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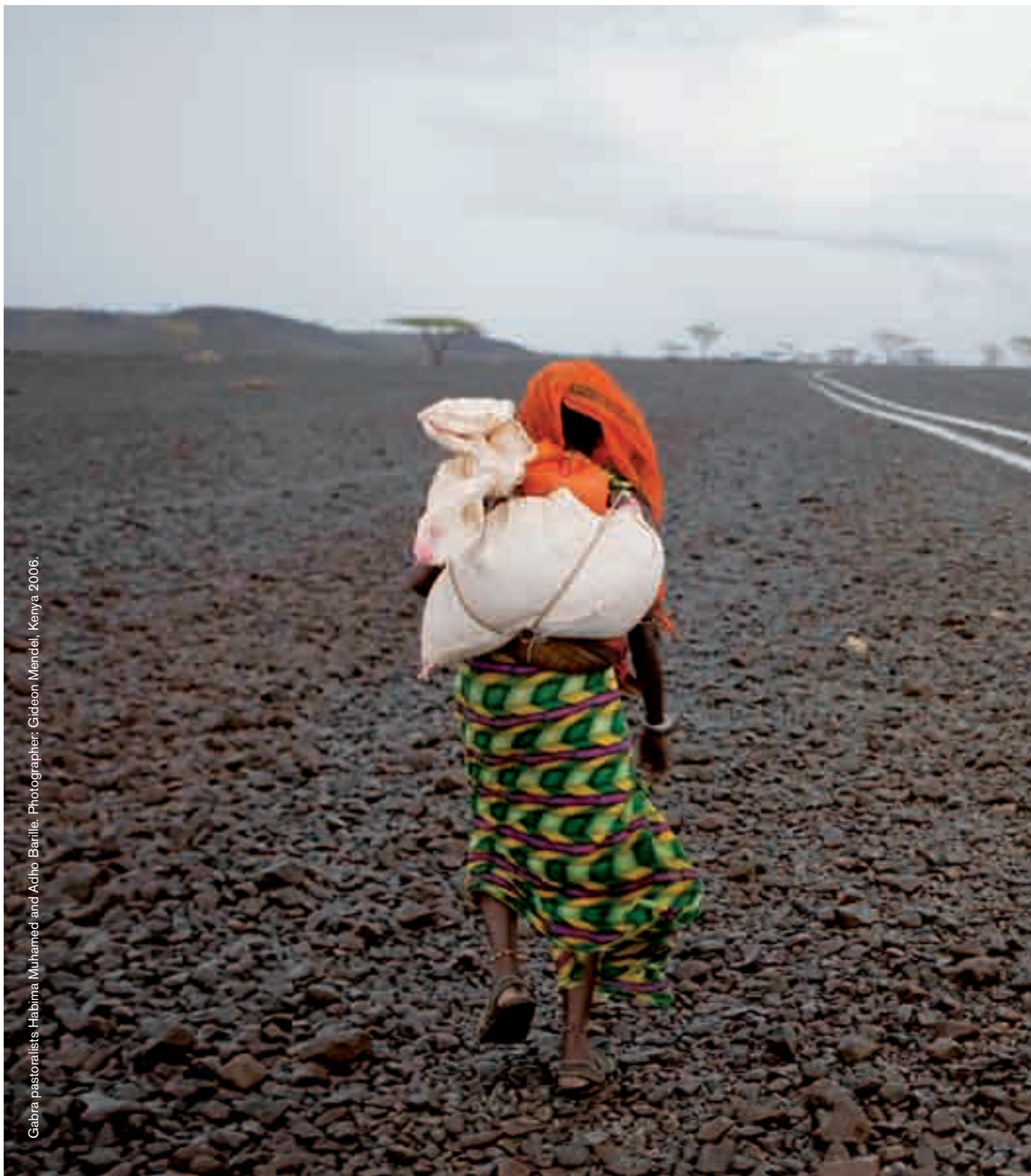
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Gabra pastoralists Habima Muhamed and Achho Barille. Photographer: Gideon Mendel, Kenya 2006.



“ Our mission is to help people living in extreme poverty achieve major improvements in their lives which last and spread without ongoing support from Concern.”

Our recent policy review agreed the following for the organisation;

Our Identity – Who We Are

Concern Worldwide is a non-governmental, international, humanitarian organisation dedicated to the reduction of suffering and working towards the ultimate elimination of extreme poverty in the world's poorest countries.

Our Vision – for Change

A world where no-one lives in poverty, fear or oppression; where all have access to a decent standard of living and the opportunities and choices essential to a long, healthy and creative life; a world where everyone is treated with dignity and respect.

Our Mission – What We Do

Our mission is to help people living in extreme poverty achieve major improvements in their lives which last and spread without ongoing support from Concern.





The local committee in Maikona Kenya. Photographer: Gideon Mendel, Kenya 2006.

From its foundation in 1968, Concern has sought to be a leader in responding to emergencies and promoting long term development. One of the earliest decisions - to send a shipment of food to the starving people of Biafra - showed daring and imagination. In the succeeding decades, we have built our reputation of being imaginative, pragmatic and effective, while all the time listening to and being empathetic with the poorest people with whom we work.

In recent years we have challenged ourselves to use our resources even more effectively. We work in some 30 countries, have over 4,000 committed and talented staff and, in recent years, have had budgets in excess of €100 million. We can do much with these resources but, given the scale of the extreme poverty we continue to face, it is not enough. We need to find ways of making a bigger impact.

In my foreword to last year's annual report, I wrote about the vision underpinning our current strategic plan which runs to 2010. At the heart of that vision lies a commitment to be innovative and to learn lessons from our work; to use that learning to influence national and international policy and thereby to have the greatest possible impact, directly and indirectly, on eliminating poverty.

We have some outstanding examples of doing this. The way in which the world deals with malnutrition has been changed by Concern's programme of Community Therapeutic Care (CTC), pioneered in collaboration with Valid International. The World Health Organisation has built CTC into its guidelines and an increasing number of countries are incorporating it into their public health systems.

Through our child survival programmes, funded by the US government, we have shown how public health resources can be used to scale-up life saving interventions for mothers and children. Our work in microfinance in Cambodia, delivered through the AMK Bank, has set new standards for effectiveness in advancing self sufficiency for poor people. In Malawi (see pages 12-13), we are using "smart card" technology to deliver cash to poor people as part of an innovative programme of social protection.

In all these programmes, and in other programmes you read about in this report, we build in monitoring and evaluation systems to capture the evidence of our work and help us learn from it.

As we look to the future we work with partners who share our vision and our commitment to develop innovative approaches to conquer poverty.

Irish Aid, which operates the official aid programme of the Irish government, is one such partner. The Irish Aid programme is recognised internationally as being of high quality and well-focused on poverty reduction. The White Paper on Development, published in September 2006, charts the policy direction for fulfilling the Irish government's commitment to reach the 0.7% aid target by 2012.

Concern supports the approach set out in the White Paper. We are particularly pleased with the priority given to hunger. By virtue of our own famine history, we believe that Ireland has a particular legitimacy in taking a leadership role at international level in the fight against hunger. Some 850 million people still suffer from hunger; it contributes to the deaths of 11 million children annually and to the physical and mental stunting of tens of millions more.

Norway, another small country, has a well-deserved reputation for being the international leader in contributing to conflict prevention and resolution. I believe that Ireland should seek to be 'the Norway for Hunger'. This would involve the Irish government making the elimination of world hunger a priority of its foreign policy and its aid programme.

It would also involve developing a capacity within Ireland to make a credible contribution to those countries still blighted by hunger, through policy advice on innovative approaches to improved nutrition, increased food production and rural development. New partnerships between the official Irish Aid programme, non-governmental organisations, the private sector and the third-level colleges must be encouraged. It can even extend to being an all-Ireland initiative, with North and South working towards tackling a problem of life and death, putting remaining divisions within the island in an altogether different perspective.

Concern can have a key role to play in making Ireland the 'Norway for Hunger'. We are developing a partnership with the Washington-based International Food Policy Research Institute (IFPRI), the leading international policy institute on nutrition and hunger. This links our work at field level to "leading edge" policy advice in such areas as how better nutrition can contribute to tackling HIV&AIDS, and the livelihood options for small-scale African farmers faced with more frequent droughts and food insecurity. It can also help in communicating what we have learned to policy makers, at national and international level, who have the power to shape policy in the interest of the poorest people we work with.

