



THE
EGMONT TRUST

Improving the lives of children affected by HIV&AIDS

Annual Review 2007

THE EGMONT TRUST

WHO WE ARE AND WHAT WE DO



ANNA MURENGA, A 66-YEAR-OLD GRANDMOTHER, POSES WITH HER ORPHANED GRANDCHILDREN WHOM SHE CARES FOR IN NDOLA, NORTH ZAMBIA. EIGHT OF HER NINE CHILDREN HAVE DIED FROM AIDS. THE EGMONT TRUST SUPPORTS PROJECTS IN NDOLA. (IMAGE © GIDEON MENDEL/CORBIS)

*“Neither words nor statistics can adequately capture the human tragedy of children grieving for dying or dead parents, stigmatised by society through association with HIV/AIDS, plunged into economic crisis and insecurity by their parents’ death and struggling without services or support systems in impoverished communities.”**

*Source: Childhood Challenged, Save the Children, 2002.

Egmont is a UK registered charitable trust established in 2005, working to **improve the lives of children and families affected by HIV & AIDS** in sub-Saharan Africa. There are currently 22.5 million people living with HIV in sub-Saharan Africa; 1.6 million adults and children died of AIDS in the region last year, and tragically there are an estimated 11.4 million AIDS orphans.*

Over the past three years Egmont has disbursed close to £1m to a growing portfolio of **50 local partner organisations** running projects in Kenya, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe. As the reputation of our unique approach grows, demand for funding from new project partners is increasing significantly.

Egmont is genuinely different from large-scale, bureaucratic NGOs because it focuses on **smaller, locally inspired and managed projects**, that are often neglected by larger NGOs. The irony is that these types of grass-roots initiatives, driven by the knowledge, experience and commitment of those directly affected, are often the most successful and **cost-effective** route to achieve genuine results. It is possible to have a material impact with small amounts of money using this model.

Project partners are sourced and carefully selected from our experienced management team’s longstanding local networks. We typically **disburse between £5k and £20k per annum to projects**. Funds are disbursed directly to our project partners; impact is measured rigorously; cross-fertilisation of ideas and best practice between partners is encouraged; and Egmont provides financial, managerial and technical support.

Trustees and officers combine successful track records in HIV & AIDS and in financial services. Their ambition is to build a **first class, discreet, low-cost, transparent charity** with the highest standards of governance and a clear focus on results. Proper accountability and governance does not require a big bureaucracy – a slim organisation keeps us, and our supporters, closer to what is actually happening.

Trustees cover all the running costs of the Egmont Trust. **100% of donors’ money is passed directly to the projects that Egmont supports.**

Egmont’s project portfolio reflects the approach of its hedge fund donors – low fixed costs, avoidance of bureaucracy, backing key individuals on the ground, looking for opportunities under the radar screens of large-scale players, recognising the need to take risk to find winners. **This is a rare approach.**

Based on three years of proven impact and growth, **Egmont is now aiming to substantially increase its income.** A priority is to expand our support for our best performing projects, which have demonstrated they have the people and skills to deliver value with increased resources. We shall also continue to source and support potentially successful and scaleable smaller projects for our portfolio.

*Source: 2007 AIDS Epidemic Update, UNAIDS / World Health Organization, December 2007.

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SENIOR STAFF:

Colin Williams, OBE (Chief Executive)
Linnea Renton (Executive Director)

TRUSTEES:

William Garrett (Chairman)
Clare Evans
Jeremy Evans
Rory Powe
Martin Woodcock

FOUNDER PARTNERS:

James Lyle
Girl Child Network
Mitengo Women's Co-operative
Ndola Integrated AIDS Programme

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FROM THE CHAIRMAN

Over the past three years, the Egmont Trust has funded an impressive network of locally inspired projects which aim to improve the lives of children affected by HIV & AIDS.

The Egmont Trust is a dynamic young charity that is tackling the devastating impact of HIV & AIDS on children and families in Africa by funding an impressive network of locally inspired projects. We are already seeing the tangible proof of impact upon young lives.

The ambitions set out in this annual review are clear: to run this charity in a way that is cost-effective, pragmatic, unbureaucratic, that listens to what works locally, and that does not seek to impose outside ideology or prejudice. The significant increase in quantity and quality of proposals received from a broad range of local initiatives, as our reputation grows and our approach is understood more widely, underlines that there is a clear unmet need for Egmont's approach and support.

It is for this reason that Egmont is now looking to widen its donor base, with the aim of increasing both the number and depth of projects it supports. To that end, we are looking for a select group of large-scale donors who wish to build a long-term relationship with the Trust, its partners and its projects.

I hope you enjoy finding out more about Egmont from this annual review, what we are trying to achieve, and the very different philosophy that informs this charity.

We would welcome your participation in this ambitious and exciting initiative.

William Garrett
Chairman

EGMONT'S WORK GIVES THESE CHILDREN IN NDOLA, NORTHERN ZAMBIA, A BRIGHTER FUTURE.



THE PROBLEM:

HIV AND AIDS IN SUB-SAHARAN AFRICA

Infection with HIV (Human Immunodeficiency Virus), if untreated, leads to AIDS (Acquired Immune Deficiency Syndrome), in which the immune system begins to fail, leading to life-threatening opportunistic infections and tumours. Although treatments exist to slow the virus's progression, there is currently no known cure, and access to anti-retroviral treatment (ART) is still very limited in most of the world's poorest countries.

ALREADY POOR COMMUNITIES LIKE THIS ONE IN MALAWI ARE OVERSTRETCHED BY THE NEED TO CARE FOR ORPHANS.



AIDS is now a pandemic, with an estimated 33.2 million people living with the disease worldwide, including 2.5 million children. The Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World Health Organization (WHO) estimate that AIDS has killed more than 25 million people since it was first recognised in 1981, making it one of the most destructive pandemics in recorded history. In 2007 alone, AIDS claimed an estimated 2.1 million lives, of which approximately 330,000 were children.¹

Sub-Saharan Africa is by far the most seriously affected region in the global HIV epidemic, with AIDS being the leading cause of death there, and adult prevalence rates averaging 5% as compared to 0.8% globally. More than two thirds of all HIV-positive people live in this region, where more than three quarters of all AIDS deaths in 2007 occurred. It is estimated that 1.7 million people were newly infected with HIV there in 2007, bringing to 22.5 million the total number of people living with the virus in the region. Unlike other parts of the world, the majority of people living with HIV in sub-Saharan Africa are women (61%).¹

In sub-Saharan Africa there are an estimated 11.4 million children who have been orphaned by AIDS. It is also home to nearly 90% of children who are themselves infected with HIV.¹ **By 2010, UNICEF forecasts that the number of orphans due to AIDS in the region will have reached 16 million.**²

Within sub-Saharan Africa, the southern Africa sub-region is most seriously affected, accounting for 35% of all people living with HIV and almost one third (32%) of all new HIV infections and AIDS deaths globally in 2007.¹

The countries in which Egmont works are amongst some of the worst affected in the region, with adult HIV prevalence ranging from 5% in Kenya to over 15% in Mozambique, Zambia and Zimbabwe.¹

It is hard to convey the extent to which the epidemic is affecting people in these countries. The vast majority of people with full-blown AIDS are aged between 25 and 40, most of whom will have their own children. Household income often drops as people become sick; scarce money is spent on accessing treatment and care, leaving less for food and other necessities. Frequently the oldest children are forced to drop out of school to care for their sick parent(s) and younger siblings. Where treatment is not sought or proves ineffective, orphaned children are either left alone to fend for themselves or in most cases join a relative's household (aunt, uncle, grandparent), often stretching to breaking point already poor households. Carers struggle to provide enough food, let alone afford the uniform and books required to send these extra children to school.

In heavily affected countries such as Zambia and Zimbabwe, there will hardly be a household not carrying the burden of orphaned relatives. This may be purely monetary, e.g. helping to contribute to schooling costs, but in many cases it means taking on full-time responsibility for the shelter and care of one or more children.

The availability of free anti-retroviral treatment (ART) has certainly improved the situation. WHO is aiming for universal access to treatment for all those who need it by 2010, and the Global Fund to Fight AIDS, Tuberculosis and Malaria is providing free drugs for this programme. However according to WHO's own figures, only 25% of HIV-positive people, and only 10% of infected children, are

currently receiving the HIV treatment they urgently need. In sub-Saharan Africa, WHO estimates that as of June 2006, 1.04 million people were accessing ART, representing just under 23% of the 4.6 million in need of treatment. Even this represents a huge step forward since December 2003, when coverage in the region was only 2%. However, availability of treatment tends to be restricted to major towns and cities. The majority of rural populations are unlikely to have access to these life-saving drugs for another 10+ years.³

The picture is not all bleak. It is possible for communities and even whole countries to rise to the challenge of HIV and AIDS – to reverse the spread of infection and to provide support and opportunity to children orphaned by the epidemic and households struggling to cope with the burdens of the disease. Uganda managed to achieve this in the 1990s, and at Egmont we wholly believe that the situation can be reversed continent-wide. This will require effort at all levels – internationally, nationally, locally and individually. Furthermore we believe locally inspired and locally driven approaches are often the most effective. However it is often these initiatives which find it hardest to attract donor funding. Egmont is striving to fill some of this gap.

¹ 2007 AIDS Epidemic Update, UNAIDS / World Health Organization, December 2007.

