

A close-up photograph of a group of children, primarily of African descent, holding a bright red sign. The child in the foreground is smiling and looking towards the camera. The sign is held by several hands, and the text on it is white and clearly legible. The background is slightly blurred, showing other children and their hands reaching towards the sign.

Delivering our vision
Annual report 2006

act!onaid

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“I THINK ACTIONAID IS DOING AN AMAZING JOB ENABLING PEOPLE LIKE ME, WHO ARE SO FAR REMOVED FROM THE [DEVELOPING] WORLD AND REMOVED FROM ACTUALLY DOING CHARITY WORK, TO HELP IN A SMALL WAY TOO.”

Comment from new supporter.

Introduction

If 2005 was an inspirational year when attention finally seemed to be turning to the scourge of global poverty, then 2006 was about turning rhetoric into reality. The huge challenge for ActionAid UK was to build on the high profile and support for international development created by *Make poverty history*, the G8 in G1e eagles and three major emergencies. Ensuring promises were delivered – including our own work overseas – was key. Internally it was also time to complete the first phase of building our new organisation, to consolidate the gains we had made and ensure we were fit to deliver our strategy effectively.

Looking back, the progress we made over the year is a source of quiet satisfaction. Although we started slowly, ‘catching up’ with outstanding work and completing our plans, over time we were able to capitalise on opportunities to make our mark. ActionAid UK is now firmly established as a leading international NGO in the UK, with a clear strategy and structure, and we are increasingly learning and improving how best to deliver our objectives.

The fundraising climate continued to be very competitive, although steady growth in the economy ensured a supportive backdrop. We were able to consolidate the significant gains in income we achieved in 2005, and continue to grow. Progress was made in aligning our child sponsorship messages with *Rights to end poverty* and new adverts were designed in support. *Gifts in action* was launched as a new fundraising scheme and our trusts team exceeded all expectations.

We were also able to gain a good policy and campaigning profile – especially in relation to our peers. We set the tone for coverage of the G8 one year on and influenced the government in key policy areas such as technical assistance and company law reform. Gertruida Baartman, a fruit picker from South Africa, came to London to give a strong wake up call to corporate giant Tesco. And there was *Target poverty*, our ambitious new umbrella campaign. After all the hard work and angst planning for such a tool and how best to develop it, it is marvellous that it is now in place.

In much of what we do we have been able to work alongside and contribute to the work of ActionAid International. Every department plays a role in different ways contributing resources, time and energy. This ranges from supporting the Global Campaign for Education to human resources acting as a centre of excellence for ActionAid in Europe. A good example is the ‘invigorating child sponsorship’ project where ActionAid International led, and in the UK we aligned and delivered our work within the renewed vision. It must still be said that at times the relationship is not easy – especially where it is new and developing – but at its best it can add huge value. Neither could work without the other.

objective one

build knowledge and understanding, mobilise support and campaign to secure rights and justice for poor and excluded people.



Target poverty

In July we launched *Target poverty*, our umbrella campaign that allows supporters to take action on a range of issues, all branded together under one banner. This was a significant development, giving us a clear 'tool' to enable us to engage more effectively with supporters. Over 40,000 people signed up and received introductory packs. Initial campaign actions resulted in an extremely impressive 22% average response rate. *Target poverty* is already proving its worth with our HIV and AIDS treatment campaign, and is something we can build on in the future to provide a door for new campaigners who want to join ActionAid.

Whilst *Target poverty* has helped strengthen our profile and brand, the challenge has been a lack of overall understanding of what the rights-based approach means in a UK context. We also need to ensure we continue to build a good campaigning base at different levels for the future.

New media initiative

During the year we worked hard to integrate new media in all our work, developing tools such as a web-based system to recruit new supporters and web-based marketing, donations via the web and the use of viral emails. The most significant piece of work was our brand new online ethical venture, *Gifts in action*.

Launched in October, *Gifts in action* was a successful recruitment drive that has so far raised nearly £270,000. Supporters buy virtual gifts – the most popular being cocoa seedlings, school books, a goat breeding programme and a care package for people living with HIV and AIDS – and are given a certificate to show how their money helps us in our work. We have already sold 14,500 gifts and recruited over 2,000 new supporters, and are planning a number of promotions in 2007 including press advertising and promotions around Mother's Day and Easter.

We are also very proud of the development of our innovative online communities for young people, which has given us a fantastic 10,000 unique users per month at www.actionaidspace.org, 1,000 users per month at *Bollocks to poverty on tour*, 221 'friends' on international phenomenon www.myspace.org, and has brought schools in the UK and India together to blog on our relaunched Chembakolli site.

We also successfully used SMS (mobile phone) texting as an additional response mechanism on some of our television adverts. The scheme was tested at the end of 2005, and in 2006 was used in all direct response TV advertising.

Despite the various activities that have been developed, this area of work has been a challenge and during our review and reflection we were left with the question: 'have we done enough?' We identified capacity as a key issue in terms of driving this area forward effectively. We have also learnt that we need to work more cohesively across the organisation as a whole as this work cannot be done in isolation.

Sony Ericsson

"I personally think that the charity's efforts and promotion is perfect, it's not 'in your face', but all the information is easily available through the internet and staff are helpful over the phone. Nothing seems like too much effort when it involves your supporters."

From UK supporter Tansy Cox.

1 1234
4 GHI
7 PQRS
* 0/+ =>
8 TUV
0 +

Building knowledge amongst young people

The schools and youth team helps young people move from learning about development issues to taking action for social change. It has been an excellent vehicle for increasing awareness of development issues and also political literacy in schools. Five hundred talks on issues facing developing countries were given by our visiting teachers at schools all over the country, reaching 1,000 teachers and 30,000 students. This is an increase of 69% from 2005 and our most successful year to date. We also developed a five-year partnership with the National Union of Students to reach those who have moved on to university.

One third of UK schools are now involved in the *Send my friend* campaign as part of the Global Campaign for Education. Partly as a result of the campaign's increasing success, the UK government has pledged over £8.5 billion to education over the next eight years. The challenge now is to hold the government to account and make sure that expenditure is part of an increased allocation of aid rather than at the expense of other areas of development.

A key challenge has been working with a limited number of resources to achieve our ambitious goals, for example processing the thousands of campaign actions sent in by supporters. We are aware of the need to develop more efficient systems. We have also learnt that online dialogue is crucial for today's supporters, particularly when working with schools and young people.



Bollocks to poverty

Our approach with the over-18s is to develop peer-led activities that strongly relate to young people's existing lifestyles or interests. Our *Bollocks to poverty on tour* campaign has been a good example of this approach. The tour encourages young people to get actively involved in our work by putting on their own events such as club nights, gigs, fashion shows or exhibitions. It was developed to offer creative, lifestyle-oriented action to enable peer-to-peer campaigning outside of the usual festival events.