In focusing on the problem of hunger, we remain faithful to the vision of the founders of Concern who were committed to helping the poorest of the poor. In 2008, we will celebrate the 40th anniversary of the foundation of Concern. It will be an opportunity to remember and thank all those who worked with and contributed to Concern over the years.

But we do not want our celebration to be an exercise in nostalgia and self congratulation. Our work must continue. IFPRI estimates that, even if the first Millennium Development Goal of halving the proportion of the world's population who are hungry is achieved by 2015, another 600 million people will still be hungry. This is a scandal.

We will use our 40th anniversary to rededicate ourselves to our founding vision of ridding the world of hunger and poverty. Concern has always prided itself on being a 'people to people' organisation. We have provided a link between people who care in the developed countries – in Ireland from our beginnings; in the UK, the USA and other rich countries in more recent years – and poor people who want to work towards a better life in developing countries.

We want to harness the continuing commitment of the many thousands who support Concern and to use modern communications to help people understand the work we do and the impact it has. We want to connect with the current generation of young people who care deeply about the scandal of poverty and injustice and provide them with opportunities to change this.

Realistically Concern will still be required in 2018, our 50th anniversary. But, with your continuing support, with intelligent use of our resources and, most critically, with harnessing the abilities and efforts of the poor people with whom we work, we will have transformed the lives of tens of millions of people between now and then.



Tom Arnold
Chief Executive, Concern

Children at the Concern Basic Education Project in Nicuita primary school, Nampula, Mozambique 2006. Photographer: Dara Mac Donnáill, The Irish Times.





How a six-mile trek for grain became a stroll to the cashpoint.

Each month for more than a year Nasita Jaziel trudged six miles through the **Malawi** bush to collect two 20kg sacks of free maize which she carried home, balanced on her head, to feed her children.

Sometimes the food was late - some of it came all the way from America, after all - and so she would do the whole journey again the next day.

This month Mrs Jaziel walked little more than a mile from her home in Dowa clutching a piece of plastic with a microchip much like any cashpoint card and presented herself at a mobile ATM and bank under the shade of a tree.

She swiped the card, a teller checked her identity with a thumbprint scan and then the 35-year-old mother of five went to the back of a pick-up truck where a cashier from the Banki Yanga handed over Mrs Jaziel's cut of the British government's aid to Malawi. Then she headed for the local market.

After years of delivering food grown in the US or EU, and shipped at a cost far exceeding the value of the maize itself, an experiment is under way in Malawi to challenge the idea that poor Africans are unable to decide how best to look after themselves.

It involves 55,000 people of the 835,000 who qualify for free food in one of Africa's poorest countries because of crop failures through drought and flood. Instead of maize, villagers receive cash to spend as they see fit.

Mrs Jaziel said she bought food with about two-thirds of the 8,750 kwacha (£33) she received for her family for the month. The rest went on medicines, school fees for her children and fertiliser in the hope that next year, unlike this one, she will have a crop.

"I don't have to walk 10 kilometres and carry the sacks back," she said. "I can buy what I need. I use some of the money to send my children to school. Before I used to sell some of the food they gave me to pay the school fees but it was still a problem to find the money."

The vagaries of Malawi's weather have left hundreds of thousands of people short of food in one part of the country while there was a 600,000 tonne nationwide surplus of maize last year.

In Dowa fewer than 3% of people have the money to buy it. Until late last year food was shipped in, often with consequences for the local markets and economy.

The US, in particular, insists on donating food - often genetically modified crops, to the chagrin of some in Africa - so that its own farmers benefit. But much of that free maize is sold by those who receive it to raise money for other needs, undercutting local traders and driving people deeper into poverty.

Britain's Department for International Development (Dfid) is putting up £750,000 to pay for the Dowa experiment, launched in December by the Irish-based charity Concern Worldwide.

"There's plenty of food around but they're too poor to buy it," said Concern's Emergency Co-ordinator in Malawi, James Davey.

"If you give them a dollar's worth of food it contributes nothing to the local economy. If you give them a dollar to spend, the money goes to a guy in the market who spends it somewhere else. So you maybe get a \$1.50 impact on the economy for spending a dollar." Mr Davey said it also helps to break the cycle of extreme poverty trapping many of those who rely on aid.

"People either got into debt at extremely high interest to raise money for necessities (at 40 to 80% compound interest. Or they go and slog their guts out doing piece work for a farmer for very little money while neglecting their own crops which will feed them next year. Now they can work in their own fields," he said.

Malawi has few ATMs and no one waiting for cash in Dowa had ever seen one. The thumbprint scan ensures the right people get the money.

Chris McGreal in Dowa, Malawi

The Guardian

Concern has always been aware that, in addition to tackling poverty through our work on the ground, we must address the root causes of poverty. During 2006, we have taken many opportunities to advocate for pro-poor policies at national and international level.

We continue to play a leadership role in promoting Community Therapeutic Care (CTC), within individual countries and at international level, as the most effective intervention to respond to acute malnutrition.

At European level, the Chief Executive, Tom Arnold, is chair of the European Food Security Group (EFSG), a network of 30 European aid agencies which engages with the European Commission on European policy on food security in developing countries. The EFSG also played a leading role in the Trans Atlantic Food Aid Dialogue (TAFAD), an innovative engagement between aid agencies from Europe, the US and Canada on future aid policy and on the re-negotiation of the Food Aid Convention (FAC).

2006 saw an active debate about the future of the international humanitarian system in which Concern played a significant part. The Overseas Director, Paul O'Brien, is a member of the Executive Board of the International Council of Voluntary Agencies (ICVA), and Dominic Crowley, Head of the Emergency Unit, is a member of VOICE, the European Network for Humanitarian Agencies, Through Paul and Dominic's membership of these committees, allied to the ongoing engagement of the Concern US office with the United Nations in New York, we have sought to influence the humanitarian agenda.

One of the major changes in this agenda was the development of 'clusters' which aim to link the United Nations and other humanitarian actors, including aid agencies, in more effective responses to particular aspects of humanitarian response, such as nutrition, health and water and sanitation. Concern engaged in four of the 'clusters' working groups.

Another innovation in the humanitarian agenda was the establishment of the Central Emergency Response Fund (CERF), a \$500 million fund to enable the UN to respond more effectively to emergencies. The Chief Executive was appointed as an associate member of the CERF Advisory Board.

Concern has been particularly active in advocacy on HIV&AIDS. In June Breda Gahan, our Global HIV&AIDS Programme Adviser, participated with the Irish government delegation at the UN General Assembly Special Session (UNGASS) on HIV&AIDS in New York. In August Concern and a number of its partner agencies participated in the AIDS 2006 conference in Toronto. This is the latest in a series of major international meetings focusing on what needs to be done to combat the HIV&AIDS pandemic. Concern was part of the presentation by our European network, Alliance2015, which also involved Dr. Mary Robinson and Fr Michael Kelly, S. J., the renowned authority on the role of education in combating HIV&AIDS.

In November, the book 'Poverty, AIDS and Hunger: breaking out of Malawi's Poverty Trap' was launched in London. Concern co-financed the book in association with the UK's Department for International Development (DfID) and the Norwegian aid programme. The book is a case study on the impact that HIV&AIDS has had on Malawi and it makes recommendations for the Malawi government and the international community. The contributors to the book included Bono, Anne Conroy, Jeffrey Sachs and Stephen Lewis.

Concern has had a long standing and positive engagement with Europe. This is reflected in our membership of Alliance2015, the network of six European aid agencies which are cooperating to work towards the achievement of the Millennium Development Goals (MDGs) by the target date of 2015. We are also engaged in the European federation of non-governmental organisations, Concord and Paddy Maguinness, Deputy Chief Executive and Director of External Relations, is chair of Eurostep, one of the main European networks advocating on European development policy with the Commission and Parliament.

During 2006, Eurostep made a critical advocacy contribution to the decision on the framework for EU spending on overseas development for the period 2007-2013. A two year long negotiation between the European Parliament, Commission and Council concluded in September 2006 with agreement on a new Development Cooperation Instrument (DCI) which included binding commitments to sectoral spending on basic health and education.