² Africa's Orphaned and Vulnerable Generations: Children Affected by AIDS, UNICEF, 2006.

³ WHO HIV/AIDS Treatment Data, August 2006.

REVIEW OF THE YEAR

2007 was a year of significant progress for Egmont. True to its founding principles, the Trust has continued to focus its support on projects that improve the lives of children and families affected by HIV & AIDS in countries that have very high infection levels combined with high levels of poverty.

'MAMA MARIA' OF VUKOXA IN MOZAMBIQUE HAS BEEN CHOSEN BY HER COMMUNITY AS AN OUVINTE OR LISTENER, WHO HELPS AIDS-AFFECTED FAMILIES IN CRISIS.



The latest statistics published by UNAIDS (2007) underline the scale of the HIV & AIDS pandemic (see page 4). There are indications that, at the global and Africa regional level, rates of infection are stabilising, albeit at very high levels. However there are still significant variations between and within countries. The task of managing efforts to care for those affected – including ensuring that opportunities for children are increased rather than lost, and dealing with the scale of the orphan problem – remains huge and, most importantly, long term in nature.

The task for the Egmont Trust is to do more of what we know works and to encourage others in the same direction. We genuinely believe that a momentum can be achieved for Africa as a whole in HIV & AIDS just as happened successfully in Uganda 15 years ago, based on this pragmatic, bottom-up approach.

Strategy and Philosophy

From our own experience we know that the most effective responses, in terms of cost and impact, are both conceived and driven locally, by the people most closely affected. Typical responses include, for example, production and consumption of more nutritious foods, increasing income levels, tackling sexual abuse, and helping young people to change their behaviour. Simplest is often most cost-effective, has greatest impact, is easiest to put into practice, and is most transparent to analysis.

A key element in Egmont's approach is use of our own local networks (Reference Groups – see below) which help us discover new partner organisations as well as identifying and understanding the people behind them. Our responsibility is then to provide the financial support these organisations typically find so hard to get, to maintain effective control

“A key driving principle for Egmont is to operate in an unbureaucratic and cost-effective manner.”

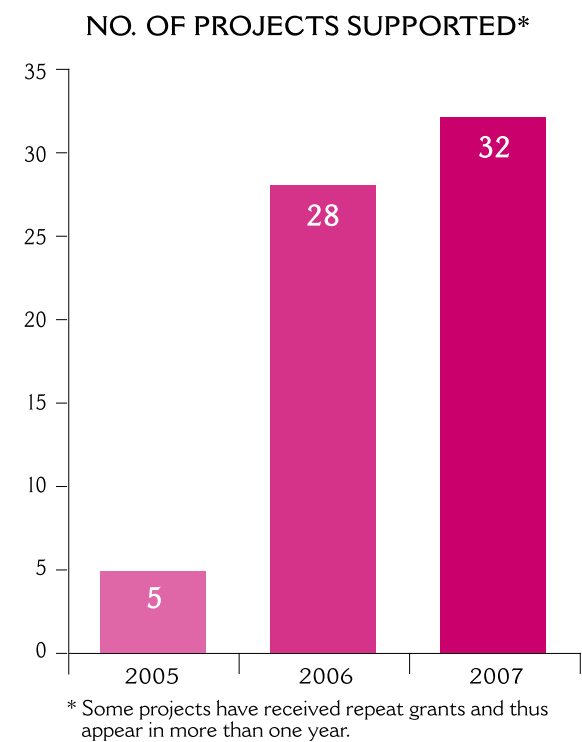
and monitoring systems, and critically to ensure that results are achieved and that funds are used efficiently. Success requires a belief that this is the best way to achieve impact at lowest cost, and a skill, on our part, to find the people and organisations that are already doing this.

A key driving principle for Egmont is to operate in an unbureaucratic and cost-effective manner. To this end there are currently only three paid staff members. A key element in our approach has been the establishment of Reference Groups of experienced and trusted contacts in each country where we operate, rather than employing our own local staff. The Reference Groups carry out monitoring and assessment tasks on a consultancy basis on Egmont's behalf. Not only are their opinions on the credibility and track record of applicant organisations and the soundness of proposed projects extremely valuable, but by using this model we avoid a raft of unnecessary administrative costs.

We are delighted that as Egmont's approach and reputation have become better known, so the number of organisations approaching us has increased significantly. This underlines that there is a clear need in a range of countries and communities for the sort of support that Egmont offers, which falls below the radar screens of large-scale NGO (Non-Governmental Organisation) or governmental interventions. There is a large gap in the market.

Projects

Since foundation we have supported the work of 50 projects in Zambia, Zimbabwe, Malawi, Tanzania, Mozambique and Kenya with grants of up to £20,000 per annum. Our approach to funding can be likened to the portfolio approach of a professional investor. We recognise that to discover the best projects, as with any portfolio there will be star



REVIEW OF THE YEAR
(CONTINUED)

“Funding at this level without excessive red tape is scarce; it achieves results directly and cost-effectively.”

performers, some average performers and some failures. But you have to risk the failures to find the winners.

In this review we have illustrated the overall impact of our support and profiled three of the 50 projects now supported. Each project is different and is driven by its own parameters, baselines and measuring systems. Such diversity is a natural feature of an approach which supports genuine locally driven responses and recognises the complexity of the epidemic – there is no ‘one size fits all’ panacea to such a complex issue as the impact of HIV & AIDS. It is important to ensure that best practices, ideas and effective project types are shared and scaled up.

Funding and Finances

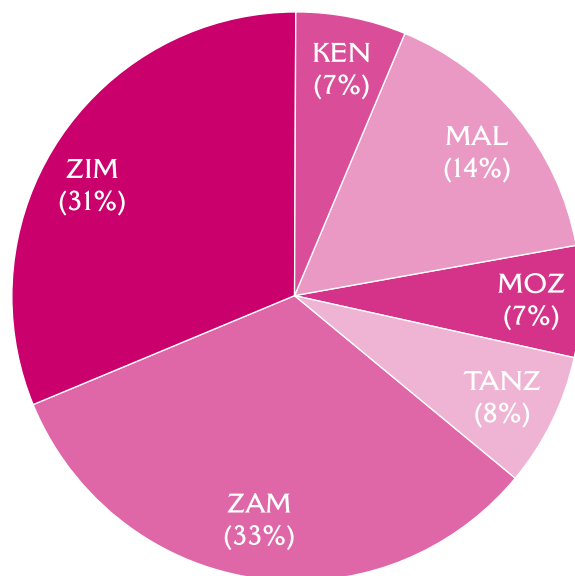
We have seen a significant increase in donations and continue to be grateful to our donors for their generosity and confidence in Egmont’s approach. We are also grateful to Ernst & Young for pro-bono provision of audit services.

The next phase in Egmont’s funding will be to secure long-term donations from a much broader range of donors – in the hedge fund community, in particular, who have been our major donors to date, and from other significant sources. We have developed an innovative fundraising process for hedge fund donors (see page 16). This process should secure visibility of cash flows appropriate to Egmont’s strategy, and at limited acquisition cost.

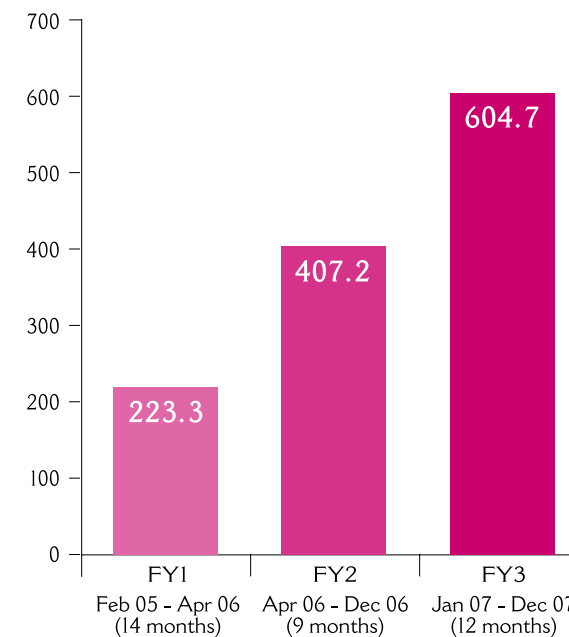
Strategy for 2008

2008 promises to be an exciting year for Egmont as we seek to broaden both our range of donors and our range of projects. Based on the results we have achieved so far and on our experience to date, we plan to pursue three dynamic strands in our work.

GEOGRAPHICAL BALANCE OF PROJECT PORTFOLIO TO DATE – BY VALUE (£)



TOTAL INCOME BY FINANCIAL YEAR (FY) (£000)



Firstly, based on proven results and working relationships over the last three years we are now in a position to select a small number of organisations – 5 or 6 from the 50 we have already worked with – where we have the confidence that there are in place the people, the structure and the vision to grow, to handle larger budgets and benefit more people. We also have senior executives with the technical experience to help these organisations move forward, but without making the all too common donors’ mistake of taking ownership away from them.

Secondly, there are innovative practices within the projects that we now support that could have much greater impact if they could be scaled up across the sector. Our challenge is to identify these approaches, and support the lateral links and exchanges that will stimulate scale-up to happen.

Thirdly, the current provision of our relatively small grants of up to £20,000 per annum will continue to be at the core of our support work. Funding at this level, without excessive red tape, is scarce; it achieves results directly and cost-effectively, and it offers a testing ground in which we can identify organisations that are appropriate for increased funding, whether from Egmont or from other sources.