The ActionAid Space team provided materials for supporters' events, advice on media coverage and campaign information and action cards. Development of an online community is also a key feature of the tour; event organisers can use their event to get people to sign campaign action cards, fundraise and/or raise awareness of the campaign.



“THE COMMISSION APPRECIATES ACTIONAID’S VIGILANCE IN TRACKING THE VALUE OF REAL AID AND THINKS THAT THE REPORT PROVIDES A USEFUL CONTRIBUTION TO THE DEBATE ON AID EFFECTIVENESS.”

European Commissioner Patrick Child on our *Real aid 2* report.

Building our media profile

The UK media team operates in a highly competitive marketplace and one in which people are constantly bombarded with news and features. We need to stand out from the crowd if we are to fulfil our goals around public mobilisation, influencing governments and others through media advocacy and backing fundraising efforts.

Being proactive has meant forming professional relationships with journalists that are helping to achieve wider and deeper coverage. The appointment of a public relations manager helped us work on raising our profile and visibility, and build knowledge and understanding of our work among new audiences. We took advantage of a PR opportunity around the news of Madonna’s adoption of Malawian baby David Banda, which led the news agenda for ten days. This was our most successful media push in terms of coverage in 2006. We had over 70 mentions over the ten days with a 65% increase in sponsorship enquiries.

We had a 90% positive favourability rating and a 5% increase in cover in 2006 compared to 2004. Our *Real aid 2* and *Mission unaccomplished* reports helped raise our profile because we gauged the right time to launch with the right strategy. *Mission unaccomplished* was exclusive to the *Independent* newspaper, and secured a written response on the centre pages from the Prime Minister and the Chancellor. Broadcast coverage included the lead on the ITN evening news. *Real aid 2* got a broadcast exclusive with BBC *Newsnight* and three articles in the quality press.

Relationships with celebrities such as Melinda Messenger and Emma Thompson have increased popular coverage and raised income in excess of £100,000.

While we did well in media advocacy against other development agencies (with the exception of Oxfam), we lag behind others in terms of emergencies and colour coverage in the media. We seem to chase mentions when emergencies happen rather than break stories, and by definition emergencies are news-led. We had very little to say on climate change compared to major competitor agencies.

Overall, areas that will need progress in 2007 are, developing our brand and core messaging and making real strides forward in the development of new media. We need to develop further our links with ActionAid International, bringing greater clarity to the relationship with the new ‘social contract’ that ActionAid is proposing between international and national. We also need to further develop the diversity of our staff through the implementation of our diversity and inclusion strategy.



OBJECTIVE TWO
***INCREASE FINANCIAL
SUPPORT FOR THE WORK
OF ACTIONAID
INTERNATIONALLY
FROM INDIVIDUALS,
ORGANISATIONS AND
OFFICIAL SOURCES.***

We achieved an overall income of £58.9 million (including £11.8 million in emergency income), made up of nearly 50% unrestricted income. We increased our supporter base and achieved progress in developing areas such as major companies and foundations. We successfully adapted plans to make up for expected shortfalls and, despite staff fluctuation and restructuring, followed through opportunities such as the successful launch of *Gifts in action*. We were the first UK charity to launch a fundraising infomercial to recruit new supporters, although we had mixed results on this and are planning to edit the advert to make it more responsive. We will continue testing on satellite TV in spring 2007.

We raised £4.6 million through official funding, of which £3.9 million was unrestricted funds from the DFID-funded partnership agreement. We also received our highest ever income from the overseas aid committees of Jersey, Guernsey and Isle of Man, totalling £431,000.

Our work on the *Blue Peter* appeal was a success as well as a challenge. It was a success in that we got as far as second position, and teams worked together and with the media to get us this far. We were unsuccessful in winning the appeal for a number of reasons including our profiling. We have learnt that we need to continue raising our profile in 2007.

Our work through foundations raised over £1 million for the first time, and through companies we achieved an income of £349,000 (compared to £216,000 in 2005), with 56% unrestricted funds. This is below our target of £500,000, due to longer than anticipated delays in getting systems in place, such as our ethical giving policy, and setting up our long-term 'close fit' partnerships. However, we are already benefiting from longer term commitments – 54% of the £750,000 target for 2007 has been achieved. This innovative approach to company fundraising is proving to be a positive way to diversify income, increase unrestricted funds year on year and ensure the way we work is consistent with our message.

We raised £1.2 million, excluding gift aid, through our ambassadors' network, against a target of £1.16 million. This income compares to £882,559 raised in 2005.

“WE INCREASED OUR SUPPORTER BASE AND ACHIEVED PROGRESS IN DEVELOPING AREAS SUCH AS MAJOR COMPANIES AND FOUNDATIONS.”

“WHAT A PLEASURE IT WAS HOSTING YOU HERE! NOT ONLY DID WE ENJOY YOUR WARMTH BUT ALSO YOUR ADVICE AND EXPERIENCES. THANKS FOR SO QUICKLY SECURING THE MONEY FOR EDUCATION OF DISADVANTAGED CHILDREN.”

Edward Kakande, Programme Coordinator, ActionAid Democratic Republic of Congo, to UK ambassador.

As we develop the areas of major gifts our challenge will be to devise appropriate proposals and processes that match donors' motivations and interests with the needs of ActionAid, and so maximise the size of donation.

We saw new committed givers rising to 31,000 against a target of 27,000. Child sponsorship and other committed giving activities in particular delivered much better than budgeted income, and we secured 4,000 additional financial supporters over target.

Whilst we did well in meeting the majority of our income targets, we had disappointing results from tests to broaden our means of recruitment beyond street recruitment. The planned launch of the new LottoAid product did not happen and we had some disappointing results from the invigorated child sponsorship advertisements. A challenge has been defining ActionAid's work and our 'unique selling point' in a way that is motivating for supporters but keeps us aligned with our internal positioning.

Our ambitious annual income growth of 19% from fundraising events wasn't achieved in 2006. Income grew by 8.3%. Actual income was £1,754,000 against a target of £1,788,000. This shortfall on the original budget is due to less income from treks, which was as a result of a saturated market, waning products and an outgrown supporter base. However, because there were fewer treks, there was also less spend in this area.

Legacy income was down on the previous year was £545,000 in 2006 compared to £882,000 in 2005 but still way above previous levels (£41,000 in 2005, £37,000 in 2004, £36,000 in 2003), and the number of legacies has remained fairly consistent for the last five years. Our challenge will be to promote to supporters the action of leaving a gift in your will as a way of donating – particularly when learning from other charities indicates committed givers are good prospects for donating this way.