Within Ireland, Concern's engagement with Europe found expression through our active participation in the Forum for Europe, chaired by Senator Maurice Hayes, where we continue to highlight the importance of development in the European agenda.

Looking to the future, our voice on behalf of the poor at international level will be amplified by effective cooperation between Concern Worldwide, Concern UK and Concern US.

Afghanistan

In 2006 the level of violence recorded in Afghanistan was the highest since the Taliban were ousted from power in 2001. While this impeded our work during the year we continued to implement programmes such as the construction of latrines, shallow wells, rehabilitation of irrigation systems, establishment of community forests and registration of students for literacy classes. Livelihood projects are also in place such as providing vocational training in tailoring and carpet making and the setting up of womens bakeries.

Area **652,000 sq km**
 Population **28.6 m**
 GDP per Capita **n/a**
 Infant Mortality (per thousand births) **165**
 Life Expectancy **46.4**
 Living with HIV&AIDS **n/a**
 Literacy Rate **28.1**
 Access to safe water **39%**
 Human Development Rank **n/a**

Angola

Concern Angola was established in 1993, implementing emergency interventions in response to the crisis caused by the civil war. Since the peace agreement in 2002 Concern has restructured and produced a new country strategic plan, which now focuses on facilitating long-term livelihoods and education programmes in Huambo and Bie provinces and into which HIV&AIDS are mainstreamed. The country programme is increasingly implemented in partnership with government and national civil society.

Area **1,247,000 sq km**
 Population **15.5 m**
 GDP per Capita **US\$2,180**
 Infant Mortality (per thousand births) **154**
 Life Expectancy **41**
 Living with HIV&AIDS **3.7%**
 Literacy Rate **67.4%**
 Access to safe water **53%**
 Human Development Rank **161 (out of 177)**

Bangladesh

The year 2006 was dominated by significant civil unrest, mainly in relation to the upcoming parliamentary elections, however there was also labour unrest among garment workers and instances of Islamist extremism. Concern programmes focus on poverty reduction and on building the capacity of local communities, government organisations and non-governmental partners, to increase the sustainability of programme objectives and to reach more people. Our health and nutrition programme continues to tackle maternal and under-five child mortality and malnutrition through supporting the development of sustainable primary health care systems.

Area **144,000 sq km**
 Population **139.2m**
 GDP per Capita **US\$1,870**
 Infant Mortality (per thousand births) **56**
 Life Expectancy **63.3**
 Living with HIV&AIDS **<0.1%**
 Literacy Rate **41%**
 Access to safe water **74%**
 Human Development Rank **137 (out of 177)**

Burundi

Area **28,000 sq km**
 Population **7.3 m**
 GDP per Capita **US\$677**
 Infant Mortality (per thousand births) **114**
 Life Expectancy **44**
 Living with HIV&AIDS **3.3%**
 Literacy Rate **59.3%**
 Access to safe water **79%**
 Human Development Rank **169 (out of 177)**

Burundi still faces huge challenges as the country emerges from civil war. Economically, little has changed in 2006, particularly for those living in extreme poverty. Throughout the year Concern continued to focus on education, health and livelihoods programmes in four areas of the country. The positive impact of the health programme has resulted in the development of a programme that sees major scale up in activities across one province. As a result of ongoing climate changes in the north of the country assessments were underway at the year end to determine what Concern's approach to addressing the needs of the communities in this area should be. As a result of these assessments, 2007 will see the expansion of Concern's programme into this food insecure area.

Cambodia

Area **181,000 sq km**
 Population **13.8 m**
 GDP per Capita **US\$2,423**
 Infant Mortality (per thousand births) **97**
 Life Expectancy **56.5**
 Living with HIV&AIDS **1.6%**
 Literacy Rate **73.6%**
 Access to safe water **41%**
 Human Development Rank **129 (out of 177)**

The economy of Cambodia is expected to grow by around 8.5% in 2006 making it the second fastest growth rate in East Asia. The growth is attributed to good rains and continuing strong performance in the tourism and the garment industries. However, growing unemployment, inflation and increased costs for food and basic household commodities have impacted on the livelihoods of many Cambodians and have also impacted on budgets of local non governmental partners.

Concern will join with partners in targeting the rural poorest and specifically those who have little or no land, are living in areas remote from markets and services, and have many members within a household (children, elderly, and disabled) and headed by women.

DR Congo

Area **2,345,000 sq km**
 Population **55.9 m**
 GDP per Capita **US\$705**
 Infant Mortality (per thousand births) **129**
 Life Expectancy **43.5%**
 Living with HIV&AIDS **3.2%**
 Literacy Rate **67.2%**
 Access to safe water **46%**
 Human Development Rank **167 (out of 177)**

Throughout 2006 the political arena of the DRC was dominated by the electoral process. Against an often politically tense background Concern continued to deliver programmes in three locations. These programmes continued to focus on the re-establishment of peoples' livelihoods with most activities focused on restarting agricultural activities and animal husbandry. Malnutrition rates in the East of the country continued to be addressed by the Community Therapeutic Care programme being implemented in the region. The changing political environment allowed access to communities in Katanga Region, following many years of isolation. Concern responded by distributing seeds and tools, plastic sheeting and other essential items to allow communities to return to their homes. 2007 will see an expansion of activities in this area.

Eritrea

2006 continued to be dominated by the ongoing 'no peace no war' border dispute with Ethiopia. Despite a number of boundary commission meetings held to map a way forward, there was no prospect of a resolution by the end of the year. Eritrea enjoyed a good harvest in 2006, but it was still insufficient for Eritrea in terms of recovering from the previous years of drought. Concern and two other NGOs, Accord and Mercy Corps, were ordered to cease operations and, despite many efforts to find out the reason for the order and to get it reversed, the programme was finally closed in November 2006. Concern's programme work in 2006 therefore consisted mainly in completing work already begun on major water & sanitation projects and attempting to respond to malnutrition in Anseba region – in line with the government's preference for cash-for-work, a cash-for-work scheme was implemented in partnership with the Ministry of Agriculture benefiting a total of 30,479 most affected people with a cash injection of approx. €140,000. All outstanding infrastructure projects were completed during 2006.

Area **121,000 sq km**
 Population **4.2 m**
 GDP per Capita **US\$977**
 Infant Mortality (per thousand births) **52**
 Life Expectancy **54.3**
 Living with HIV&AIDS **2.4%**
 Literacy Rate **57%**
 Access to safe water **60%**
 Human Development Rank **157 (out of 177)**

Ethiopia

2006 continued to be tense after the political events in 2005. Overall, the country enjoyed a second good harvest – however, droughts followed by floods in the Somali and other regions led to approximately 3 million people requiring emergency assistance. Concern's response included supporting a local partner, Mothers & Children Development Organisation (MCDO), to run a nutrition programme in a district of Somali region and directly implementing a programme in 2 districts of Afar region. We also distributed medical items and water purification tablets to approximately 28,000 people following an outbreak of watery diarrhoea in two regions. Concern Ethiopia has invested heavily in the new community-based approach to tackling malnutrition, Community Therapeutic Care (CTC) with programmes in Amhara and SNNP regions. In partnership with Valid International, we have worked with the Ministry of Health to help spread the use of CTC throughout the country. Urban and rural programmes aimed at improving and broadening people's ways of making a living also continued in 2006.

Area **1,104,000 sq km**
 Population **75.6 m**
 GDP per Capita **US\$756**
 Infant Mortality (per thousand births) **110**
 Life Expectancy **47.8**
 Living with HIV&AIDS **0.9 – 3.3%**
 Literacy Rate **42%**
 Access to safe water **22%**
 Human Development Rank **170 (out of 177)**

Haiti

In February Haitians voted to elect René Préval as their country's new president. By the end of the year the people of Haiti had also voted in a parliament and local council authorities in relatively peaceful and transparent elections. One of the programmes Concern implemented during the year, the Child Friendly School project helped children gain access to education. In addition, the team participated in the launch of the new World Bank programme to promote local development by empowering newly elected local authorities to identify and implement projects in their areas. We also continued our work in peace building and conflict management.