The unique synergy between the Egmont Trust and its innovative fundraising process aims to generate a multi-million pound income stream that can be effectively disbursed for maximum impact. Close co-operation with our partners on the ground, with their low-cost strategies and innovation, and with our donors, the majority of whom hail from backgrounds in finance, means that the entrepreneurial, unbureaucratic spirit of Egmont will permeate everything we do. It is an exciting time.

EGMONT PROJECT PARTNERS

Here we list all 50 partners we have supported to date in six countries. This table illustrates the richness of our partners' work and our ability to support real vision on the ground. Together this produces results that genuinely do have an impact on children's lives.

Profiles of three projects chosen to illustrate the range of work that we support follow this table.

Commitments by partner and country to date (£) plus focus of project

KENYA

Partner	Totals	Main issue addressed
Kenya Poverty Elimination Network	24,977	Bee-keeping for family income
Action in the Community Environment	19,916	Access to nutritious food
Senior Women Citizens for Change	5,000	Older women caregivers
Trust for Indigenous Culture and Health	5,000	Providing HIV info via website
Youth Advocates for Behaviour Change	4,700	Support to orphans in nomadic communities

KENYA – AII 59,593

MALAWI

Partner	Totals	Main issue addressed
Chisomo Children's Club	20,000	Support and rehabilitation of street children
National Smallholder Farmers Assoc. (NASFAM), Mchinji	20,000	Smallholder farmers improving production
NASFAM, Zomba	20,000	Smallholder farmers improving production
Salima AIDS Service Organisation	20,000	Care and support to affected children
Community Partnership for Relief and Development	19,979	Microcredit for widow-headed households

MALAWI cont...

HIV/AIDS at Workplace Intervention Programme	11,036	Access to nutritious food
Tutulane	8,930	Livestock rearing for income
Central Region Milk Producers' Association	5,000	Village dairy for nutrition and income
Chitipa District AIDS Co-ordinating Committee	5,000	Vocational skills for people affected by AIDS
Girls Development Association	2,085	HIV educational materials by and for girls

MALAWI – AII 132,030

MOZAMBIQUE

Partner	Totals	Main issue addressed
Meninos de Moçambique	20,000	Support and rehabilitation of street children
Vukoxa	19,922	Support to older caregivers
Associação Imagine	19,488	Care and support to vulnerable families
TEA – Help the Needy	4,581	Food security and nutrition
Vukarhani	1,332	Community centre for orphans

MOZAMBIQUE – AII 65,323

TANZANIA

Partner	Totals	Main issue addressed
Rungwe Tea Growers	25,000	Access to HIV testing and treatment
Human Development Trust	20,000	Strengthening HIV community groups
Students Partnership Worldwide Tanzania	19,922	Youth peer education
Tanzania Development and AIDS Prevention	5,000	Farming skills for families caring for orphans
Tukolene	4,947	Fighting stigma and discrimination

TANZANIA – AII 74,869

ZAMBIA

Partner	Totals	Main issue addressed
Ndola Integrated AIDS Programme	75,000	Revolving savings and credit
Mitengo Women's Co-operative	55,979	Nutrition gardens and food security
Mulumbo Foundation	39,619	Early childhood care
Afya Mzuri	21,500	Access to health services in workplaces

MITENGO WOMEN'S CO-OPERATIVE

“Come next year, you will find that we have put on a lot of weight because Mitengo has helped us to improve our nutrition.”
– Mitengo member.

The participation of students in the programme is “arguably the most innovative aspect of the project and good value for donor money.”
– W. Munkombwe, School of Humanities and Social Sciences, University of Zambia.

THE STRENGTH OF MITENGO COMES FROM THE COMMITMENT AND ENTHUSIASM OF ITS MEMBERS.



ZAMBIA cont...

Copperbelt Health Education Project	20,000	Youth peer education
Hodi	20,000	Addressing sexual violence against women and girls
Students Partnership Worldwide Zambia	19,924	Youth peer education
Tikondane	19,400	HIV info for sex workers and bar staff
Micro Bankers Trust	10,000	Revolving savings and credit
Bright Chapel	5,000	Better family communication on sensitive issues
Kabwata Orphanage and Transit Centre	5,000	Nutrition, education and medical support for children
Pride Community Health Club	5,000	Income-generating skills for older orphans

ZAMBIA – All **296,422**

ZIMBABWE

Partner	Totals	Main issue addressed
Girl Child Network	55,000	Support for survivors of rape and abuse
AIDS Counselling Trust	26,000	Improving access to nutritious food
Batanai HIV/AIDS Support Group	26,000	Counselling and psychosocial support
Batsirai	20,000	Care, treatment and nutrition for children
Farm Orphan Support Trust	20,000	Better health for orphans in farm communities
Linkage	20,000	Access to HIV testing and counselling
Midlands AIDS Service Organisation	20,000	Nutrition and use of immunity-boosting herbs
Sibambene	20,000	Training orphans in essential survival skills
Streets Ahead	19,998	Support and rehabilitation of street children
Students Partnership Worldwide Zimbabwe	19,998	Youth peer education
Hospice Association of Zimbabwe	18,392	Palliative care for affected children
Patsime	15,000	Raising awareness in schools through drama
Rafiki	5,000	Skills for disadvantaged girls

ZIMBABWE – All **285,388**

50 PARTNERS TO DATE **913,625**

Location: Chongwe, Zambia
Sector: Agriculture and nutrition
Co-ordinator: Genevieve Mwiinga
Partner since: October 2005
Grant awarded: £15,000 pilot project, £21,530 phase 2, £19,449 phase 3

Summary of project

Mitengo targets the nutrition and health of 120 poor farmers and their 650 dependent children in a community heavily affected by HIV & AIDS in Zambia by providing tools, seeds and training, to improve their knowledge, skills and resources for growing nutritious, immunity-boosting crops. It also provides practical hands-on experience for young professionals from the University of Zambia and other colleges for development work in communities heavily affected by HIV & AIDS.

Key results to date

- Women reported giving their families 2–3 meals per day on average, as compared to the “0–0–1 eating strategy” (no breakfast, no lunch, only supper) they used to resort to initially.
- Most households reported that orphans and vulnerable children now had a balanced diet of vegetables at home (three times per week as opposed to once per week at baseline).
- Children rarely go to school on empty stomachs any more, as their parents are now able to pack fried groundnuts and maize snacks for them.
- Guardians are now able to provide children with school books and pencils, unlike before.
- Crop diversification has increased tenfold, contributing to improved nutrition, increased income and establishment of a village seed bank.
- A hammer mill to grind maize has been purchased and installed, serving 720 households. Previously girls had to walk 5–8km carrying 30kg of maize; now all are within 0.5km.

GIRL CHILD NETWORK



GCN'S INSPIRATIONAL FOUNDER AND DIRECTOR, BETTY MAKONI, ADDRESSES SOME OF THE GIRLS SERVED BY THE NETWORK.

"A child who has been coming to school in a tattered flannel dress, that has been mended countless times and is now little more than a collection of stitches, changes even the way she walks once she receives and wears for the first time a new uniform. Even her peers view her differently and she wears a broad smile on her face. This is the change we have noted in the girls, and to us, it is a most positive thing."
 – Girls' Club Co-ordinator, St Luke's Primary School.

Location: Chitungwiza, Zimbabwe
Sector: Sexual violence and abuse
Director: Betty Makoni
Partner since: October 2005
Grant awarded: £15,000 pilot project, £40,000 phase 2 (over two years)

Summary of project

The Egmont grant is supporting the running of the Chitsotso Girls Empowerment Village, which receives at least two cases of abuse each day and plays a major role in providing safety for rape survivors. The girls are provided with basics whilst in the centre, including food, clothing, school fees and medication. They also receive counselling and psychosocial support, crucially enabling them to recover their sense of dignity and self-worth.

Key results to date

- A total of 415 children benefited from the payment of school fees in the past year. 23 of these have remained at the top of their class in the last two terms.
- More than 200 children had their uniforms bought either directly by GCN or indirectly through income-generating projects.
- 67 children were reunited with their families or foster parents.
- After awareness campaigns by GCN, a total of 363 unreported cases of abuse committed before 2005 were reported, with most of the perpetrators apprehended.
- The issue of forced marriages of girls below the age of 16, which previously had been tacitly accepted in communities, is beginning to be treated as unacceptable by local traditional and political leaders.
- A Domestic Violence Bill has now received parliamentary and senate approval. GCN was at the forefront of fighting for this legislation.

CHISOMO CHILDREN'S CLUB

"The quality of [Chisomo's] work with street children is commendably high. Chisomo has worked increasingly co-operatively, and worked well, e.g. with the police, teachers as well as other NGOs, to improve the treatment of street children currently, and change awareness of key players about the rights of children, which will lead to better treatment in the future. Chisomo has also made strides forward in addressing the root causes of children coming to the streets through its work with families and communities."
 – Independent evaluation, July 2007.

RHODA NJAYA AND HER CHILDREN HAVE BENEFITED FROM CHISOMO'S SUPPORT.