WE NOW HAVE OVER 100 AMBASSADORS WHO PLEDGE TO COMMIT £5,000 PER YEAR. WE HAVE INCREASED THE NUMBER OF AMBASSADORS FROM 87 TO 94 IN ONE YEAR, RECRUITING 19 NEW AMBASSADORS THROUGH A SERIES OF SUCCESSFUL EVENTS SUCH AS A 'PLEDGE DINNER' HOSTED BY EMMA THOMPSON.

This has been the biggest annual increase in size since the network was launched in 2003. We have been able to clearly define our product thus making it easier to sell, whilst at the same time testing out new fundraising and recruitment ideas. We have set firm foundations for an even more successful year in 2007.

TELEPHONE

***CHALLENGE,
INFLUENCE**

AND

HOLD TO ACCOUNT

THE UK GOVERNMENT, AND THE NATIONAL AND INTERNATIONAL INSTITUTIONS THROUGH WHICH IT WORKS, SO THAT THEIR POLICIES AND PRACTICES PROTECT, PROMOTE AND FULFIL THE RIGHTS OF POOR AND EXCLUDED PEOPLE.*

OBJECTIVE THREE

WE CONTINUED TO LOBBY AROUND THE G8 THROUGH THE LAUNCH OF OUR MISSION UNACCOMPLISHED REPORT, WHICH SET THE TONE ON HOW THE FIRST ANNIVERSARY OF GLENEAGLES WAS COVERED.

Company law

Working in coalition, we lobbied the UK government for legal reforms to make companies more accountable for the harm they do to people in developing countries. We wanted to generate popular and political support for corporate regulation, including from business communities. In particular we wanted MPs to support amendments to the Company Law Reform Bill in line with our demands.

UK-wide a massive 100,000 people took action on the subject and political support was broadly achieved, resulting in parts of the Bill being changed in accordance with our demands. The link between reporting directors' duties is stronger and supply chain issues are now included in reporting requirements.

Key challenges were that the Bill itself was alien to a large part of the public and we did not describe the problem properly. We need to develop our messaging for the public for future campaigns. We also realise that effective power mapping is critical and the need to match research and case studies has been a real challenge. On a positive note, working in alliances has been very important and a powerful way of working to gain maximum impact – a lesson for taking our work forward in 2007.

World Trade Organization

At last year's WTO talks our key objective was to ensure that the discussions took into account the interests of poor countries and poor people. We also wanted the UK government to publicly advocate our demands for delivering a pro-poor round at the WTO.

We did achieve our objectives based on the fact that the talks stalled because developing countries took the position of not signing up to a deal at any price. G20 and G33 leaders put out strong public statements and Brazil and India emerged as big powers but did not sell out to the EU or the US.

There is wide UK public support for trade justice and our supporters have been involved in taking email actions on the talks. However, challenges have been ongoing problems with trade case studies, communication and the need to establish a trade/WTO exit strategy for the campaign.

G8 and Gleneagles a year on

We continued to lobby around the G8 through the launch of our *Mission unaccomplished* report, which set the tone on how the first anniversary of Gleneagles was covered. We asked whether the G8 was hitting its targets, and the overall verdict was 'mission unaccomplished' – a comment both on the extent of the policies originating from Gleneagles being put in place, and the staying power of G8 leaders. At present, a mix of backsliding, buck-passing and half measures by rich countries risk undoing much of the progress of 2005.

The report had a major media impact and our work prompted Tony Blair's re-announcement of an Africa Progress Panel.



Our *On record* campaign saw 500 MPs lobbied by young people in their constituencies, with 140 MPs 'on record' showing active support for our HIV and AIDS campaign.

Aid accountability

We produced a report, *Real aid 2*, to call for improvements in aid quality and the prevention of bad practices from undermining rights. *Real aid 2* focused on technical assistance and, although it provoked a strong negative reaction from the government, it also generated a positive and lively debate.

We lobbied the UK government both around this report and through a series of meetings to reform policy. We led in building pressure on the government and helped increase media interest in the subject. Our influence was shown when the government admitted that pressure from ActionAid led to it taking action on its technical assistance policy, producing guidelines, conducting an evaluation and making some high level commitments in a White Paper. The text reflected our recommendations on aid, especially on technical assistance.

Pressure from ActionAid UK has also begun what we expect will be a significant change in the way DFID uses its aid money, away from heavy investment in international consultants, towards greater focus on working in a partnership system where DFID allows the developing country to lead.

G8 and 2010 AIDS target

Our work in 2006 focused around the AIDS treatment for all by 2010 target promised by G8 leaders in 2005. Whilst the government's support for the target has remained, they have so far shown little desire to take serious action in making it a reality.

Nearly 5,000 people took part in our action demanding a funding plan to meet the target, which was sent to Gordon Brown. We continued to highlight the issue on World AIDS day with some excellent media coverage – four television and 13 radio appearances – and this helped build wider public support on the issue.

Young people also campaigned to hold governments accountable to their pledge. Our 'On record' campaign saw 500 MPs lobbied by young people in their constituencies, with 140 MPs 'on record' showing active support for the campaign.

THE GOVERNMENT ADMITTED THAT PRESSURE FROM ACTIONAID LED TO IT TAKING ACTION ON ITS TECHNICAL ASSISTANCE POLICY, PRODUCING GUIDELINES, CONDUCTING AN EVALUATION AND MAKING SOME HIGH LEVEL COMMITMENTS IN A WHITE PAPER.

"We have responded to over 100 letters from members of the public and MPs, generated as a result of your On record campaign. I am delighted that you and your colleagues are actively contributing to raising the profile of this important issue, and pleased your campaign is being so well supported by members of the public."

GARETH THOMAS, DFID.



Women on Farms challenge supermarkets

STORY OF CHANGE

Gertruida Baartman



“FOR THE FIRST TIME IN MY LIFE I FORGOT I WAS A LOW-PAID FARM WORKER AND I FELT POWERFUL”

Gertruida Baartman

Good progress has been made in South Africa since fruit picker Gertruida Baartman’s impassioned intervention at UK supermarket Tesco’s AGM in London last June.

After Gertruida shocked 600 shareholders and the Tesco CEO, Terry Leahy, with a plea for a living wage and decent working conditions, Tesco decided to change the way it audits all of its fruit farms throughout South Africa.

ActionAid is working with campaigners from the Africa-based Women on Farms project who are fighting for the rights of local women fruit pickers.

At the AGM, Gertruida said: "I don't get paid enough to feed my children and I have to work with pesticides with my bare hands. I don't get the same wages as other men even if I do the same work. I am here today to ask Tesco what it is going to do about my problem?"