Area **28,000 sq km**
 Population **8.4 m**
 GDP per Capita **US\$1,892**
 Infant Mortality (per thousand births) **74**
 Life Expectancy **52**
 Living with HIV&AIDS **3.8%**
 Literacy Rate **52%**
 Access to safe water **54%**
 Human Development Rank **154 (out of 177)**

India

Area **3,288,000sq km**
 Population **1,082.1 m**
 GDP per Capita **US\$3,139**
 Infant Mortality (per thousand births) **62**
 Life Expectancy **63.6**
 Living with HIV&AIDS **0.9%**
 Literacy Rate **61%**
 Access to safe water **86%**
 Human Development Rank **126 (out of 177)**

2006 has been a busy year for Concern in India. The emergency response programmes in the tsunami affected area of Orissa have seen many achievements. These will be consolidated in 2007 by developing strong institutional linkages to ensure partners are supported beyond 2007 and expanding some of the work to new villages where appropriate. This strategy should ensure that the work that we have initiated can be sustainable in the long run. Our HIV&AIDS programmes have resulted in increasing intervention in the poorest communities in which we work.

Indonesia

Area **1,919,440 sq km**
 Population **220 m**
 GDP per Capita **US\$3,609**
 Infant Mortality (per thousand births) **30**
 Life Expectancy **67.2**
 Living with HIV&AIDS **0.1%**
 Literacy Rate **90.4%**
 Access to safe water **77%**
 Human Development Rank **108 (out of 177)**

The main impact of Concern's programme in Indonesia in 2006 was the provision of safe shelter and water/sanitation facilities. Concern moved from emergency response and care and maintenance to longer term rehabilitation efforts to enable people to return to their homes and livelihoods. In 2006 Concern Indonesia completed its work in the barracks and temporary shelters across Banda Aceh, Aceh Besar and Pulau Nasi and completed the bulk of its construction programme which includes housing and associated water and sanitation for approximately 1,100 households. An important aspect of the Concern Indonesia intervention, highlighted by the time-bound intervention, was a focus on sustainability. Consequently the development of exit strategy frameworks was instrumental in ensuring the timely and responsible withdrawal by Concern from Indonesia. An exit strategy prepared during the Country Programme Plan (CPP) commenced in 2006 with the core purpose of defining priority areas that required strengthening at organisational and programme levels. The exit strategy was developed as an action plan and built on knowledge, skills and institutional reserves that improved service delivery.

Kenya

Area **583,000 sq km**
 Population **33.5 m**
 GDP per Capita **US\$1,140**
 Infant Mortality (per thousand births) **79**
 Life Expectancy **47.5**
 Living with HIV&AIDS **6.1%**
 Literacy Rate **73.6%**
 Access to safe water **61%**
 Human Development Rank **152 (out of 177)**

The devastating drought of 2005/06 followed by the worst floods in 7 years resulted in a further setback for the poor and marginalised especially those residing in the Northern and Eastern parts of the country. In response to these emergencies, Concern Kenya, working through local partners reached 50,000 direct beneficiaries. In addition we continued to operate education, HIV&AIDS and livelihoods programmes in the Nairobi slums & Nyanza Province. The livelihoods programme focused on improving livelihoods and developing resilience to livelihood shocks with pastoralist and agro-pastoralist communities in four arid and semi-arid districts. The Kenyan strategic plan (2006-2010) was finalised in November 2006.

Korea, DPR (North)

2006 was a politically turbulent year with the North Korean government conducting seven missile tests in July and an underground nuclear test in October. Resulting UN Security Council sanctions and South Korea's suspension of food aid, coupled with severe flooding in many provinces, has left millions vulnerable to severe food shortages. In March an agreement between international agencies and the North Korean government has allowed Concern to continue working in the country.

Area **121,000 sq km**
 Population **22.4 m**
 GDP per Capita **n/a**
 Infant Mortality (per thousand births) **42**
 Life Expectancy **63.3**
 Living with HIV&AIDS **n/a**
 Literacy Rate **98%**
 Access to safe water **100%**
 Human Development Rank **n/a**

Lao PDR

The political situation in Lao PDR remained mostly unchanged during 2006. Elections for the National Assembly, held in April 2006, were heralded by the state as one of the most successful political events ever held in Lao PDR with no reports of riots or disturbances. Concern is implementing livelihood, microfinance and water and sanitation projects. The microfinance projects such as those supported in rural areas of Laos are encouraging women especially to be in control of the family finances and create sustainable livelihoods with these loans.

The 'Water for Life' project includes providing training and support to construction of bio-sand filters for household water; hygiene promotion activities; arrangements to pilot rain water harvesting and ceramic filters.

Area **237,000 sq km**
 Population **5.8 m**
 GDP per Capita **US\$1,954**
 Infant Mortality (per thousand births) **65**
 Life Expectancy **55.1**
 Living with HIV&AIDS **0.1%**
 Literacy Rate **68.7**
 Access to safe water **51%**
 Human Development Rank **133 (out of 177)**

Liberia

Over the last twelve months Liberia has experienced positive change. Following the conclusion of successful democratic elections held in late 2005, a new government, headed by President Ellen Johnson-Sirleaf (the first female president) was inaugurated in January 2006. After 14 years of civil conflict in the country, there is now a sense of cautious optimism, that Liberia would move on from conflict to recovery and economic prosperity. In this context, Concern Liberia is planning to move from an emergency to a transition phase and hopefully to more long term development interventions.

Area **111,000 sq km**
 Population **3.24 m**
 GDP per Capita **n/a**
 Infant Mortality (per thousand births) **157**
 Life Expectancy **42.5**
 Living with HIV&AIDS **2-5 %**
 Literacy Rate **55.9**
 Access to safe water **61%**
 Human Development Rank **n/a**

Malawi

Area **118,000 sq km**
 Population **12.6 m**
 GDP per Capita **US\$646**
 Infant Mortality (per thousand births) **110**
 Life Expectancy **39.8**
 Living with HIV&AIDS **14.1%**
 Literacy Rate **64.1**
 Access to safe water **73%**
 Human Development Rank **166 (out of 177)**

Concern has been operating in Malawi since 2002, implementing poverty reduction programmes. It supports Community Therapeutic Care (CTC) methodology in four districts, and established the CTC Advisory Service to support the national scale up of CTC. Concern has livelihoods programmes in three districts to enhance the livelihoods of the extreme poor. It has undertaken three humanitarian responses in Malawi; 2002-03 emergency response, Food and Cash Transfer (FACT) project in 2005-06, and in 2006-07 the Dowa Emergency Cash Transfer (DECT) Project using Smart card technologies.

Mozambique

Area **802,000 sq km**
 Population **19.4 m**
 GDP per Capita **US\$1,237**
 Infant Mortality (per thousand births) **104**
 Life Expectancy **41.6**
 Living with HIV&AIDS **16.1%**
 Literacy Rate **46%**
 Access to safe water **43%**
 Human Development Rank **168 (out of 177)**

Concern Mozambique is currently involved in Education and Livelihoods in the Provinces of Manica, Nampula and Zambezia with HIV&AIDS being mainstreamed across the programme. We are supporting the Government of Mozambique at District level and also supporting the communities that interact with Government at this level. In the Education Sector we are working in primary education, mainly supporting school councils to improve access and quality. Under the Livelihoods Programme, we are supporting community groups to input into the strategic plan for the District. Concern also provides grants for microprojects to various groups and Concern is jointly working with its Alliance2015 partners on a HIV&AIDS project in Zambezia.

Nepal

Area **140,800 sq km**
 Population **26.5 m**
 GDP per Capita **US\$1,490**
 Infant Mortality (per thousand births) **59**
 Life Expectancy **62.1**
 Living with HIV&AIDS **0.5%**
 Literacy Rate **48.6%**
 Access to safe water **90%**
 Human Development Rank **138 (out of 177)**

The last fifteen years have seen tremendous changes in the life of the people in Nepal. Democracy was re-introduced, the number of civil society organizations has grown dramatically. Many international institutions have come to Nepal to assist its efforts in bringing about prosperity, improving human rights conditions and consolidation of democracy. King Gyanendra's capitulation on 24 April 2006 in the face of a mass movement marked a victory for democracy in Nepal and with a ceasefire between the new government and the Maoists now in place, the start of a serious peace process. Concern's initial work with five partners has focused on the areas of food security, water, sanitation and hygiene promotion and social inclusion. Our work is focusing on one geographical region of Nepal, namely the Mid Western Development Region which is the poorest region and the one most affected by the 10 year conflict.

