influence, generally accompanying an ownership of 20% or more of the voting rights, are stated at net asset value.

Subsidiaries with an equity deficit are valued at nil. A provision is included when FRES is fully or partially liable for the debts of the subsidiary or has the firm intention to enable the subsidiary to pay its debts.

#### Result from subsidiaries (valued at net asset value)

The result is the amount by which the carrying amount of the subsidiaries has changed since the previous financial statements as a result of the earnings achieved by the subsidiaries, insofar as this can be attributed to FRES.

### Notes to the balance sheet items

#### Financial assets

The movement of the investments in subsidiaries during 2022 is as follows:

	2022	2021
Balance at January 1	6,783,908	6,668,538
Currency difference	17,992-	107,883-
Result subsidiaries	294,639-	223,253
<b>Balance at December 31</b>	<b>6,471,277</b>	<b>6,783,908</b>

For the other notes, we refer to the notes to the consolidated balance sheet items 2022.

## 4 Financial Report 2022

### Notes to the statement of income and expenditure

For the other notes to the statement of income and expenditure, we refer to the notes to the consolidated statement of income and expenditure 2022.

Destination	Objective									Mgmt. & admin	Total 2022	Budgeted 2022	Total 2021
	Existing companies				Expansion companies								
	Yeelen Kura, Mali	Yeelen Ba, Burkina Faso	FRES Guinée-Bissau, Guinea-Bissau	FRES Uganda, Uganda	Yeelen Kura, Mali	Yeelen Ba, Burkina Faso	FRES Guinée-Bissau, Guinea-Bissau	FRES Uganda, Uganda	New initiatives				
<b>Expenditures</b>													
Subsidies and contributions	53,989	103,682	178,982	88,897	23,200	204,384	49,819	132,794	-	835,747	2,179,051	1,804,554	
Remittances										-	-	-	
Purchases and acquisitions										-	-	-	
Outsourced work										-	-	-	
Publicity and communication	4,747	6,064	4,783	2,257	2,395	5,191	1,616	6,821	-	18,387	52,261	93,323	32,552
Personnel expenses	28,372	36,246	28,587	13,490	14,316	31,024	9,660	40,772	-	109,900	312,366	557,796	340,167
Accommodation expenses	3,315	4,235	3,340	1,576	1,673	3,625	1,129	4,764	-	12,840	36,496	65,171	35,004
Office and general expenses	3,442	4,398	3,469	1,637	1,737	3,764	1,172	4,947	-	13,335	37,901	67,680	100,889
Depreciation and interest	571	729	575	271	288	624	194	820	-	2,212	6,286	11,225	5,643
Other	405	518	408	193	204	443	138	582	-	1,570	4,462	-	10,281
<b>Total</b>	<b>94,841</b>	<b>155,872</b>	<b>220,144</b>	<b>108,321</b>	<b>43,814</b>	<b>249,055</b>	<b>63,728</b>	<b>191,501</b>	<b>-</b>	<b>158,244</b>	<b>1,285,519</b>	<b>2,974,247</b>	<b>2,329,090</b>
	7,4%	12,1%	17,1%	8,4%	3,4%	19,4%	5,0%	14,9%	0,0%	12,3%	100%		

## 4 Financial Report 2022

### Notes to the balance sheet items

The subsidies and contributions actuals of €835,747 represent the costs made by FRES The Netherlands whereas the budget of €3,800,384 represents the consolidated costs, including an amount of €2,762,498 from the operating activities of the FRES companies.

The increase in publication and communication costs from €32,552 (2021) to €52,261 (2022) can be explained by an increase in creating awareness in our existing operations.

The decrease in office and general expenses from €100,889 (2021) to €37,901 (2022) can be explained by lower costs incurred for the existing operations and mainly at head office.

### Proposed appropriation of the 2022 results

For the proposed appropriation of the 2022 results amounting to -€1,746,240, we refer to the overview below.