Gertruida says she was scared to speak out because, “I was about to put my job, and my family’s survival, on the line.” But she did speak out – powerfully and eloquently. “For the first time in my life I forgot that I was a low-paid farm worker and I felt powerful.”

In response to the negative publicity, Tesco stopped dragging its heels and has now committed that all farms that supply them in South Africa will conduct social and labour audits each year through an independent scheme.

Despite this success story of a combined approach between a country programme and the UK, the safety of advocates such as Gertruida is a constant risk and a challenge for our rights-based approach. We also need clearer messages on problems and solutions, more advanced planning in terms of lead-in time and much better co-ordination all round, if we wish to work on projects such as this in the future.

Developing our women's rights focus

Cutting across all our objectives is women's rights and in 2006 we said we would develop an action plan for ActionAid UK to take forward this work.

We recruited two part-time women's rights officers, leading to a substantial increase in policy capacity.

Our strategy for 2007 has been agreed, including major public events on International Women's Day and a strong women's rights focus in our supermarkets work.



Contribute
to the
effective development
and
long-term success
of
ActionAid International.

objective 04

ActionAid UK contributes in many ways to ActionAid International. As a funding member, we are deeply committed to the vision of internationalisation. We have engaged in north/south campaigning through our work on supermarkets, and make it a priority to work with colleagues from around the world to source stories, campaign and agree targets on issues such as HIV, women's rights and trade. All the work highlighted so far has contributed to the work of ActionAid International and ultimately to the international strategy of *Rights to end poverty*, but here we will list some more specific contributions.

Capacity building, sharing knowledge and providing services

- We participated in the Ethiopia peer review by sharing our organisational effectiveness skills and expertise.
- Our supporter services team played a key role in child sponsorship training and induction, and provided support to new funding affiliates with great success.
- 20% of IT management time was spent on ActionAid International and 50% of IT administration was spent on international procurement and software licences. The UK also acted as a liaison point between African and Asian IT co-ordinators and UK vendors, installing and configuring new equipment purchased for the Africa region.
- The UK HR/OD team provided full service to international staff based in the UK (a total of 40) as well as being the centre of excellence in Europe. Terms of reference have been drafted, consulted upon and agreed on how the team in the UK will continue to provide skills, expertise and service to the rest of Europe.
- The schools and youth team developed the strategy, thinking and support for Global Youth Action – a new international 18-month project designed to build an active movement for change among young people across ten countries. Funding was also secured by the UK team.
- The HR/OD team also led a working group to develop a child protection policy, approved by the international directors in November 2006. Roll out will begin in 2007.
- ActionAid UK contributed £13.8 million to ActionAid International in 2006, up 21% from the previous year. We also contributed £22.9 million directly to country programmes and associates.
- The UK director is one of the directors of ActionAid International and contributes up to 30% of his time to this role. He leads on managing the human security theme, and last year worked on the tsunami, Bangladesh, Nepal, Ethiopia and Afghanistan. He was also a member of the international 'invigorating child sponsorship' steering committee.
- Three members of staff were seconded to Cambodia, India and Nairobi to share knowledge and expertise.

Objective 5

Building capacity and strengthening our internal processes and systems

Internally, the establishment of three new departments last year – communications, finance and organisational effectiveness – was a significant reorganisation. The new departments have settled down well, although recruitment is still taking place in communications, and it is now hard to imagine life without them. This restructuring has also strengthened the senior management team, helping us to relate more efficiently to ActionAid International.

Accountability, learning and planning (ALPS)

We spent a considerable amount of time over the year running training sessions for managers and team leaders to raise awareness and understanding of ALPS.

We faced a number of challenges, including how we can be accountable to the poor and excluded communities we work with, and how to create the space for meaningful feedback from supporters and donors. Questions were also raised about how we put into practice the principles of ALPS and take it forward in the spirit in which it was written. Our work in embedding ALPS and striving for answers to how we adapt it to the UK context will continue in 2007.

Participatory review and reflection process (PRRP)

Successful training sessions resulted in teams seeking feedback from stakeholders both internally and externally for the first time, and the senior management team also met for the first time to carry out their own PRRP. We will have a session sharing our key achievements, challenges and learning at a staff briefing session, whilst making all team PRRP reports available to all staff.

Climate survey

Our climate survey was an indicator of our success as an organisation, though we had a lower response rate than expected. Results showed that staff feel that ActionAid is one of the best charities to work for in the UK and 90% of those who responded are satisfied. Staff are committed and enjoy their roles across the organisation.

However, we need to be clearer on our vision for the UK and our approach to shared learning, improve internal communications, and work on clarifying our role and relationship with ActionAid International.

Environmental policy and office environment

We have set up a working group to produce an environmental policy for the organisation. We have introduced an office recycling scheme that not only takes paper but also plastic, cans, light bulbs etc, and we signed up to 100% renewable energy provider, Good Energy, as part of our contribution to addressing the issue of climate change and the environment. We have also developed a service level agreement for the first time as a way of ensuring continuous improvements in the services we provide to staff.

Communicating and learning

Our 2006 staff conference was well attended and we received excellent feedback saying it was the best ever in relation to content, style, venue, interaction between staff, facilitation and speakers.

We continued to host a number of international visitors to the UK and to learn and share information. We had some positive feedback from visitors who said that they enjoyed their time in the UK, with their visits effectively planned and organised. However the majority have not been happy with their accommodation, so we need to look into alternatives for 2007.

Evening Standard

THE QUALITY NEWSPAPER

ACTIONAID'S QUALITY NEWSPAPER

TUESDAY

**ACTIONAID
VOTED THE
MOST
INNOVATIVE
CHARITY
IN BRITAIN
2006**

Evening news

THE INDEPENDENT

**THE NEW
INDEPENDENT
ON SUNDAY**



**SUNDAY
10 JUNE**

**£1
THIS WEEK**
(USUAL PRICE)

**THE INDEPENDENT
ON SUNDAY**

QUESTIONNAIRE

Summary of key achievements

PLEASE COMPLETE THE FOLLOWING SELF-EVALUATION

- a) ActionAid voted most innovative charity in Britain, an indication of our successes in 2006. Most importantly we were voted for by our peers, positively reflecting our position in the marketplace.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- b) Our work on the *Send my friend* campaign saw a very significant outcome when the UK government pledged £8.5 billion to education over the next eight years. One third of UK schools are now involved in the campaign.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- c) *Target poverty* helped sign up 40,000 campaigners and already the response rate is over 20%. This helped strengthen our profile as a campaigning organisation and will ensure we build a good campaigning supporter base for the future.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- d) A 69% increase from 2005 in paid teacher talks to young people reached 1,000 teachers and 30,000 students.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- e) The UK government admitted that pressure from ActionAid led to it taking action on technical assistance and to changes in the final White Paper launched in July 2006.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- f) We had a 5% increase in media coverage, and the launch of *Mission unaccomplished*, *Real aid 2* and our work with Women on Farms showed how targeted media advocacy can contribute to significant policy shifts.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- g) Our work on supermarkets was highly effective, especially in regard to Gertruida Baartman and Tesco. The company has now committed to introducing ethical auditing.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- h) We achieved our income targets and launched new fundraising initiatives, in particular *Gifts in action*. We were also the first UK charity to launch a fundraising infomercial.
- | | |
|-------------------------------------|--------------------------|
| yes | no |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> |