Location: Blantyre and Lilongwe, Malawi
Sector: Street children
Director: Nelson Mkandawire
Partner since: November 2006
Grant awarded: £20,000

Summary of project

Chisomo was set up with and for children on the streets of Malawi in 1998 to help them develop to their full potential and 'graduate' to independence. Chisomo provides drop-in centres, basic shelter, healthcare and access to education, then staff work with families to resolve the root problems which drive children onto the streets in the first place. Chisomo also promotes justice for street children, encouraging all duty bearers to take up their responsibilities towards this vulnerable group.

Key results to date

- 698 children have been supported to attend school, with parents, guardians and teachers being involved to help ensure success. School fees are paid and uniforms and books provided. An example is former street child Sandifolo Petulo, a student at Umbwi Secondary School who was selected as head boy due to his excellent behaviour, class performance and the confidence teachers and fellow students have in him. He is now a role model to his friends at Chisomo.
- Training in business management and provision of start-up loans to 258 families of reintegrated former street children have enabled them to provide for their households.
- Nutrition, medical attention and counselling have been provided to eight HIV-positive children.
- Sport has been used as a means of building self-esteem, team spirit and healthy living. Chisomo football team has seen four of its players selected for the under-17 national Malawi team.

EGMONT FUNDING STRATEGY

To date all our activities have been funded by our five trustees. Given the progress made over the last three years we are now seeking to scale up Egmont's operations. We therefore intend to increase significantly the amount of funds raised.

INTERVENTIONS AS SIMPLE AS PROVIDING THREE NUTRITIOUS MEALS A DAY CAN GREATLY BOOST SURVIVAL RATES FOR HIV-POSITIVE PEOPLE.



Vital to Egmont's low-cost model is securing predictable, recurring, long-term funding at minimal acquisition cost. This type of income stream will enable us to offer longer-term support to our partner projects, and to avoid the distractions and costs associated with many fundraising strategies.

Egmont's trustees have undertaken to cover all of Egmont's operational expenses. This means that 100% of all donor funds will be transferred to Egmont's projects in Africa.

Target Donors

Hedge funds – an innovative mechanism

We shall be targeting in particular the hedge fund community as potential donors. Our existing hedge fund donors are already using an innovative mechanism to disburse monies to Egmont, that is easily replicable and adheres to Egmont's aspirations of sourcing predictable revenues and low acquisition cost funding.

Our existing hedge fund manager donors have agreed to ring-fence their standard fees on a very small % of their assets under management, identifying the fees (both annual and performance) as 'Egmont' fees: they have ring-fenced the fees on \$10m of funds under management (FUM) in this way. The fees on the ring-fenced monies are donated by the fund manager, or fund management company, as a standard donation for tax purposes.

It is our aspiration to secure a total of 50 hedge fund managers using this innovative mechanism: to ring-fence a very small % of their FUM (minimum of \$2.5m), for a minimum of three years, on a non-legally binding basis – although larger sums would, as with our existing donors, be very welcome. Were we to achieve our target number of hedge funds

donating in this way, this would mean that Egmont had 'ring-fenced' a minimum total of \$125m of funds under management. On the basis of average performance of 8% net across all the funds, Egmont would earn \$1.9m of annual fees, and a further \$2.5m of performance fees. The compounding effect of year-on-year performance on the 'Egmont FUM' would grow this income stream on the identified assets under management over time.

The funds under management that are identified as Egmont could come from either existing FUM, or from waiting lists. In the latter case this would be especially attractive to hedge fund managers as the donations would represent income that would not have been earned: i.e. the hedge fund manager is not forgoing any existing income. In effect, the aggregate donations of the hedge fund managers create a 'virtual' fund of funds with precisely the high recurring revenue streams, low volatility and low acquisition cost that Egmont's model works best under. This would create neither 'favoured nation' nor other issues for the manager, as the identified funds are treated in precisely the same way as any other funds under management – it is the manager making the donation, equivalent to the monies earned on the ring-fenced funds, which if made as an individual or under a Partnership structure would be eligible for tax relief (in the UK, and in the US under arrangements with CAF America).

Other donors

Egmont will also be approaching other high net worth and relevant large-scale donors; of course hedge fund managers may wish to make direct donations. As with the 'virtual' fund of funds concept outlined above, we are looking to secure substantial, long-term, recurring donations to ensure that fundraising cost is kept to a minimum, and that we are able to focus on delivering the Trust's aspirations.

Donor – Trust Relationship

All donors receive quarterly updates on Egmont's activities and progress, as well as a more detailed, audited annual report. Donors will be invited to an annual meeting where they will have the chance to meet some of our project partners, and hear how their money is being spent in helping to improve the lives of children and their families in poor communities heavily affected by HIV & AIDS. We are wary about organising trips to visit projects, given the organisational demands, the associated costs, and the impact this has on local communities who have more pressing priorities.

Ideally donor funds will be 'general funds' to be allocated to any project as approved by the Egmont Board. A large unrestricted 'general fund' gives Egmont significant flexibility when selecting project partners and keeps administrative costs to a minimum. However, should donors wish to select a particular project or project types from our portfolio, we would be happy to arrange this.

INTERVIEW

WITH THE CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR

*An interview with Colin Williams and
Linnea Renton on HIV & AIDS and
Egmont's strategy.*

*“If you support local
initiatives that have
strong commitment and
a genuine understanding
of the local problem, you
get good results which
can be scaled up.”*

Q. Can we really have an impact on HIV & AIDS? It seems such an intractable problem.

Colin: Yes, it is a huge problem – 22.5 million people infected in Africa and 1.6 million deaths last year. And it is especially bad for children, who are more vulnerable and represent the future of their family and their country. But it is not intractable. Linnea and I between us have 50+ years of experience in work that has genuinely reduced the impact of the disease. Indeed a whole country, Uganda, managed to reduce its rate of infection to below 5%, a process I was lucky to be involved with. From all those experiences we have seen that if you do what works, support genuine local initiatives that have strong commitment and a genuine understanding of the local problem you can get good results, and many of these have the potential to be successfully scaled up.

Crucially, this kind of approach is by definition low cost, and operates at a very human level. With some courage and, to be frank, genuine trust in the local people you are working with it does deliver results. Strangely, although it is effective, it seems to be a radical approach – one that the traditional aid agencies with their institutional methodologies find hard to process and accommodate.

Q. Where is Egmont focusing its efforts?

Colin: Geographically, we are focusing on where the impact of HIV is especially bad and in the poorest communities – namely southern and eastern Africa – combined with where we are able to find good, locally driven initiatives. It is the projects first and foremost that drive our selection however – the people behind them, the ownership, the innovation, and our ability to monitor and generate a proper return on our donors' money.

COLIN WILLIAMS
CHIEF EXECUTIVE



LINNEA RENTON
EXECUTIVE DIRECTOR



Linnea: In terms of the types of project work we support, we are attracted to activities that will make the most tangible difference to people's lives, such as improved nutrition, access to education, and the quality of care for children – including street children and survivors of abuse.

Q. What sort of organisations are you working with? How do you know they are worth supporting?

Linnea: Egmont works with quite a wide range of partners. Our emphasis is on locally driven, community-based organisations – these have often been formed on a self-help basis by volunteers keen to make a difference in their communities. So they include HIV-positive people's support groups, youth groups, faith-based organisations, women's groups, farmers' associations and many others, including government and the private sector.

Colin: The essential thing is that they display soul and substance! By which I mean real commitment, plus solid local knowledge of what works and the ability to show that they are achieving results.

Linnea: Our own longstanding networks in Africa mean that we have known a number of the partner organisations and/or their staff over many years. In addition, our Reference Group members are our eyes and ears on the ground in each country. So even if we do not know an organisation directly, we are sure to know someone who does! The essential thing is to ensure that our analysis of the projects is of high quality – informed by our experience, contacts and proper due diligence. This pays off in ensuring that the risk of disappointment and underperformance is reduced, as are the costs of managing the relationship.

“I am constantly amazed and humbled by how much our partners achieve with so little.”

Q. *So much aid money is wasted – why do you say it can be cost-effective? How can you be sure the money will be properly used and not lost through mismanagement and corruption?*

Linnea: These are real concerns for any donor, and addressing them is a very important part of our own structure as well as our risk management in relation to the projects we support.

In terms of cost-effectiveness, that is one of the key criteria we look at when assessing proposed projects in the first place. Those with inflated budgets, high overheads etc. do not make it past the first hurdle. Again, our experience in Africa means that we have a very good understanding of what things really cost and are quick to spot any ‘padding’.