Niger

Concern has been working in Niger since 2003 and currently runs education and nutrition programmes. The education programme exists in Tahoua region and works through partners and government departments to support primary education in rural areas. The main themes of the education programme are access, quality and institutional development. In June 2005 Concern set up a CTC nutrition programme due to the serious nutritional crisis at that time. The CTC programme covers around 40% of two of the districts in Tahoua region while the Education programme focuses on a smaller area. 2007 will see the development of a long term health programme.

Area **1,267,000 sq km**
 Population **13.5 m**
 GDP per Capita **US\$779**
 Infant Mortality (per thousand births) **152**
 Life Expectancy **44.6**
 Living with HIV&AIDS **1.1%**
 Literacy Rate **28.7**
 Access to safe water **46%**
 Human Development Rank **177 (out of 177)**

Pakistan

Pakistan's internal security situation remained volatile for much of 2006. The economy performed well in 2006, enjoying a record GDP growth rate of 7%, despite the cost of post earthquake reconstruction. Concern continued its work to combat the destruction of the 2005 earthquake, along with tackling the ongoing problems of poverty and HIV&AIDS. Livelihood projects include those focusing on plantation and kitchen gardening have been started with forest and fruit plants already distributed to the community, and orchards have been designed and established. Concern has used innovative ways of raising awareness of HIV&AIDS in Pakistan by facilitating theatre performances to de-stigmatize the issue. We also responded to the flooding emergency in the Sindh region of Pakistan by providing emergency kits to the families affected.

Area **804,000 sq km**
 Population **154.8 m**
 GDP per Capita **US\$2, 225**
 Infant Mortality (per thousand births) **80**
 Life Expectancy **63.4%**
 Living with HIV&AIDS **0.1%**
 Literacy Rate **49.9%**
 Access to safe water **91%**
 Human Development Rank **134 (out of 177)**

Rwanda

2006 was a stable year for Rwanda, with no incursions and little effect from the ongoing fighting in DRC. Concern continued to develop programmes in Education, Health and Livelihoods, with the year seeing a refocusing of geographical locations, to include some of the poorer areas in the country. At the year end final plans were being put in place to expand, significantly the health programme. The child survival programme will see activities being implemented in approximately one fifth of the country and is being implemented in partnership with two other international organisations.

Area **23,000 sq km**
 Population **8.89 m**
 GDP per Capita **US\$1,263**
 Infant Mortality (per thousand births) **118**
 Life Expectancy **44.2%**
 Living with HIV&AIDS **3.1%**
 Literacy Rate **64.9%**
 Access to safe water **74%**
 Human Development Rank **158 (out of 177)**

Sierra Leone

Area **72,000 sq km**
 Population **5.3 m**
 GDP per Capita **US\$561**
 Infant Mortality (per thousand births) **165**
 Life Expectancy **41**
 Living with HIV&AIDS **1.6 %**
 Literacy Rate **35.1%**
 Access to safe water **57%**
 Human Development Rank **176 (out of 177)**

Concern focuses on health, education and livelihoods in Sierra Leone. Concern Sierra Leone has matured into a country programme of substance with Concern now being regarded as an organisation of depth with valid opinions. In the last year a country strategic plan and a security management plan has been completed, the programme in Tonkolili has expanded into a new area and a strong and solid team has been developed.

Somalia

Area **638,000 sq km**
 Population **7.96 m**
 GDP per Capita **n/a**
 Infant Mortality (per thousand births) **133**
 Life Expectancy **47**
 Living with HIV&AIDS **n/a**
 Literacy Rate **n/a**
 Access to safe water **29%**
 Human Development Rank **n/a**

Somalia suffered from a combination of continuing political insecurity and natural climatic shocks. After a year of rising tensions, open warfare at the end of 2006 led to the Transitional Federal Government (TFG) and its Ethiopian allies capturing Mogadishu and the other areas previously held by the Union of Islamic Courts (UIC). Large areas of Somalia suffered heavily from drought in the early part of 2006. In the latter half of the year, severe flooding affected around 200,000 people. Concern responded rapidly to the drought situation in Bay region with a major programme of water infrastructure rehabilitation. In addition, we supported a local organisation already providing health services in Gedo region to develop a Community Therapeutic Care (CTC) component. Despite the extremely difficult access to people due to the outbreak of fighting, non-food items and plastic sheeting were distributed to some of those affected by flooding. During 2006 we continued to support local communities to develop 21 primary schools in Mogadishu and surrounding areas. As well as construction materials, the programme focuses on developing education quality.

Sri Lanka

Area **65,610 sq km**
 Population **20.5 m**
 GDP per Capita **US\$4,390**
 Infant Mortality (per thousand births) **12**
 Life Expectancy **74.3**
 Living with HIV&AIDS **<0.2%**
 Literacy Rate **90.7%**
 Access to safe water **79%**
 Human Development Rank **93 (out of 177)**

By the end of 2006 Concern and its Sri Lankan partners had completed building over 5,000 temporary houses for people who had lost their homes after the tsunami. The main impact of our work was the restoration of livelihoods primarily through small business loans and training. We also replaced almost 10,000 legal documents.

An exit strategy prepared during the Country Programme Plan (CPP) was implemented in 2006 to define priority areas with partner organisations that required strengthening at organisational and programme levels. Exit strategies were developed to avoid dependence and unrealistic expectations from partner organisations. Organisational capacity building and institutional strengthening activities built on knowledge, skills and institutional reserves that improved service delivery and minimised reliance on Concern support.

Sudan (North & South)

The Comprehensive Peace Agreement (CPA), signed in January 2005, has stimulated development in the south. Concern is helping to develop the administration in South Sudan through the provision of infrastructure (wells and boreholes, schools, health centres, government offices) and by training and mentoring Sudanese civil servants (administrators; teachers; medical staff; water, agriculture and livestock specialists). A successful HIV&AIDS education pilot program in Yirol County implemented by a local partner, MAAGY (Mobilization for AIDS Awareness in Greater Yirol), was expanded during the year. There is no sign of a resolution of the situation in Darfur. On the 5th May 2006 the Government of Sudan signed the Darfur Peace Agreement (DPA) with the largest rebel group, the Sudan Liberation Movement/Army (SLM/A) but the other two major rebel groups involved, the Justice and Equality Movement (JEM) and the SLM/A faction refused to sign and violence has continued. Concern targets an estimated 680,500 people in West Darfur State. Approximately 428,000 are Internally Displaced People (IDP's). Concern is carrying out nutrition and health projects, non food item (NFI) distributions, camp management / co-ordination, and is providing water and sanitation. Concern is also involved with initiatives to improve the protection of extremely vulnerable individuals and reduce the risks of Sexual and Gender Based Violence (SGBV) and HIV.

Area **2,506,000 sq km**
 Population **35.5m**
 GDP per Capita **US\$1,949**
 Infant Mortality (per thousand births) **63**
 Life Expectancy **56.5**
 Living with HIV&AIDS **1.6%**
 Literacy Rate **60.9%**
 Access to safe water **70 %**
 Human Development Rank **141 (out of 177)**

Tanzania

The main focus of Concern's operations in Tanzania continues to be on food security and environmental health. These two large national programmes are implemented in multiple locations throughout the country. These programmes focus on improving agricultural production and access to land by the poorest people and also improving the quality and quantity of water available in rural areas. Throughout 2006 we also continued to deliver services in the refuges camps that are home to thousands of refugees from Burundi. Activities here continued to focus on the delivery of clean water.

Area **945,000 sq km**
 Population **37.6 m**
 GDP per Capita **US\$674**
 Infant Mortality (per thousand births) **78**
 Life Expectancy **45.9**
 Living with HIV&AIDS **6.5 %**
 Literacy Rate **69.4**
 Access to safe water **62 %**
 Human Development Rank **162 (out of 177)**

Timor Leste

Timor Leste saw the post independence bubble burst and it became yet another newly independent, struggling nation rather than a UN success story. In April and May, violence in the capital Dili led to the intervention of an Australian led task force followed by the resignation of the prime minister in June. The political crisis and consequent instability had a significant impact on the ability of the Concern programme to operate normally as many staff members fled from Dili to their home districts or to IDP (Internally Displaced People) camps. Procurement difficulties forced the temporary suspension of the emergency nutrition programme in Manufahi. The Timor Leste programme adapted to the emerging context and Concern played a significant role in the humanitarian response both within Dili IDP camps and with IDPs and host families in the districts.