QUESTIONNAIRE

Summary of key challenges

PLEASE COMPLETE THE FOLLOWING SELF-EVALUATION

- a) Having very little to say on climate change compared to major agencies. Lagging behind when it comes to climate change and emergencies in the media.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- b) The UK government angry at the press coverage of *Real aid 2* and resisting further reforms; other NGOs and stakeholders yet to take up technical assistance as a major issue.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- c) There were various challenges around our work on HIV and AIDS, including the feeling that there was a media and public burn-out on the issue after *Make poverty history*. Also there was a lack of direction from the International HIV theme as well as a lack of support for the 2010 AIDS target from within DFID.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- d) We didn't take forward our new media plans as much as we would have liked and need to work on this more if we are to meet our aspirations in this area.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- e) A fall in income from events and challenges, as traditional challenge events may be waning, and the number of treks we now run has outgrown the number of supporters who want to go on one.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- f) Our core messaging work has been a challenge, especially in aligning child sponsorship with our rights-based approach.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- g) The loss of key staff, handling inductions for new staff and capacity issues have all presented challenges. Implementing ALPS and simplifying our planning process was problematic and we struggled with how to adapt ALPS in a UK context.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- h) Our relationship and the demands of working with ActionAid internationally as well as being clear about our role in Europe has been a key organisational challenge.
- | | |
|--------------------------|-------------------------------------|
| yes | no |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Conclusion

Last year represented a maturing of ActionAid UK, meaning that we have moved on from the initial building of the organisation. There is much that we still want to do and change – but the focus is more on how we can improve, rather than building from new.

Over the last three years we have built a strong organisation with its own identity, leadership team, committed staff, strategy and an effective Board. At the same time we have been able to deliver. This was recognised by our peers when we were voted 'most innovative charity' by the chief executives of the top 500 charities. This was a fitting tribute to all that we have been able to achieve together in recent times.

It was commented that, in the midst of so much change, it was remarkable that we had not become just internally focused but had delivered so much.

We are proud of what we have achieved in a short time, but there are many challenges ahead and so much still to do!



Appendix 1
Financial analysis

2006

Financial analysis 2006

Total income in 2006 was £58.9 million (2005: £59.2 million), £5.8 million above plan. This includes £4.1 million of emergencies income additional to plan; £2 million of which was received in 2006 but originally planned for 2005, and £2 million of additional DEC Niger and Pakistan appeal income erroneously missed out in the 2006 plan.

Excluding emergencies, total income has increased by £1.9 million (4% growth) compared to 2005 and £1.7 million against plan. The majority of this growth is driven by a 6% growth in restricted income against 2005 compared to a 2% growth in unrestricted income.

As a result the percentage of unrestricted income to total income has fallen slightly to 48% (49% per plan and prior year).