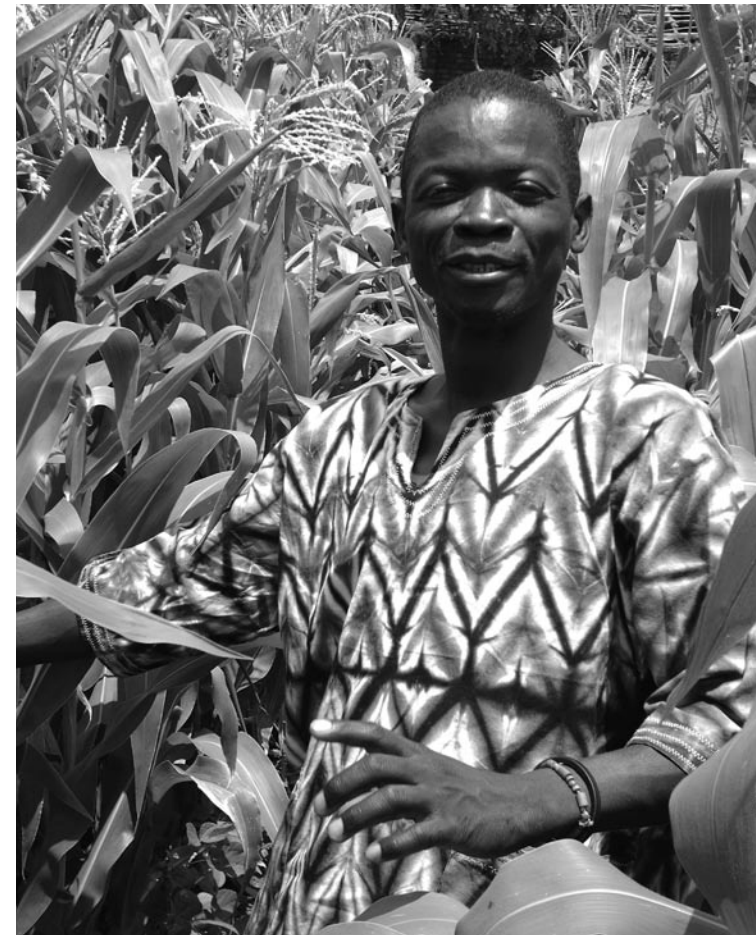
In fact I am constantly amazed and humbled by how much our partners achieve with so little. When you see the huge difference it makes – in terms of motivation as well as effectiveness – for a volunteer to receive a bicycle to enable her to reach families in outlying villages rather than having to go on foot, then you know that every pound really can make a difference when it goes to the right organisations in the right places.

But we are not sentimental or misty-eyed about all this; it has to be accompanied by financial rigour and accountability. We require quarterly reports from all partners and follow up any queries or concerns immediately. We also give technical assistance to help strengthen partners’ monitoring and evaluation processes, so that they not only achieve value for money but can measure and demonstrate it clearly.

These systems and procedures help with preventing mismanagement and corruption – but really the key

“The key is choosing genuine, committed and trustworthy people in the first place.”

THIS MALAWIAN SMALLHOLDER FARMER HAS IMPROVED HIS YIELDS AND HIS FAMILY'S INCOME WITH ASSISTANCE FROM EGMONT'S PARTNER IN MCHINJI.



is choosing genuine, committed and trustworthy people in the first place. That is where Egmont’s local knowledge and contacts give us a distinct advantage.

Q. *So what does this mean in terms of Egmont’s own costs?*

Colin: By investing in partners we believe in, and using their local cost structures, we do not need to build a bureaucracy of our own. We also use our Reference Groups in a variety of ways, in preference to employing additional staff. Both these approaches keep Egmont’s costs to a bare minimum.

Linnea: We have resisted the usual route of setting up country offices with premises, vehicles, etc. We aim to keep our own staff structure to the absolute minimum necessary to serve our partners whilst meeting the accountability requirements of supporters and regulatory bodies. The fact that the trustees bear all the Egmont infrastructure costs means that 100% of donations go directly to project work.

INTERVIEW

WITH AN EGMONT PARTNER

An interview with Rinos Simbulu, Executive Director of Mulumbo Early Childhood Care and Development Foundation, Lusaka, Zambia, on what difference Egmont's support makes to his project.

RINOS SIMBULO
EGMONT PARTNER



Q: How and why was Mulumbo set up? What does it do?

Rinos: Five years ago, with a few colleagues, I saw that children aged 3–6 years were suffering emotionally and nutritionally, especially with the added burdens of poverty and HIV & AIDS. And, particularly in poor urban and semi-urban communities, they did not receive the same parental support and direction that may have happened in the traditional village environment in previous generations. We decided to set up centres and training and counselling schemes right in the communities to address the gaps that we identified.

Q: And what have you achieved so far?

Rinos: We now have ten early childhood care and development centres running in Kabwe, Kaoma, Chipata and Lusaka, helping 1,500 children and their families – providing early childhood education and counselling, as well as training their parents in integrated care for children, e.g. on behaviour, diets, use of mosquito nets, etc.

Q: What have the results been?

Rinos: Incidence of common preventable diseases such as malaria, diarrhoea, and respiratory illnesses has drastically reduced in the operational areas. Performance of children from the centres is much higher when they start primary school. They seem more confident and empowered, and encourage the same tendency in their parents.

The issue of child abuse, and even sexual abuse, is one that is not now swept under the carpet. We have one case where a person has been identified by the local community and charged and is being tried

in court for defiling a child. That would not have happened without the pressure from our centres and the community empowerment that has been created.

Q: How about with HIV & AIDS specifically?

Rinos: The strongest impact is when we deal with the issue of children affected by HIV. This of course applies to virtually all children here, but some suffer more than others, especially those who lose their parents and become an extra family burden for aunts and uncles or grandparents – or sometimes a young child is looked after by another 12 or 13 year old child. Our centres give them skills, confidence and some hope for the future.

Dealing with the reality of children who are themselves HIV-positive is tougher, not least because it may bring awareness of their own status home to their parents. But our centres offer an opportunity to deal with all the emotional, social and other issues that arise, and allow children and their parents to realise that being positive is not a death sentence, does not need to be denied, and there is still a long life ahead with treatment and correct living.

Q: How has the Egmont Trust helped? Is it different from other donors?

Rinos: Egmont has proved a very straightforward donor, which seems to be rare these days. Although you have immense experience, you give us space to pursue our own vision and analysis of the problem. Apart from providing resources this has given us some empowerment. Although you know and understand, you support rather than prescribe. But we have also benefited from your experience with some particular suggestions here and there, e.g. on the importance of our centres staying close to

people's reality. You have not been shy to support activities that we have found work but which other donors find difficult, e.g. provision of school uniforms, which instil self-confidence.

Egmont's support has also helped us build our own credibility and standing, which has enabled us to access Royal Danish government funding to set up a new Early Childhood Care Model centre in Kabwe.

Q: And what direction should we take as we grow in the future?

Rinos: We would obviously like more funds! But we can certainly see the mutual value in a longer and deeper relationship, e.g. a three year agreement brings more sustainability. We value the expertise you give us, but feel that in this way you will also learn how best to channel your funds. We would also like to see more opportunities to come together and share with/learn from other similar organisations in Zambia and elsewhere.

“Although you have immense experience, you give us space to pursue our own vision... you support rather than prescribe.”

INTERVIEW

WITH EXISTING
EGMONT DONORS

*An interview with Rory Powe
(Powe Capital) and Martin Woodcock
(CEO Millgate Capital) on why they
support the Egmont Trust.*

“As an investor, you know that ideology is often misplaced – it is what you learn on the ground that tells the real story – and so it is with Egmont’s approach.”

Q. Why do you support Egmont?

Martin: Many things attract me to Egmont. I love the idea that 100% of all donations go directly to the projects Egmont chooses to fund. All admin costs are met by the Egmont trustees. Colin and Linnea are true professionals and they use their experience to evaluate and then monitor every project – so we know every penny is well spent.

Rory: I agree. Furthermore I like that many of the hallmarks of the hedge fund community strongly resonate here – low fixed costs, entrepreneurialism, the empowerment and backing of key individuals, making things happen. As an investor, you know that ideology is often misplaced – it is what you learn on the ground that tells the real story – and so it is with Egmont’s approach. Finally, I like the portfolio approach – like any portfolio there will be star performers, some average performers and some failures. But you have to endure the failures, take the plunge and the risks to find the winners. And that’s what is unique to Egmont for me.

Q. Isn’t there a danger like any portfolio of over-stretch?

Martin: Yes, and it is a question that we ask all the time in our trustee meetings. It is a question of balancing control and delegation – and that boils down to choosing the right people and the right projects. A huge amount of effort goes on at the front end in project analysis – by definition time and money invested here is likely to reduce the need for micro-management later on. I like the idea as an investor of making your bets. As an equity investor I have far less influence on managements than the Egmont team do!

RORY POWE
TRUSTEE



MARTIN WOODCOCK
TRUSTEE



Q. Does the Egmont ‘virtual’ fund of funds concept sit comfortably with your investors?

Rory: Well, the fact is that there is no legal undertaking whatsoever or any impact on ‘favoured nation’ status, and it does not impact our investors’ interests – it is relevant to the hedge fund managers’ cash flows, not the investors’! It is very like a standard donation, but with the advantage that the Trust benefits from visibility, and from the increase in the value of the ‘virtual’ fund of funds assuming we all perform. What I liked was that I could donate fee income derived from a notional \$10m of our FUM to a worthwhile cause in a tax-efficient manner. Important for me is that this methodology means that the charity spends its time doing what it is best at in HIV & AIDS and not in fundraising and the like. The charity obviously gets the benefit of an undertaking by me and my company that is not in any way connected to our investors. The key is that the charity gets predictability, and, vitally, growth in its fee base (with a top up from the performance fee). This works for me.

Martin: Yes, the point is that you can take money from a new investor who is top of your waiting list and donate a sum equivalent to those fees, or you can notionally ring-fence some of your existing monies and donate that. The key to be honest is that the work of the charity is good enough – how you fund it is secondary – it is just that the economics of Egmont’s ‘virtual’ fund of funds seem to me to work so well for the charity. We also think that as entrepreneurial investors, hedge fund managers will ‘get’ what Egmont is all about, and this is a neat mechanism for them to become involved and to feel ownership.