Area **19,000 sq km**
 Population **0.9 m**
 GDP per Capita **US\$1,033**
 Infant Mortality (per thousand births) **64**
 Life Expectancy **56**
 Living with HIV&AIDS **<0.2**
 Literacy Rate **58.6%**
 Access to safe water **58%**
 Human Development Rank **142 (out of 177)**

Uganda

Area **241,000 sq km**
 Population **27.8 m**
 GDP per Capita **US\$1,478**
 Infant Mortality (per thousand births) **80**
 Life Expectancy **48.4**
 Living with HIV&AIDS **6.7 %**
 Literacy Rate **66.8**
 Access to safe water **60%**
 Human Development Rank **145 (out of 177)**

Throughout 2006 Concern continued to operate programmes in seven locations. Activities continued in the areas of improving peoples' livelihoods and addressing the impact of HIV&AIDS. The situation in the North of the country continued to be a cause for concern and the peace process did not yield the intended results by year end. We continued to supply essential services in the numerous camps for the internally displaced. These focused mainly on the area of water delivery and good hygiene practices.

Zambia

Area **752,000 sq km**
 Population **11.5 m**
 GDP per Capita **US\$943**
 Infant Mortality (per thousand births) **102**
 Life Expectancy **37.7**
 Living with HIV&AIDS **17 %**
 Literacy Rate **68 %**
 Access to safe water **58%**
 Human Development Rank **165 (out of 177)**

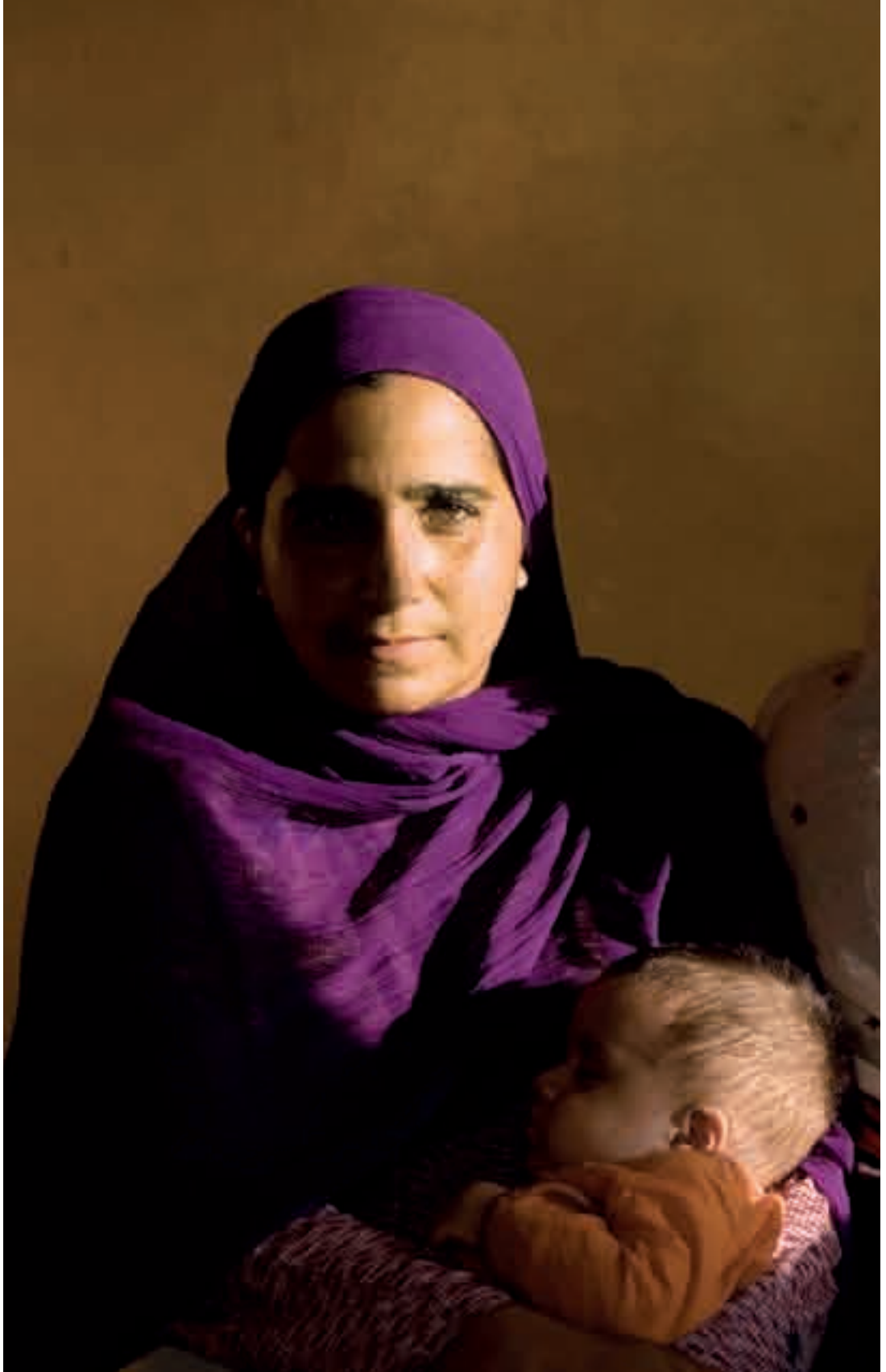
Concern has worked in Zambia since October 2002, entering the country to respond to problems of drought-related acute food security. When attention turned to the post emergency phase, Western Province was identified as the most suitable location for Concern to establish longer-term programmes in Livelihoods and HIV&AIDS. The area is distinguished by chronic food insecurity and some of the highest rates of HIV infection in the country. Within our livelihood programme three main components have been identified, supporting the small scale farmers movement, disaster risk management and social protection. Within the HIV&AIDS programme the three components focus on positive living, positive behaviour change and a multi-sectoral response coordination which targets the general population) whose needs are being addressed by different actors on the ground with the coordination of the District AIDS Task Forces (DATFs).

Zimbabwe

Area **390,000 sq km**
 Population **12.9 m**
 GDP per Capita **US\$2,065**
 Infant Mortality (per thousand births) **79**
 Life Expectancy **36.6**
 Living with HIV&AIDS **20.1%**
 Literacy Rate **90%**
 Access to safe water **81%**
 Human Development Rank **151 (out of 177)**

No major disturbances of a political nature affected our operations in 2006. In the early part of the year, Concern distributed food to more than half a million vulnerable individuals (funded by World Food Programme). The arrival of harvest saw a relative improvement in the food security situation and distributions ceased in April. Concern continued and expanded its work through the livelihoods programme to support recovery in the worst affected areas of Gokwe North, Gokwe South and Nyanga districts. Seed and fertilizer was distributed to over 20,000 households, and the number of nutrition gardens increased to 85. The Conservation Farming initiative also expanded with significant community interest, and promising results were achieved where average yields even at this early stage were more than three times higher on average than with traditional farming methodologies. This is particularly important for the most vulnerable targeted within the communities.

Four generations. Photographer: Shahidul Alam, Pakistan 2006.





Legal status

Concern is the registered name of Concern Worldwide, an Irish company incorporated under the Companies Act, 1963, which is limited by guarantee, with no share capital.

Organisation**Group Companies**

Concern's activities are carried out in association with its subsidiary, Concern Worldwide (UK). Concern has two other active subsidiaries; Concern Charity Trading Limited, which is registered and operates in Ireland, it raises funds for Concern's overseas work by carrying out retail trading and provides logistical and other support to fundraising activities; and Angkor Mikroheranhvatho Kampuchea (AMK) Limited, which is incorporated in Cambodia, and is engaged in the provision of micro credit to rural communities in that country. Concern also has one wholly owned dormant subsidiary undertaking, Africa Concern Limited.

Concern Worldwide (UK) has three wholly-owned dormant subsidiaries, Concern Worldwide (Northern Ireland), Children's Aid Direct and Trading for Concern Worldwide (UK) Charity Limited.