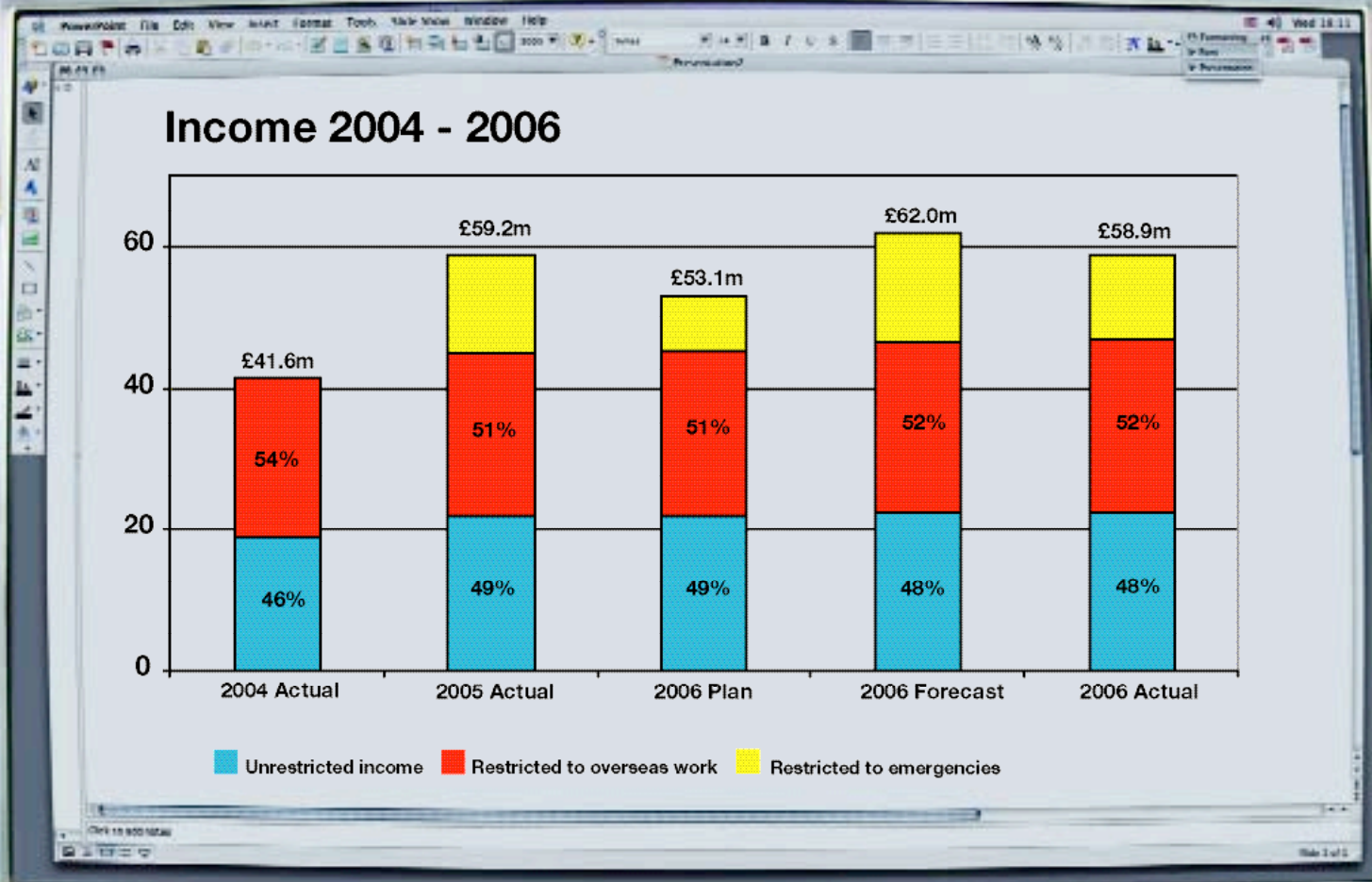
**Total income
up to £58.9
million**

£000	2004 Actual	2005 Actual	2006 Plan	2006 Forecast	2006 Actual	Variance actual to plan	2006-05 Increase
Unrestricted income	19,098	22,115	22,381	22,530	22,627	1%	2%
Restricted to overseas work	22,303	22,999	22,941	24,298	24,436	7%	6%
Restricted to emergencies	154	14,109	7,773	15,182	11,843		
Total income	41,555	59,223	53,095	62,010	58,906		
UK departments' unrestricted spend	(11,298)	(12,010)	(13,523)	(13,268)	(12,983)	-4%	8%
UK departments' restricted spend	(94)	(202)	(105)	(430)	(422)	302%	109%
Grant to AAI	(9,564)	(10,447)	(11,202)	(11,374)	(13,796)	23%	32%
Restricted distributions to CPs/AAI	(18,891)	(19,763)	(20,492)	21,756	(22,869)	12%	16%
Emergencies work overseas	(154)	(14,109)	(7,773)	(15,182)	(11,843)		
Total expenditure and distributions	(40,001)	(56,531)	(53,095)	(62,010)	(61,913)		
Total income excluding emergencies	41,401	45,114	45,322	46,828	47,063	4%	4%
Total expenditure excluding emergencies	(39,847)	(42,422)	(45,322)	(46,828)	(50,070)	10%	18%
% of unrestricted income to total income excluding emergency income	46%	49%	49%	48%	48%	-	-

Note: The figures above exclude any official income raised for CPs/AAI received in AAUK but planned by CPs/AAI and the distribution of these funds in the year to CPs/AAI. All figures are shown gross of trek expenditure and schools and youth income. A reconciliation of these figures to the 3-year plan and combined return for 2006 and AFR 2005 are provided later.

**Income and
expenditure
summary**

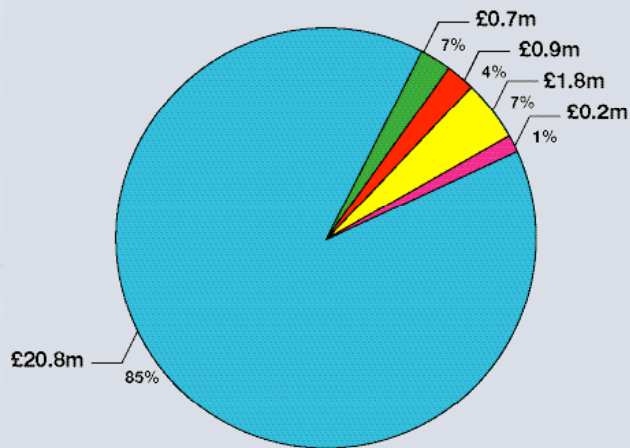
Since 2004 income excluding emergency appeals has increased by an average of 6.5%.



Unrestricted income has grown from £19.1 million in 2004 to £22.6 million in 2006, an average annual growth of 9%.

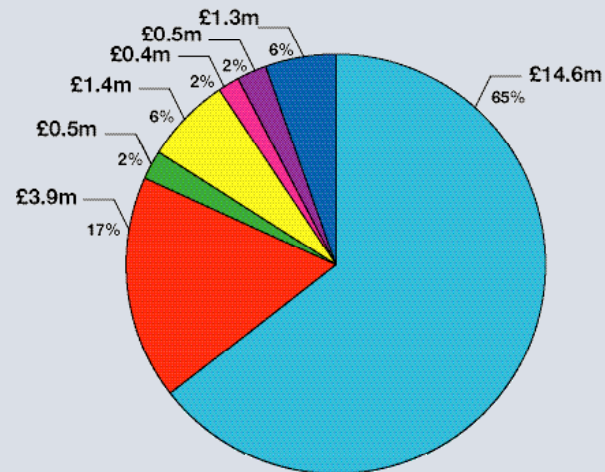
By contrast restricted income has grown on average by 5% annually from £22.3 million in 2004 to £24.4 million by 2006.

Restricted income



■ Committed giving
 ■ Trusts & corporate
■ Official income
 ■ Other
■ Major donors

Unrestricted income



■ Committed giving
 ■ Appeals
 ■ Other
■ PPA
 ■ Major donors
■ Legacies
 ■ Treks and challenges

**Restricted
and
unrestricted
Income**

Restricted and unrestricted income

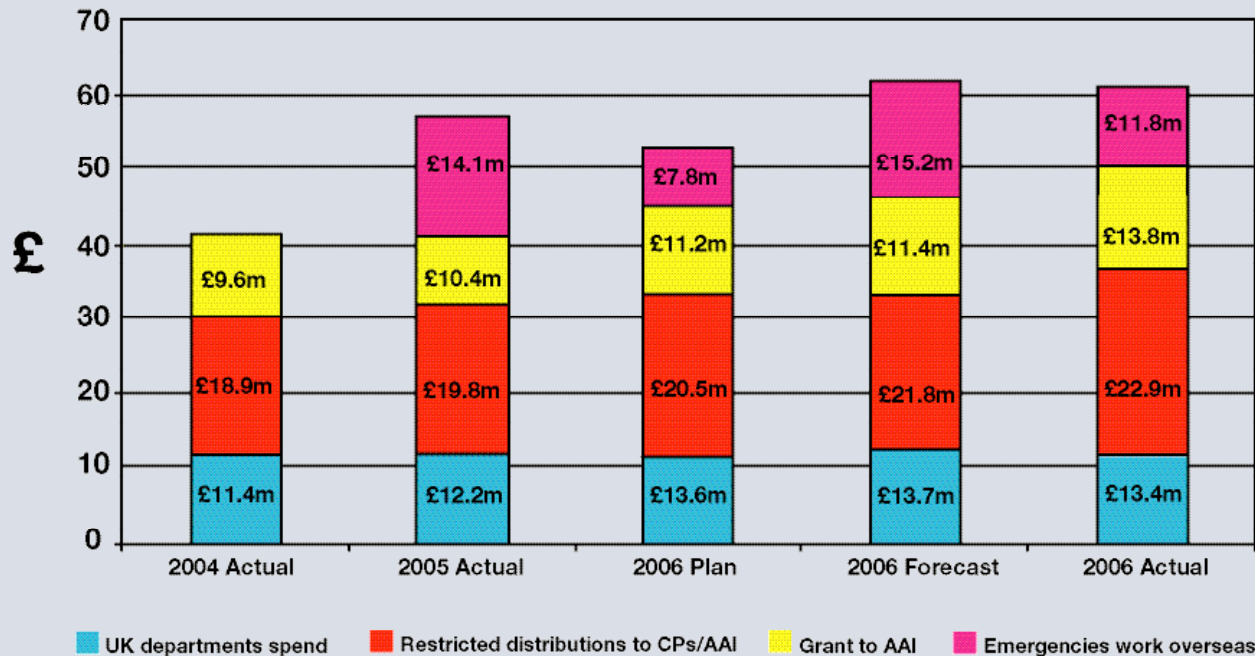
In 2006 unrestricted income increased by £0.5 million against 2005, a 2% increase. The income growth has been mainly driven by: the investment in the recruitment of 17,000 regular givers (a fully unrestricted product); the knock-on effect from increases in child sponsorship and other committed giving products; income on the unrestricted levies and tax recovery from these products; a focus on general fund uplifts particularly from middle donors; the introduction of ethical gifts; and a 243% increase from our work with corporates. This has been partly offset by £0.3 million less of emergency income levies included in 2005's unrestricted income, a fall in legacies of £0.3 million and £0.2 million less from major donors. The drop in the latter has been mainly as a result of £0.1 million drop in gift aid recovery achieved in 2006 and a £40,000 adjustment in 2006 for income treated in 2005 incorrectly as unrestricted.