MONITORING AND EVALUATION

Our task is to get the best possible result for children and young people affected by HIV & AIDS. Therefore the way we choose and monitor partners is crucial. Many applicants have come from our longstanding networks of contacts in eastern and southern Africa. As our reputation has grown, we also now receive increasing numbers of unsolicited approaches from new organisations who have heard about us through others or via our website.

To assess and select effectively we are greatly assisted by the Egmont Reference Groups, whose members in each country are chosen on the basis of their in-depth local experience and knowledge. Their backgrounds vary – the current group includes professionals from the health, agriculture and poverty reduction fields – but all have a solid understanding of what makes for the most effective responses to HIV & AIDS in their own local contexts. For example, Mulle Chikoko in Malawi is a social development policy advisor who also brings to bear her experience with faith-based initiatives, while Lovemore Tapfuma Magwere in Zimbabwe is an experienced HIV & AIDS community trainer and programme manager who now works for UNICEF.

For each application we start by assessing the organisation – because the best project idea in the world will fail without the right people and systems in place to implement it. We look at its origins and history, including philosophy and achievements. Sound financial management is also vital. We try to get a good sense of the key people who are driving the organisation: backing the right individuals is crucial to success.

We then assess the soundness of the intervention they are proposing. This may address any aspect of the HIV & AIDS response – prevention, care, counselling, treatment and immune system boosting, nutritional improvement, income generation, support to the destitute such as orphans etc. – but should be innovative and/or able to be scaled up or replicated if successful. The key is that it must show a positive and demonstrable impact on the lives of children and young people within the timeframe of the project.

In specific terms, we look for the following:

- **Location and target population:** where will the project take place? Who will benefit from it? (Numbers, economic status, age, gender, and

how the target group is affected by HIV & AIDS.)

- **Background to the project:** how has it evolved or been developed? How have the intended beneficiaries contributed to this process and to what degree do they have ownership of the initiative?
- **Focus and distinctiveness:** including issues such as innovation, potential for replication and scale-up.
- **Methods and expected results:** what will be achieved, both within the implementation period and beyond? What are the planned activities, material inputs, timing and overall duration?
- **Management:** how will the project be implemented and managed? Who is responsible for decision-making and reporting?
- **Budget:** details of expenditure and financial management.
- **Monitoring and evaluation:** how will progress be measured? What indicators and milestones will be used? What is the expected benefit individually and overall, direct and indirect? How will these benefits be measured and communicated, internally and externally? What is the cost per beneficiary of the proposed investment, and how does this compare with the expected benefits? Are there any secondary and long-term benefits that will go beyond the specific results of this project?
- **Learning and sustainability:** how has the project learned from other initiatives within the country or region, and how will it disseminate the learning from its own project to others? What activities or outcomes will be sustainable and how will this happen?

After careful assessment based on these criteria, we shortlist applicants and follow up references. We then issue contracts to successful applicants clearly setting out the obligations on both sides. Grant payments are issued in instalments, subject to satisfactory performance.

All projects are required to submit baseline information followed by quarterly narrative and financial reports showing detailed progress against the agreed objectives and budget, with explanations of any variances. However we also recognise that circumstances can and frequently do change, and we aim to be flexible and responsive to requests for modification of project activities or reallocation of expenditure. Each partner is also expected to identify what lessons have been learned during the period, what the key challenges have been and how these will be overcome. At the end of each project a full evaluation is required with an assessment of the impact achieved. As part of the monitoring process every project receives at least one visit per year from either an Egmont staff member or a member of one of our Reference Groups.

The way we work means that the specific results and outputs are defined by each partner and then rigorously measured. This does make it more difficult to produce aggregate tables of impact on the many thousands of direct and indirect beneficiaries. We do not mind that – it is the way real work can be scaled up to achieve a bigger impact at the macro level that matters to Egmont.

In addition to the formal monitoring process, Egmont provides technical assistance and guidance on various aspects of organisational development throughout the year. We also link partners together for mutual learning. For example we recently enabled a group of women farmers from our partner Mitengo in Zambia to visit Malawian smallholder farmers in Mchinji (MASFA), to share information about improving crop yields, nutrition and incomes in AIDS-affected households.

Through all of the above we aim to ensure that every penny of donor funds is spent effectively to achieve maximum benefit for children and families most heavily affected by the epidemic.

STAFF AND TRUSTEE PROFILES

Egmont's staff and trustees combine a strong track record in HIV & AIDS work and longstanding networks in Africa with expertise in financial services.

Colin Williams OBE (Chief Executive)

Colin spent 22 years with ActionAid, where he was responsible for setting up country programmes in Somalia, Uganda and Malawi, then became Africa Director running the whole region for seven years. He was part of the successful response to HIV & AIDS in Uganda and helped set up the influential NGO, TASO, in that country. Since 2003 he has been involved widely in various trustee, management and coaching roles in Africa and the UK. Colin brings all of that experience to the Egmont Trust: an organisational and management approach that promotes minimal bureaucracies, space, trust and focus, and a belief founded in practice that the impact of HIV & AIDS can actually be reduced substantially, even eliminated. He holds a BA in Economics from Sheffield, a MA from Carleton University, Ottawa, and completed the World Bank Executive Programme at Harvard University. Colin was awarded an OBE in 2002 for services to fighting poverty in Africa.

Linnea Renton (Executive Director)

Linnea has over 20 years' experience in charity and international development work, with an emphasis on capacity-building and support for local initiatives. Before joining Egmont she was the International HIV & AIDS Advisor for ActionAid, providing technical assistance to 42 countries in Africa, Asia and Latin America. In that role she also helped to develop the internationally recognised Code of Good Practice for NGOs Responding to HIV/AIDS. She has served on the UNAIDS Monitoring and Evaluation Reference Group, and the national executives of the UK Consortium on AIDS and International Development and the UK Sexual and Reproductive Health NGOs Network. She holds a BA (Highest Distinction) in French and Anthropology from the University of Virginia, and a MA in East Asian Studies (with a special focus on China) from Harvard University.

William Garrett (Chairman)

William was Chief Executive of Flemings prior to its take-over by Chase Manhattan in 2000. He is a partner in Zephyr Management, New York, Chairman of Redburn Holdings and a director of EFG-Hermes, Cairo. He worked for Robert Fleming from 1970 to 2000 in London, Hong Kong, Tokyo and New York before becoming Chief Executive in 1997. Inter alia he was a Director of T. Rowe Price Group from 2001-2005. He is a trustee of four other charities.

Clare Evans (Trustee)

Clare ran the day-to-day activities of the Trust from its inception up to the appointment of paid staff, and is still closely involved. She worked for ActionAid (1997-2000) initially as Africa Programme Officer and then as HIV & AIDS Policy Officer. Prior to this she was at Voluntary Service Overseas (VSO) from 1994 to 1997, first as support staff in London and then as Programme Officer in Zambia. From 1990 to 1994 she worked for Frontier, an organisation running research expeditions in Africa and Asia; posts included running projects in Tanzania and Vietnam before becoming Director of UK Operations in London. BA (Hons), Manchester University.

Martin Woodcock (Trustee)

Martin is Chief Executive Officer of Millgate Capital (London) LLP. Previously he was a Vice President of Salomon Brothers International responsible for the sale of European and emerging market equities, including initial primary offerings and privatization. He previously held senior positions within the European and Emerging Markets equities groups of Credit Lyonnais Securities, where he was a Director and Head of Sales, CS First Boston UK Ltd., where he was a Vice President, and Carnegie International Ltd. He started his career in the financial industry as an analyst with Robert Fleming Securities in 1988. BA (Hons), Cambridge University.

Rory Powe (Trustee)

Rory founded Powe Capital with a team of six people in 2002. Powe Capital is the manager of Modulus Europe, a European equity long/short fund. Prior to this Rory was a fund manager at INVESCO where he began his investment career as a trainee in 1986. During his 16 years there he managed the INVESCO European Growth Fund unit trust (1991-2001) and was head of the European equity team (1993-2001). He was made a Global Partner of parent AMVESCAP in 1994. BA (Hons), Modern History, Trinity College, Oxford University.

Jeremy Evans (Trustee)

Jeremy is Senior Partner of Redburn Partners LLP. Previously he was Regional Head of UK and European Equities at Flemings. Following the acquisition of Flemings by JP Morgan Chase he was appointed a Managing Director of JP Morgan and Joint Chief Executive of Robert Fleming & Co. He was also a founder and Managing Director of European Company Research Unit Ltd. MA, Magdalene College, Cambridge University.

James Lyle (Founder Partner)

James is Chief Investment Officer of Millgate Capital, Inc., which he co-founded in 1997. From 1993 to 1997 he was a Managing Director of Tiger Management LLC. From 1991 to 1993 he served as fund manager with Fidelity Management and Research in Boston. From 1985 to 1991 he was a Vice President of Morgan Stanley. James was a founding trustee of the Egmont Trust, from its inception in 2005 through to December 2007. His other interests have included: Chairman of the National Foundation for Teaching Entrepreneurship, a board member of the GL Group, and a trustee of the Tiger Foundation. He remains an Egmont donor. BA, St. Edmund Hall, Oxford University.