Branches

The work of the organisation in the developing world is carried out through branches located in the countries of operation.

Related Organisations

Concern Worldwide (US) Inc. is a related, though operationally independent, organisation based in New York which supports the mission of Concern Worldwide by providing financial and human resources for programmes, recruiting expatriate staff, and raising awareness of Concern Worldwide and its mission. Concern Worldwide (US) Inc. is not controlled by Concern and, therefore, is not consolidated in the results of Concern.

Concern remains a member of Alliance2015, in conjunction with five major European NGO's – HIVOS (the Netherlands), IBIS (Denmark), Deutsch Welthungerhilfe (German), CESVI (Italy) and People in Need (Czech Republic). The Alliance seeks to implement joint programmes, to coordinate advocacy and campaigning work, and to negotiate as a group with co-funders in areas where there is a convergence of interests.

Council members

The following were members of the Council at the date on which the financial statements were approved:

Mr. David Regan - Chairperson

Ms. Evanna Barry

Mr. Eamonn Corcoran

Ms. Anne Cummins

Mr. Paul Delahunty

Mr. Brendan Duffy

Professor David Gwynn-Morgan

Mr. Shaun Henry

Mr. P.J. Howell

Ms. Mary Humphreys

Mr. Paul Jeffcut

Ms. Elinor Jenkins

Ms. Sally-Anne Kinahan

Mr. Ged King

Mr. Tom Lavin

Ms. Mary Liston

Mr. John McCarthy

Mr. Patrick McManus

Mr. Martin Meehan

Mr. Jim Miley

Mr. Eamonn Moore

Mr. Nick North

Ms. Marie O'Haire

Mr. Tom O'Higgins

Ms. Frances O'Keeffe

Ms. Nora Owen

Mr. Mark Shinnick

Since the last Annual General Meeting, Ms. Catherine Corcoran, Mr. Mike Glynn, Mr. Joseph Heeney, Ms. Elizabeth Joyce, Mr. Frank Murray, Ms. Helen O'Connell, Ms. Margaret O'Keeffe, Mr. David Ritchie and Mr. Eamon Shields resigned as Council members, and Mr. Ged King was appointed.

Officers and Other Information

Officers	Mr. David Regan - Chairperson Ms. Evanna Barry Mr. Brendan Duffy Ms. Mary Humphreys Mr. Jim Miley Mr. Eamonn Moore Ms. Marie O'Haire Ms. Frances O'Keeffe Ms. Nora Owen
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Ms. Elizabeth Joyce and Mr. Eamon Shields resigned as Officers during 2006 and Ms. Evanna Barry, Ms. Nora Owen and Mr. Brendan Duffy were appointed.

Secretary	Mr. Jim Miley
Principal bankers	Bank of Ireland 2 College Green Dublin 2
Solicitors	McKeever Rowan 5 Harbourmaster Place IFSC Dublin 1
Auditors	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
Registered office	52-55 Lower Camden St Dublin 2
Registration no.	39647

Executive management team

Mr. Tom Arnold	Chief Executive
Mr. Paddy Maguinness	Deputy Chief Executive
Mr. Jim Hynes	Finance Director
Mr. Paul O'Brien	Overseas Director
Mr. John Maxwell	Corporate Services Director
Ms. Lyndall Stein	UK Executive Director
Mr. Howard Dalzell	Policy & Development Education Director
Mr. Anthony Brennan	Human Resources Director
Ms. Caroline Hickson	Fundraising Director

Report of the Council

The Council of Concern Worldwide presents its report and consolidated financial statements for the year ended 31 December 2006.

Overseas programmes

To achieve our mission we work in developing countries – where our programmes comprise both long term development work and responses to emergency situations - and seek to address the root causes of poverty through our development education and advocacy work. Each of these types of work is described separately below.

In 2006, Concern worked in 30 countries as follows:

Afghanistan	Indonesia	Pakistan
Angola	Kenya	Rwanda
Bangladesh	Democratic People's	Sierra Leone
Burundi	Republic of Korea	Somalia
Cambodia	Lao People's	Sri Lanka
Democratic Republic of Congo	Democratic Republic	Sudan, North and South
Eritrea	Liberia	Tanzania
Ethiopia	Malawi	Timor Leste
Haiti	Mozambique	Uganda
India	Nepal	Zambia
	Niger	Zimbabwe

Within those countries our work focused on our five core organisational programmes which comprise:

- Livelihood security
- Health
- Basic education
- HIV&AIDS programming
- Emergency response and preparedness

We estimate that 5.5 million people benefited directly from our programmes while up to 13 million were indirect beneficiaries.

The objectives, activities and achievements in 2006 together with a number of examples for each programme are set out below:

Livelihood Security

The objective of our livelihood security programme is to ensure the right of people to have food and income security in a way that is sustainable – for their future and for the environment. We aim to do this by increasing livelihood options and promoting long-term strategies to reduce the threats to those livelihoods posed by natural disasters, and other disruptions.

Concern's livelihood security programme accounted for 33% of the organisation's overseas spend in 2006. We operated livelihood programmes in 29 countries, 18 in Africa, 10 in Asia and one in the Caribbean (Haiti). The programmes targeted the poorest parts of these countries four-fifths of them were in rural areas, while one fifth targeted the urban poor.

In 2006, Concern's Livelihood security programme reached over 1.4 million direct beneficiaries and an estimated 4.47 million indirect beneficiaries.

As might be expected the programme is multi-faceted and covers a very diverse range of activities. Some of these are illustrated below:

- Concern's **natural resource management** programmes aimed to involve communities in measures to reverse environmental degradation; promote forest protection and regeneration; and improve soil fertility and water retention. For example in Sudan watershed interventions have significantly controlled soil erosion and enhanced moisture retention. These measures have been supplemented by community regulation of tree felling and avoiding bush burning. Achievements in other areas included addressing illegal logging, promoting conservation farming at national level, promoting forest dwellers' rights, achieving a reduction of 'slash and burn' techniques and dealing effectively with environmental waste.
- Measures are required at local and national levels to **improve the range of capital inputs for small farmers and their communities**. During 2006 Concern supported initiatives such as the Uganda Land Alliance to campaign for a comprehensive and a "pro poor" land policy. At local level, land tenure issues have been addressed by enabling poor farmers to secure their land titles. Agricultural programmes also address farm productivity, crop diversification and input distribution. The risks posed by crop failure are reduced by crop diversification, provision of short-maturing varieties, soil protection, irrigation measures and dyke construction.

- Developing countries are dominated by the **informal trading** sector, giving them a vibrant entrepreneurial culture. Concern has adopted a variety of measures to encourage the poor to engage in trade. These include, for the very poor, a mix of social safety nets, income generation and human and social capital development interventions; for the middle poor, providing access to capital and vocational skills development, and for the least poor encouraging the development of business skills, which can have a multiplier effect generating employment and benefiting the wider community.
- Whole communities benefit from **infrastructural development** which improves access to markets and services year round. In addition measures aimed at grassroots levels such as microfinance - a type of local credit union which can become financially self sufficient and grow independently. For example, as of December 2006 Angkor Microfinance Kampuchea (AMK), which was set up some years ago by Concern, was able to recover its operating costs from revenues. It did this by reaching higher numbers of clients (36,000 clients in 2005 increased to 67,000 in 2006, due to opening new branches and expanding in existing branches). Another example is in Bangladesh, where our microfinance programmes have increased income security and brought about an increase in assets. Out of the 18,375 group members, 12,609 members reported significant increases in their monthly income. On first joining the programme, members' earnings ranged from €0 - €11, this increased over time to €6 - €48 per month. Another example is in Haiti's capital Port-au-Prince where we work with our partner Initiative Development to provide financial support to small businesses traditionally run by women.
- In 2006, Concern worked closely with local government institutions, **increasing their capacity to operate in an open and participatory manner**. The emphasis on building the capacity of local NGO partners to use the decentralisation process has also paid dividends. An NGO partner in Cambodia was presented with the Commune Councils Support Project Award for Excellence in Promoting Good Local Governance in Rural Cambodia, alongside four other local NGOs. In Uganda, Concern continued to support local governments who are key to ensuring participation from the poor, and to improving accountability. Concern funding went towards village level planning processes, and monitoring the development of village, parish and sub-county plans so that they better reflected and responded to the demands of the communities, and became incorporated into the sub-county and district development plans. Livelihood programmes increasingly include awareness-raising on rights and laws which affect poor household livelihoods options. Lobbying was undertaken on a wide range of issues including resettlement, allocation of government budgets, industrial land concessions, forest dwellers' rights, corruption, women's rights and conflict management.
- Virtually all of our country programmes sought to promote **environmental sustainability**. In Bangladesh for example, decreases in the usage of chemical pesticides by beneficiaries and increases in use of organic fertiliser were reported. In Zambia, villagers in Mwawa are reported to have moved away from charcoal burning to cultivating home gardens.