Restricted income excluding emergencies increased by 6% compared to 2005 as a result of growth in income from child sponsorship, major donors, trusts and foundations and official funds from the Channel Island governments. Income from major donors and trusts and foundations increased considerably, by £0.3 million (38%) and £0.9 million (94%) respectively. As with unrestricted funds the increase in income was partly offset by a fall in restricted legacy income of £0.2 million.

Income restricted to emergencies was £11.8 million in 2006, representing £8.7 million for the tsunami appeal with the remaining £3.1 million being for the Niger, Pakistan and East Africa crisis appeals. Of this, £11.1 million was raised from the DEC and £0.7 million from ActionAid's own supporter appeals and other donations.

1. Child sponsorship income increased by £1.2 million against plan mainly due to sponsorship links at the start of the year being 4,029 more than planned. Links recruited during the year after withdrawals have been 1,263 more than plan.

Expenditure and Distributions 2004-2006



Expenditure
& distributions
to CPs/grants
to AAI

Expenditure and distributions to country programmes/grants to ActionAid International

In 2006 UK departments' spend was £13.4 million (2005: £12.2 million), £0.2 million lower than plan. The £1.2 million increase against 2005 is split as £0.9 million unrestricted and £0.3 million restricted.

Overall unrestricted spend has grown by 8% in 2006 with £0.8 million of the £0.9 million increase driven by the growth in investment in the recruitment of child sponsors and regular givers. Additional spend has been a result of the investment to improve our internet communications and information systems, and increased costs from the new communications and organisational effectiveness director positions set up in 2006. However, this has been partly offset by a reduction in the UK director and finance department costs following the separation of the latter from the ActionAid International finance department at the start of the year.

Restricted expenditure has grown as a result of the multi-country DFID-funded Global Action Schools project which began in March 2006.

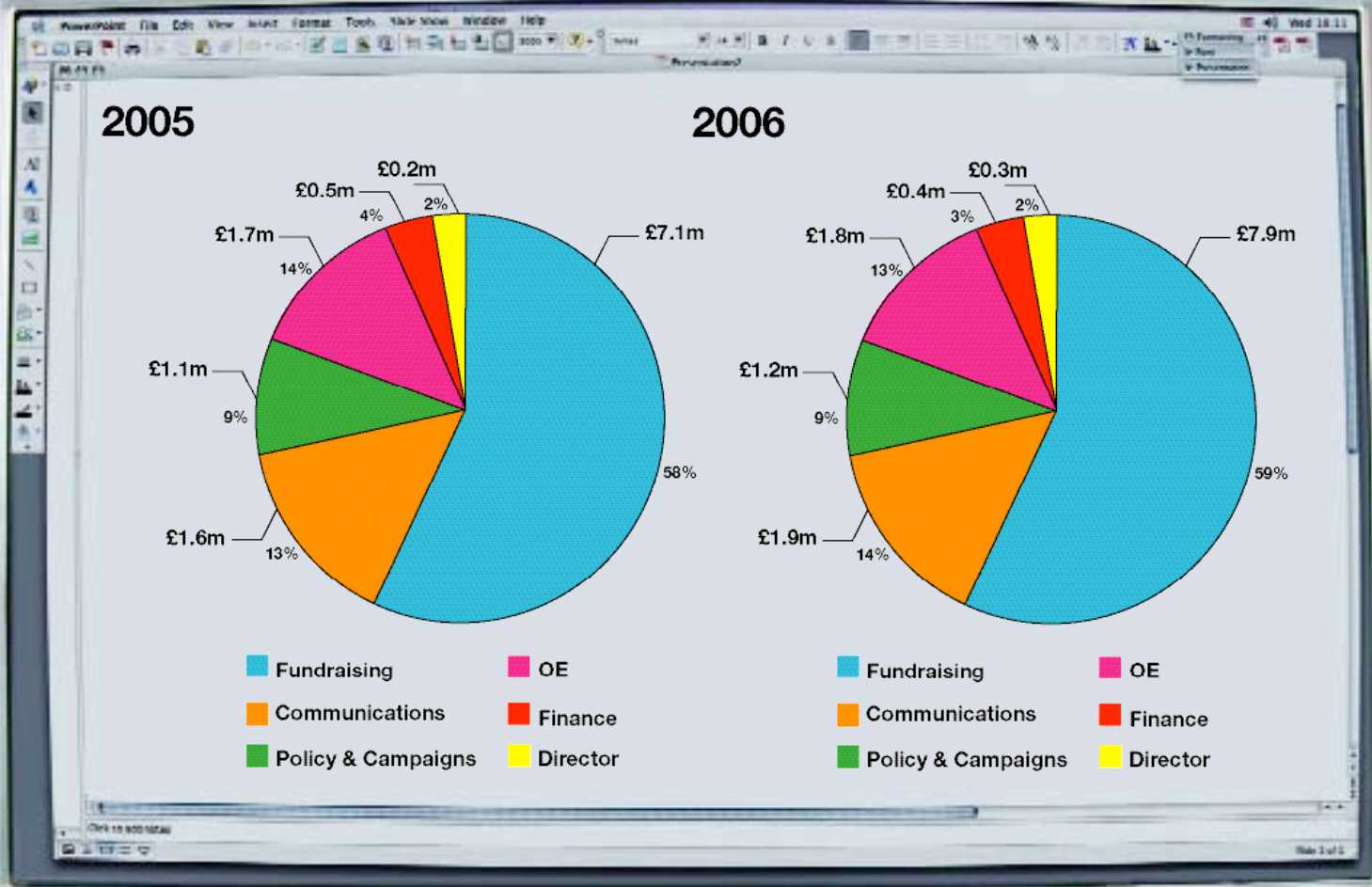
Included under UK departments' spend are contributions in kind to ActionAid International, principally in the form of rental costs for one floor in Hamlyn House, IT and HR support during the year and senior management team time at various levels internationally. The cost of this to ActionAid UK has been estimated at £0.5 million (2005: £0.8 million). The fall in costs is mainly due to the separation of the international finance department, previously accounted for solely in the UK.