*Amsterdam, October 18, 2023*

#### FRES Board

Wim Plaizier	Sophie Dingenen
Serge Leijten	Femke Smeets
Lidwien Schils	Tanja Pelle
Wim Sinke	Ratidzo Michelle Makoni

## 4.2 OTHER INFORMATION

### No auditor's report included

The foundation has a social mission and is a charitable organization (not-for-profit). In accordance with article 297a, subsection 1, and with article 360, subsection 3, Book 2 of the Dutch Civil Code, the annual accounts of the foundation are not audited. Consequently, no auditor's report is included.

### Statutory arrangement concerning the appropriation of results

No provision regarding the appropriation of results has been included in the Articles of Association.

### Adoption and approval of the 2022 annual accounts

The 2022 annual accounts were adopted at a board meeting held on October 18, 2023.

### Changes to the board

Paul Hol stepped down as a board member at the beginning of 2022 and was succeeded by Tanja Pelle.

	Balance as on 1-1-2022	Appropriation of results 2022	Balance as on 12-31-2022
Continuity reserve FRES The Netherlands	250,000	-	250,000
Reserve for pre-financing future investments FRES companies	3,000,000	-	3,000,000
Reserve for financing assets FRES companies	5,628,079	1,742,278-	3,885,801
Reserve for financing assets FRES The Netherlands	6,621	3,962-	2,659
<b>Total</b>	<b>8,884,700</b>	<b>1,746,240-</b>	<b>7,138,460</b>

## 4 Financial Report 2022

### 4.3 ANNEX TO THE ANNUAL ACCOUNTS 2022

#### Expenses split per subsidiary

	Actual 2022	Actual 2021	Budget 2020
<b>Expenses for regular company activities</b>	<b>3,554,543</b>	<b>3,774,241</b>	<b>2,762,498</b>
Yeelen Kura, Mali	1,315,130	895,418	778,222
Yeelen Ba, Burkina Faso	640,111	920,787	464,496
FRES Uganda, Uganda	1,100,916	1,196,324	924,943
FRES Guiné-Bissau, Guinea-Bissau	498,386	761,712	594,837
<b>Expenses for company expansion</b>	<b>1,487,631</b>	<b>1,436,751</b>	<b>1,037,886</b>
Yeelen Kura, Mali	1,012,195	1,020,233	905,036
Yeelen Ba, Burkina Faso	292,823	74,910	-
FRES Uganda, Uganda	132,794	150,921	62,952
FRES Guiné-Bissau, Guinea-Bissau	49,819	190,687	69,898
<b>Expenses for new initiatives</b>	<b>-</b>	<b>512</b>	<b>-</b>
New initiatives remaining countries	-	512	-
<b>Subtotal</b>	<b>5,042,174</b>	<b>5,211,504</b>	<b>3,800,384</b>



## 4 Financial Report 2022

### Tangible fixed assets split per subsidiary

	Installations and materials FRES Guiné-Bissau	Installations and materials FRES Uganda	Land and buildings Yeelen Kura	Installations and materials Yeelen Kura	Installations and materials Yeelen Ba	Furniture office	Computers, software and office equipment	Total
Historical cost	-	3,251,632	857,374	12,478,352	1,731,736	10,840	33,054	18,362,988
	-	2,261,587	254,307	7,166,221	1,241,323	6,866	30,407	10,960,711
<b>Balance as on January 1</b>	<b>-</b>	<b>990,045</b>	<b>603,067</b>	<b>5,312,131</b>	<b>490,413</b>	<b>3,974</b>	<b>2,647</b>	<b>7,402,277</b>
<b>Movements</b>								
Investments/disposal		90,678	25,509	224,447-	27,733	0	-	80,527-
Exchange differences	-	6,119	-	-	-	0	-	6,119
Depreciation	-	175,547	33,906	578,717	106,718	2,168	1,794	898,850
<b>Total movements</b>	<b>-</b>	<b>78,750-</b>	<b>8,397-</b>	<b>803,164-</b>	<b>78,985-</b>	<b>2,168-</b>	<b>1,794-</b>	<b>973,258-</b>
Historical cost	-	3,348,429	882,883	12,253,905	1,759,469	10,840	33,054	18,288,580
Accumulated depreciation and impairments	-	2,437,134	288,213	7,744,938	1,348,041	9,034	32,201	11,859,561
<b>Balance as at December 31</b>	<b>-</b>	<b>911,295</b>	<b>594,670</b>	<b>4,508,967</b>	<b>411,428</b>	<b>1,806</b>	<b>853</b>	<b>6,429,019</b>