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees:	Clare Evans Jeremy Evans William Garrett (Chairman) James Lyle* Rory Powe Martin Woodcock
Senior Staff:	Colin Williams, OBE (Chief Executive) Linnea Renton (Executive Director)
Charity Number:	1108199
Principal Office:	2nd Floor 75 King William Street London EC4N 7BE
Address for Grant-Related Correspondence:	Temple Court Cathedral Road Cardiff CF11 9HA
Auditors:	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers:	Clydesdale Bank 91 Gresham Street London EC2V 7BL

* Resigned with effect from 4 December 2007 (remains a Founder Partner and donor).

REPORT OF THE TRUSTEES

FOR THE PERIOD ENDED
31 DECEMBER 2006

The trustees are pleased to present their report together with the financial statements of the charity for the nine months ended 31 December 2006.

The Trust's first reported period of operation was actually fourteen months, from its establishment in February 2005 to 5 April 2006. The Trust has now changed its financial year end to 31 December, so the second period covered in this report is nine months, from 6 April to 31 December 2006. From 1 January 2007, a normal twelve month reporting period will commence.

Introduction

The Egmont Trust ('Egmont') is a young charity that is seeking to add value to the fight against HIV & AIDS in Africa and encourage further growth of philanthropic initiatives from the investment sector.

Egmont Believes:

- Children are the future of the community and the most vulnerable to the impact of AIDS.
- Projects driven by the energy, knowledge, experience and commitment of those directly affected are the most successful and cost-effective.
- Good projects can be scaled up to achieve critical momentum and best practice replicated – as successfully happened in Uganda.
- It is possible to make a genuine difference quickly with small amounts of money.
- Good accountability and management do not require a big bureaucracy. A slim organisation increases cost-effectiveness and keeps us and our supporters closer to what is actually happening.

Egmont's staff and trustees combine a strong track record in HIV & AIDS work and longstanding networks in Africa with expertise in financial services. We rigorously select appropriate locally driven projects that are genuine, inspired and achieving positive results. We then disburse funds directly to these organisations, not through large international NGOs. We provide financial, managerial/technical support and advice from our own experienced team and trusted contacts. Finally, we rigorously measure impact to ensure the most effective use of resources and ongoing improvement of performance.

In all we do, we aim to demonstrate Egmont's commitment to achieving real results in improving the quality of life for children and families in the hardest-hit countries.

Structure, Governance and Management

Governing document

The Egmont Trust is a non-company charity established by trust deed on 9 February 2005, and registered with the Charity

Commission in that same month under registration number 1108199.

Trustees and organisational structure

The trustees who held office during the financial year and at the date of this report are listed on page 30. Trustees meet quarterly and have also established three sub-committees to assist with particular areas of work:

- Programme Committee – programme strategy; assessment and selection of grant recipients; monitoring of project performance.
- Finance & Governance Committee – annual budget and accounts; compliance with statutory requirements; terms and conditions for staff.
- Egmont Fund Committee – establishment of an investment fund to create a recurring revenue stream for the Trust in the longer term.

Trustees have the power to co-opt additional members as necessary. The current skills base includes financial expertise and experience of HIV and development work in Africa. Induction and training of new trustees, covering their duties and the work of the Trust, is undertaken by existing board members.

Day-to-day running of the Trust is delegated by the trustees to the Chief Executive, who is based in Zimbabwe, and the UK-based Executive Director. The work supported by the Trust is carried out through partner organisations in southern and eastern Africa to which Egmont gives grant and technical assistance. Details of our partners can be found below.

Risk management

The trustees have identified potential risks to the work of the Trust and put in place systems and procedures to manage these. Risks include financial exposure, personal health and security of staff, programming risks and changes to the socio-political environment in which we and our partners operate. We take care to minimise the potential impact of the risks in each of these areas and review them on a regular basis. Egmont has strong local contacts in each country and we are guided by their advice. Our disbursement, monitoring and reporting systems also contribute to minimising risk. We aim to learn and adjust our systems and procedures as necessary as we grow.

Objectives and Main Areas of Activity

The Egmont Trust's primary aim is to improve the lives of children affected by HIV & AIDS, by alleviating the impact of the epidemic on children and their families in severely affected countries. This means addressing issues including (but not limited to) poverty, livelihoods, education, nutrition, food security and sexual abuse, as well as efforts to raise awareness about HIV & AIDS and prevent further infections.

REPORT OF THE TRUSTEES (CONTINUED)

During the period of this report, Egmont continued to support its five pilot partners in Zambia and Zimbabwe. In addition the Trust made commitments to 18 new partner organisations located in five countries: the original two plus Kenya, Malawi and Tanzania. Further details are provided in the section below.

Achievements and Performance

Our programme objectives for the year were at two levels. First, we aimed to increase our portfolio of projects – in number, range and size as well as geographic scope. Second, and more importantly, we aimed through the increased partnerships to broaden the real impact on those affected by the epidemic – i.e. not just those living with HIV but also their families, communities and employers. Initial findings from the five pilot projects were generally very encouraging (* indicates pilot partner in the list below). In particular, Mitengo, Ndola Diocese and Girl Child Network produced tangible results in their respective areas of nutrition, microcredit and rehabilitation of rape survivors. The impact of the awareness-raising and prevention efforts of Afya Mzuri and Patsime was harder to measure, but preliminary feedback from community members and school students does indicate some progress in increasing knowledge about how to prevent infection and access health services.

During 2006, in addition to the main grants scheme (maximum £20,000 for projects lasting 12–24 months), a new programme of small grants was established at the £5,000 level. The purpose of these small grants is to support innovation and learning initiatives and/or assist small community-based organisations to increase the quality and coverage of their work.

Kenya

- Poverty Elimination Network – training heads of HIV-affected households in bee-keeping to improve family income and nutrition.

Malawi

- Central Region Milk Producers' Association – establishing a village dairy unit for nutrition and income.
- Chisomo Children's Club – rehabilitating street children and reuniting them with their families.
- Chitipa District AIDS Committee – improving vocational skills for AIDS-affected families.
- Mchinji Area Smallholder Farmers Association – increasing income and food security for farmers through improved techniques.

Tanzania

- Tanzania Development and AIDS Prevention – improving farming skills for 250 families who are caring for orphans.

Zambia

- Afya Mzuri* – increasing awareness of and access to health services in workplace-linked communities.
- Bright Chapel – improving communication between parents and children, working through five churches.
- Hodi – addressing sexual violence against women and girls.
- Kabwata Orphanage and Transit Centre – providing nutritional, educational and medical support for children.
- Mitengo Women's Co-operative* – improving the skills of women farmers to produce and prepare nutritious, immunity-boosting crops, both for their own families and for sale.
- Mulumbo Early Childhood Care Foundation – training caregivers how best to look after children living with or affected by HIV.
- Ndola Diocese Integrated AIDS Programme* – running a revolving savings and credit system enabling HIV-positive people to establish small businesses.
- Pride Community Health Club – improving income generation skills for older orphans.
- Students' Partnership Worldwide – providing much-needed HIV education to school pupils.
- Tikondane Home-Based Care Foundation – providing HIV & AIDS information to sex workers and bar staff, and vocational training to find alternative livelihoods.

Zimbabwe

- Batanai HIV Support Group – providing counselling for traumatised children.
- Batsirai Group – increasing access to care, treatment and nutrition for children.
- Girl Child Network* – supporting survivors of rape and abuse and enabling them to rebuild their lives.
- Midlands AIDS Service Organisation – improving nutrition and use of immunity-boosting herbs.
- Patsime Trust* – raising awareness in schools through drama.
- Rafiki Girls Centre, Central Baptist Church – empowering disadvantaged girls.
- Sikhethimpilo Centre, Sibambene AIDS Programme – training orphans in essential survival skills.

In operational terms, the objective was to keep the structure slim but effective, and this was achieved. A full-time Executive Director was appointed in June. The emphasis has been on putting robust systems in place to ensure quality and accountability as the Trust grows.

External Factors Affecting Achievement

Given the location of Egmont's partners, we must always be conscious of the practical, logistical and political contexts in which they are operating.

In particular, Zimbabwe's troubled political and economic situation weighed heavily on our partners there during the past year.

Hyperinflation, frequent power cuts, restrictions on civil society activities and other factors created an extremely challenging environment. Despite this, Egmont's Zimbabwean partners demonstrated great resilience and commitment to serving their communities.

On a more positive note, we have seen increasing access to treatment for HIV-positive people throughout the region.

Financial Review

Egmont successfully expanded from its five initial pilot projects in two countries (total commitment £75,000) to supporting 23 partnerships in five countries (total commitment nearly £400,000).

Investment policy

The trustees have the power to invest in such assets as they see fit. The charity to date has had a policy of keeping funds in an interest-bearing current account. We intend in the coming year to establish a short-term deposit account in order to achieve a better return on funds not immediately needed, which can still be accessed readily. It is not our policy to hold investment property.

Reserves policy

All funding to date has come from donations by the trustees themselves. They have made a commitment to cover operational costs until the end of 2007. No grant commitments are made beyond the level of funds already pledged.

Grant-making policy

We accept applications exclusively from African-based organisations. Preference is given to locally driven non-governmental initiatives in identified countries (Kenya, Malawi, Tanzania, Zambia and Zimbabwe during the period of this report). In considering proposals we need to understand both the project and the organisation.