Distributions of restricted funds to country programmes and ActionAid International excluding emergency income, accounted for £22.9 million compared to £19.8 million in 2005.

The grant to ActionAid International accounted for £13.8 million as per the agreed 3-year plan for 2007-09, comprised of £9.3 million unrestricted funds raised in 2006, £1.9 million of basics and COP, £0.2 million of budget-relieving income and £2.4 million of unrestricted reserves surplus to our policy at the 1 January 2006.

Since 2004 the grant to ActionAid International has increased by an average annual growth of 20%, from £9.6 million to £13.8 million in 2006. This accounts in 2006 for 28% of total expenditure compared to 24% in 2004.

**Expenditure
& distributions
to CPs/grants
to AAI**



**UK
department
spend
2005-2006**

Project, support, fundraising and governance costs

Fundraising costs increased from £7.1 million in 2005 to £7.9 million in 2006. This resulted in a small increase on the fundraising ratio on voluntary income (excluding bank interest and exchange gains) from 17.5% to 18% in 2006.

Support costs as a percentage of total costs increased from 16% to 19%. This is partly due to the fact that in 2005, £0.8 million of support costs were treated as a grant in kind to ActionAid International for our office, IT, HR and finance costs. In 2006 these costs amounted to £0.5 million but have not been treated as a grant at this stage. Excluding these costs from support costs in 2006 would show them remaining constant.

Project costs have increased by £0.9 million (40% growth) since 2005, driven mainly by £0.7 million of restricted project costs incurred in 2006 relating to the new DFID Global Action Schools project, and spending on EU country programme projects incurred in the UK. As a result, project costs as a percentage of total costs have increased from 20% in 2005 to 23% in 2006. Policy and campaigns department costs have remained level at £1 million since 2005.

Governance costs remain below 1% of total spend and relate primarily to the external audit costs.

Theme spend

Project costs have been split by theme as part of the financial performance measures table in the combined year end return. In line with previous years most of our unrestricted (and all of our restricted) project costs have been on the themes of education, food and hunger and HIV (66% of project costs (2005: 67%)) – areas on which we have been working and internally organised to deliver policy, campaigning and development awareness objectives for some years.

The main change in 2006 has been the reclassification of some governance work under 'cross-cutting policy and advocacy work' reducing governance costs from 24% to 14%, and an increase in our education and HIV work at the expense of our food and hunger work. The latter is a result of the increased expenditure incurred in the UK on the schools and youth-led restricted Global Action Schools project and on the EU multi-country Star (HIV) project compared to 2005.

Expenditure on women's rights has remained at 4% of total spend. This is expected to increase in 2007 with the roll out of the women's rights strategy and a series of events throughout the year to launch our work in this area in the UK.

With the exception of £38k relating to expenditure on the Daniel and Netsanet legal case, all project spend has been allocated to a theme.

Support costs

as a percentage of total costs increased from **16% to 19%**.

Expenditure on **women's rights** has remained at **4% of total spend**.

Staff

Staff numbers increased from 132 in 2005 to 137 by the end of 2006. It is also worthwhile noting that at the end of 2006:

- 71% of total staff were female including 53% of female staff in senior and 71% in middle management positions
- 86% of all staff received training during the year
- the amount spent on training and development as a percentage of salaries and benefits was 2%
- staff turnover as defined by staff leavers was 22%.

Reserves

ActionAid UK reserves at the end of 2006 totalled £7 million, split between £4.9 million unrestricted and £2.1 million restricted. Restricted reserves represent mainly balances of funds from EU grants held in the UK awaiting distribution to country programmes.

The current balance of unrestricted reserves represents around three months of 2007's expected expenditure in the UK, in line with international reserve policy.

Staff numbers
increased from
132 in 2005
to **137 by the**
end of 2006.

Income and expenditure summary £000	2004	2005	2006	2006	2006	Variance actual to plan	2006-05 Increase
	Actual	Actual	Plan	Forecast	Actual		
Unrestricted income	19,098	22,115	22,381	22,530	22,627	1%	2%
Restricted to overseas work	22,303	22,999	22,941	24,298	24,436	7%	6%
Restricted to emergencies	154	14,109	7,773	15,182	11,843		
Income raised by UK	41,555	59,223	53,095	62,010	58,906		
EU income received for CPs	2,072	2,719	-	-	2,719		
Income from Ayuda, Italy and Greece	22,199	-	-	-	-		
Other income not raised by UK	9,181	8,988	-	-	2,869		
Income per accounts	75,007	70,930	53,095	62,010	64,494		
UK departments' unrestricted spend	(11,298)	(12,010)	(13,523)	(13,268)	(12,983)	-4%	8%
UK departments' restricted spend	(94)	(202)	(105)	(430)	(422)	302%	109%
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Emergencies work overseas	(154)	(14,109)	(7,773)	(15,182)	(11,843)		
Total expenditure and distributions	(40,001)	(56,531)	(53,095)	(62,010)	(61,913)		
Other distributions to CPs/AAI	(29,179)	(11,707)	-	-	(5,588)		
Expenditure per accounts	(69,180)	(68,238)	(53,095)	(62,010)	(67,501)		
Total income excluding emergencies	41,401	45,114	45,322	46,828	47,063	4%	4%
Total expenditure excluding emergencies	(39,847)	(42,422)	(45,322)	(46,828)	(50,070)	10%	18%
% of unrestricted income to total income excluding emergency income	46%	49%	49%	48%	48%	-	-

**Summary of
income and
expenditure**

ACTIONAID IS A UNIQUE PARTNERSHIP OF PEOPLE WHO ARE FIGHTING FOR A BETTER WORLD – A WORLD WITHOUT POVERTY

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Founder

Cecil Jackson Cole

UK Director

Richard Miller

Chair

Karen Brown

Patron

HRH the Prince of Wales