## 4 Financial Report 2022

### Tangible fixed assets split per subsidiary

	12-31-2022 Total	12-31-2021 Total
Receivables FRES	0	0
Receivables FRES companies	682,484	620,731
Prepayments FRES	13,554	11,236
Prepayments FRES companies	10,281	15,552
Other receivables and accrued income	3,595	3,317
Other receivables and accrued income FRES companies	140,674	52,271
<b>Total</b>	<b>850,588</b>	<b>703,107</b>

### Short-term debts and accrued income split

	12-31-2022	12-31-2021
Creditors	147,823	125,308
Creditors FRES companies	77,173	92,227
Other payables	63,491	81,105
Other payables FRES companies	2,244,649	2,871,846
<b>Total</b>	<b>2,533,136</b>	<b>3,170,486</b>

## 4 Financial Report 2022

### Result subsidiaries split

	Actual 2022	Actual 2021
Result subsidiary Yeelen Kura	237,745-	52,600
Result subsidiary FRES Uganda	23,687	7,142
Result subsidiary FRES Guiné-Bissau	45,551-	58,721
Result subsidiary Yeelen Ba	35,030-	104,790
<b>Total</b>	<b>294,639-</b>	<b>223,253</b>

## 4.4 Independent accountant's review report

To: Stichting Rural Energy Services

### Our conclusion

We have reviewed the financial statements 2022 of Stichting Rural Energy Services based in Amsterdam.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Stichting Rural Energy Services as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the profit and loss account for 2022; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

### Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2400

‘Opdrachten tot het beoordelen van financiële overzichten’ (engagements to review financial statements). A review of financial statements in accordance with the Dutch Standard 2400 is a limited assurance engagement. Our responsibilities under this standard are further described in the ‘Our responsibilities for the review of the financial statements’ section of our report.

We are independent of Stichting Rural Energy Services in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Our responsibilities for the review of the financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2400.

Our review included among others:

- Obtaining an understanding in the entity and its environment and the applicable financial reporting framework, in order to identify areas in the financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of the entity's

accounting systems and accounting records and consider whether these generate data that is adequate for the purpose of performing the analytical procedures;

- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the financial statements;
- Obtaining assurance evidence that the financial statements agree with, or reconcile to, the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering the appropriateness of accounting policies used and considering whether the accounting estimates and related disclosures made by management appear reasonable;

- Considering the overall presentation, structure and content of the financial statements, including the disclosures; and
- Considering whether the financial statements and the related disclosures represent the underlying transactions and events in a manner that appears to give a true and fair view.

*Rotterdam, October 18, 2023.*



Baker Tilly (Netherlands) N.V.  
L. den Boer RA  
KvK: 24425560

## ACRONYMS

FRES	Foundation Rural Energy Services
GIZ	German Agency for International Cooperation
kWh	kilowatt hour
kWp	kilowatt peak
MWh	megawatt hour
NGO	nongovernmental organization
RVO	Netherlands Enterprise Agency
SDG	Sustainable Development Goal
SHS	solar home system
SME	small and medium-sized enterprise
SWOT	strengths, weaknesses, opportunities and threats
tCO2	total carbon dioxide
UNCDF	UN Capital Development Fund
UNEP	UN Environment Programme

## BENEFICIARIES CALCULATIONS

To calculate the number of beneficiaries that FRES reaches, we apply the industry-accepted multiplier of five times the total number of connections. For references made to the beneficiaries of business segments, such as schools, hospitals and places of worship, FRES bases these calculations on data collected by the FRES companies.

## Colophon

This annual report was published by FRES (Foundation Rural Energy Services)

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Danilo Pereira Vaz (page 33)

### Design

Ndoc.nl, Buren, The Netherlands

### Editor

Cecily Layzell

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FRES Uganda technician Hillary performing periodic maintenance of a solar system on a customer's grocery shop in Rugaaga Barracks, Kiruhura District. The customer uses the system for lighting and to power a freezer. FRES' maintenance service plays a key role in ensuring that our customers benefit from reliable, durable and high-quality access to energy.