We look for projects that can achieve a visible and defined result, and organisations need to show clearly what this will be and how it will be achieved. Successful proposals may address any aspect of the HIV & AIDS response; should be innovative and/or able to be scaled up or replicated; and will show a positive impact on the lives of defined groups of people who are poor and vulnerable, particularly children and young people, within the timeframe of the project.

Plans for the Future

As Egmont continues to grow and develop, we intend to do the following:

- Support partners with technical assistance to help them improve the quality of their planning, implementation, monitoring and evaluation.

- Explore possibilities for establishing partnerships in Mozambique, and both deepen and broaden those in Kenya and Tanzania as well as in the other established partner countries.
- Move towards longer-term, higher level support for strategic partners who can scale up successful work.
- Encourage lateral learning between partners and within/between sectors.
- Create an Egmont Fund, which will create a recurring revenue stream for the Trust.

Trustees' Responsibilities in Relation to the Financial Statements

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. The trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 11 September 2007 and signed on their behalf by:



William Garrett
Chairman

INDEPENDENT AUDITORS' REPORT

We have audited the charity's financial statements for the period ended 31 December 2006 which comprise statement of financial activities, balance sheet and related notes 1 to 11. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities, the charity's trustees are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and United Kingdom accounting standards.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

TO THE TRUSTEES OF THE EGMONT TRUST

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2006 and of its incoming resources, and application of resources/ income and expenditure for the period then ended and have been properly prepared in accordance with the Charities Act 1993.

Ernst & Young LLP

Registered Auditor
London

18 September 2007

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED
31 DECEMBER 2006

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	Note	Unrestricted Funds 2006	Restricted Funds 2006	Total 2006	14 months to 05.04.06
		£	£	£	£
Incoming resources					
Voluntary income:					
<i>Donations</i>	2	370,813	34,000	404,813	223,260
Investment income:					
<i>Interest on cash deposits</i>	2	2,420	-	2,420	-
Total incoming resources		373,233	34,000	407,233	223,260
Resources expended					
Charitable activities	3	322,928	34,000	356,928	39,890
Governance costs	4	-	-	-	3,874
Total resources expended		322,928	34,000	356,928	43,764
Net incoming resources for the period		50,305	-	50,305	179,496
Fund balances brought forward		179,496	-	179,496	-
Fund balances carried forward		229,801	-	229,801	179,496

The notes on pages 37 to 40 form part of these financial statements

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD ENDED
31 DECEMBER 2006

BALANCE SHEET

	Note	2006	2006	05.04.06	05.04.06
		£	£	£	£
Fixed assets					
Tangible assets	7		666		-
Current assets					
Debtors and prepayments	8	95,192		24,679	
Cash at bank		295,564		158,026	
		390,756		182,705	
Creditors: amounts falling due within one year	9	(141,621)		(3,209)	
Net current assets			249,135		179,496
			249,801		179,496
Creditors: amounts falling due after one year	10		(20,000)		-
Total assets			229,801		179,496
Funds					
Unrestricted funds	11		229,801		179,496
Total funds			229,801		179,496

The notes on pages 37 to 40 form part of these financial statements

Approved by the trustees on 11 September 2007 and signed on their behalf by:



William Garrett
Chairman

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 DECEMBER 2006

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Charities Act 1993.

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
- Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

(c) Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income, including donations, gifts, legacies and grants that provide core funding or are of a general nature, are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.
- Investment income is recognised on a receivable basis.

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Grants payable are payments made to third parties in the furtherance of the charitable objectives of the Trust. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive the grant and the trustees have agreed to pay the grant without condition, or the recipient has a reasonable expectation that they will receive the grant and any condition attaching to the grant is outside the control of the Trust.

(e) Charitable activities

Costs of charitable activities include grants made and support costs as shown in note 3.

(f) Support costs

All support costs relate to charitable activities and are shown in note 3.

(g) Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The cost of minor additions is not capitalised.

Depreciation is charged on computer equipment which is written off on a straight line basis over its estimated useful life of three years.

(i) Pensions

The charity does not operate its own pension scheme. Senior staff are entitled to 10% of gross salary as employer's contribution to their personal schemes. The charity contribution is restricted to the contributions disclosed in note 5. Contributions of £5,667 were outstanding at the period end (05.04.06 £292).

2. Incoming Resources	Unrestricted 2006	Restricted 2006	Total 2006	05.04.06
	£	£	£	£
Voluntary Income:				
Donations	370,813	34,000	404,813	223,260
Investment Income:				
Interest on cash deposits	2,420	-	2,420	-
	373,233	34,000	407,233	223,260

NOTES TO THE
FINANCIAL STATEMENTS
(CONTINUED)

3. Charitable Activities	Unrestricted 2006	Restricted 2006	Total 2006	05.04.06
	£	£	£	£
Grants payable:				
Afya Mzuri, Lusaka, Zambia	14,000	-	14,000	7,500
Batanai HIV/AIDS Support Group, Masvingo, Zimbabwe	5,000	-	5,000	-
Batsirai Group, Chinhoyi, Zimbabwe	20,000	-	20,000	-
Bright Chapel, Kitwe, Zambia	5,000	-	5,000	-
Central Region Milk Producers Assoc, Lilongwe, Malawi	5,000	-	5,000	-
Chisomo Children's Club, Blantyre, Malawi	20,000	-	20,000	-
Chitipa District AIDS Committee, Chitipa, Malawi	5,000	-	5,000	-
Girl Child Network, Chitungwiza, Zimbabwe	5,000	-	5,000	10,000
Hodi, Lusaka, Zambia	20,230	-	20,230	-
Kabwata Orphanage/Transit Centre, Lusaka, Zambia	5,000	-	5,000	-
Kenya Poverty Elimination Network, Nyanza, Kenya	5,000	-	5,000	-
Midlands AIDS Service Organisation, Gweru, Zimbabwe	20,000	-	20,000	-
Mchinji Area Smallholder Farmers' Assoc, Malawi	20,000	-	20,000	-
Mitengo Women's Co-operative, Chongwe, Zambia	28,880	-	28,880	7,500
Mulumbo Early Childhd Care & Dev Fdn, Lusaka, Zambia	19,700	-	19,700	-
Ndola Catholic Diocese Integrated AIDS Prog, Zambia	7,190	-	7,190	7,500
Patsime Trust, Harare, Zimbabwe	7,500	-	7,500	7,390
Pride Community Health Club, Kafue, Zambia	5,000	-	5,000	-
Rafiki Girls Centre, Harare, Zimbabwe	5,000	-	5,000	-
Sibambene AIDS Programme, Bulawayo, Zimbabwe	20,100	-	20,100	-
Students Partnership Worldwide, Kabwe, Zambia	19,924	-	19,924	-
Tanzania Development & AIDS Prevention, Bukoba, Tanzania	5,000	-	5,000	-
Tikondane Home Based Care Foundation, Chipata, Zambia	19,400	-	19,400	-
	286,924	-	286,924	39,890
Support costs allocated to grant making:				
Salaries	28,268	34,000	62,268	-
Travel	5,668	-	5,668	-
Office costs	2,068	-	2,068	-
	36,004	34,000	70,004	-
Total charitable activities	322,928	34,000	356,928	39,890

4. Governance Costs	2006	05.04.06
	£	£
Staff costs	-	3,209
Set-up costs	-	500
Bank charges	-	165
	-	3,874

Audit services are provided pro bono by Ernst & Young LLP.

5. Staff Costs	2006	05.04.06
	£	£
Salaries	53,750	2,917
Social security costs	3,143	-
Pension costs	5,375	292
	62,268	3,209

The average weekly number of staff employed, calculated as full time equivalent, during the year was as follows:

	2006	05.04.06
Charitable activities	2	-
Governance	-	1

No employee received remuneration in excess of £60,000 (2005 nil)

6. Trustee Remuneration and Related Party Transactions

No trustees received any remuneration or incurred any expenses for which they were reimbursed during the period (to 05.04.06 nil).

No trustee or any person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (to 05.04.06 nil).

7. Tangible Fixed Assets (Computer Equipment)

	£
Cost	
Additions	999
At 31 December 2006	999
Depreciation	
Charge for period	(333)
At 31 December 2006	(333)
Net Book Value	
At 31 December 2006	666

NOTES TO THE
FINANCIAL STATEMENTS
(CONTINUED)

8. Debtors	2006	05.04.06
	£	£
Tax recoverable (Gift Aid)	95,192	24,679

9. Creditors: amounts falling due within one year	2006	05.04.06
	£	£
Grants payable	135,077	-
Other creditors	6,544	3,209
	141,621	3,209

10. Creditors: amounts falling due after one year	2006	05.04.06
	£	£
Grants payable	20,000	-

11. Fund Movements	Unrestricted	Restricted	Total
	£	£	£
Balance b/fwd	179,496	-	179,496
Incoming resources	373,233	34,000	407,233
Charitable expenditure	(322,928)	(34,000)	(356,928)
Balance at 31.12.06	229,801	-	229,801



GENEVIEVE MWIINGA, MITENGO CO-ORDINATOR (REAR LEFT), CAN SEE THE DIFFERENCE IN THE HEALTH AND WELL-BEING OF MEMBERS' CHILDREN THROUGH BETTER NUTRITION.

The task for the Egmont Trust is to do more of what we know works and to encourage others in the same direction. We genuinely believe that a momentum can be achieved for Africa as a whole in HIV & AIDS just as happened successfully in Uganda 15 years ago.

We invite you to join us.

THE EGMONT TRUST

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