Health

The overall purpose of the health programme is to facilitate the development of sustainable primary health care systems and practices through government and community mechanisms. The health programme consists of three main areas of activity, reproductive and child health; environmental health; water and sanitation and nutrition.

During 2006 activities were undertaken in 25 countries. In total approximately 2.8 million people benefited directly from our health programmes while an estimated 6 million benefited indirectly.

The programme covers a diverse range of activities, some of these are illustrated below:

- **Reproductive and child health** programmes were implemented in Bangladesh, Burundi, DPR Korea, Ethiopia, Haiti, Lao, Niger, Pakistan, Rwanda, Sudan, and Sierra Leone. Activities and strategies included: rehabilitation or improvement of basic health services, upgrade of health facility, staff capacity building, drugs and equipment provision, logistic support and improvement of health management; demand creation for health services: health promotion, mobilisation, campaigns, improving preventative and care seeking practices; and policy advocacy. Even though difficult to calculate, overall more than 1 million people were directly and close to 3 million people were indirectly reached. The beneficiaries were mainly women of reproductive age and children below the age of 5 years.
- Afghanistan, Bangladesh, Burundi, DPR Korea, Ethiopia, Haiti, Kenya, Liberia, Nepal, Niger, Pakistan, Sierra Leone, Somalia, Sudan, Tanzania, Timor Leste, and Uganda, are implementing programmes for improved **environmental health, water and sanitation**. Activities and strategies included: water source rehabilitation or construction, latrine construction, water management, community based water committees; hygiene and sanitation; improvement of knowledge, attitudes and practices; community sensitisation and mobilisation; training of both government bodies and local communities, including schools, also using PHAST (participatory hygiene and sanitation transformation) training. Overall more than 176,000 people benefited directly and 336,000 people were indirectly reached.
- Bangladesh, Burundi, DR Congo, Ethiopia, Haiti, Kenya, Malawi, Niger, Rwanda, Sierra Leone, Sudan, and Timor Leste implemented **nutrition** programmes. Activities and strategies included: Community Therapeutic Care (CTC) and therapeutic feeding: establishment of supplementary feeding sites, outpatient treatment centres and stabilisation centres; partnering and capacity building of staff and governmental institutions with a view to handing over the activities at some stage. The numbers of direct beneficiaries are close to one million people and almost 2.85 million people were indirectly reached. The direct beneficiaries were mainly children under the age of five years and pregnant and lactating women.

Our Child Survival programme continued in three countries, Bangladesh, Haiti and Rwanda. These programmes focus on the primary burdens of mortality being maternal and newborn care, acute respiratory infections, diarrhoea, and malnutrition. Over 596,000 women of reproductive age and children under five benefited from this programme using proven low cost interventions.





Abudho and her family are only able to avoid starvation thanks to the monthly food supplies that they receive as part of a food aid distribution organised by CIFA, which is supported by Concern Worldwide. Gideon Mendel, Kenya 2006.

Basic Education

The aim of Concern's education programme is to improve the livelihoods of extremely poor people by stimulating their demand for, and increasing access to, quality basic education. Concern works mostly within the formal sector and focuses on primary education. In some countries, Concern's education work is directly implemented by Concern staff (e.g. Somalia), but longer term development programmes are usually undertaken in partnership with local NGOs or Community Based Organisations (CBOs), and with various relevant government ministries.

During 2006 activities were undertaken in 14 countries. The number of direct beneficiaries from the education programme in 2006 was over a quarter of a million people. The number of indirect beneficiaries is estimated at one million.

The programme covers a wide range of activities; some of these are illustrated below.

In the past year, Concern's activities were very much aimed at **improving enrolment, retention and reducing the number of out-of-school children, in particular girls**. Although there are still many in-school and out-of-school factors that hinder access to and compromise quality of primary education in the countries in which we work, there is clear evidence that our efforts to target them have generated positive outcomes.

- In Kenya, in the informal settlements where Concern's urban programme takes place, our monitoring indicates that we have reached almost 6,000 children in 2006, and retention rates have increased, particularly amongst the orphaned and vulnerable. In addition a rural programme in Suba district has increased enrolment by 29% in general, and by 36% amongst girls.
- In Somalia 8,024 pupils attended Concern-supported schools (38% of whom were girls), records show an average of 93% attendance rates and retention rates are up from 17% to 24%. During the previous year, 96% of pupils completed the 4th grade of primary education.
- In Ethiopia, 87.4% of children who accessed the Non Formal Basic Education programme in 2006, moved up to the next year of a three year course, 84% of children who completed the programme enrolled in formal schools, and have been exempted from paying fees as their families are too poor.
- In Afghanistan Concern handed over a new school building in Sayab to the Afghan Department of Education, thereby benefiting a total of 2,746 children in 2006. In addition, Concern supported a total of 116 literacy classes involving 4,748 participants (52% of whom were women). Between 50% and 60% of the participants can now read, write and do simple arithmetic.

In 2006 Concern also placed heavy emphasis on **improving the quality of education provided**. Many initiatives were undertaken to further this aim.

- In Haiti, school areas were converted into more child-friendly learning places with better trained teachers and improved school environments, benefiting 30,000 pupils. In addition, 21,000 children also benefited from school health programmes, reducing health and hunger-related absences, and helping pupils to focus on learning.
- In Bangladesh, Mozambique, Niger, Sierra Leone and Rwanda we promoted the creation of school management committees which are a useful tool in improving attendance rates and education quality. These committees – involving parents, teachers and managers - have led to increased transparency in the management of schools, improved communication between teachers and parents, and other positive outcomes.
- In Sierra Leone and Ethiopia, Concern is offering innovative training for teachers and school management committee members through teacher resources centres and reading rooms. In the past year, these attempts to improve quality have benefited 20,000 primary school children in Sierra Leone and 5,795 children in Ethiopia, 50% of whom are girls.

Concern has also emphasised **building the capacities of its partners and strengthening formal sector education structures**. In 2006, for example;

- Concern provided institutional capacity building to staff within national partner NGOs in Mozambique, including specific skills training. These initiatives have so far resulted in improved organisational and financial management, effective programme monitoring and evaluation, and better communication with donors and partners. In addition, 60 provincial and district government staff have benefited from training, along with an additional 940 government staff including teachers, “school cluster” coordinators and headmasters. Government staff acquired a better understanding of their roles and responsibilities and are now more accountable. This work has also resulted in improved pedagogical supervision, school management and administration. It has also helped teachers with the new curriculum.
- In Sudan, all levels of new governmental structures have also benefited from infrastructure development and capacity-building activities.

The second UN Millennium Development Goal (MDG 2) requires the achievement of universal primary education by 2015. Concern is committed to reaching that goal and aims to make a substantial contribution towards its realisation.

HIV&AIDS Programming

Concern's policy supports the right to health, protection, education and treatment. It supports the United Nations General Assembly Special Session (UNGASS) 2006 Political Declaration goal of 'universal access to comprehensive prevention programmes, treatment, care and support by 2010, and the Millennium Development Goal targets on health.

Concern supports 24 programmes across 13 countries. The programme benefits 0.2 million people directly and a further 2.1 million, indirectly.

The range of activities is huge and is only briefly indicated below.

The **mainstreaming of HIV&AIDS** in all of our programmes has been central to the organisation's response to the epidemic. By mainstreaming we mean ensuring that we are conscious of the impact of each and all of our activities on those impacted by HIV&AIDS. In simple terms it means that we deliberately structure and carry out all of our activities so that they reduce – or at least do not increase - the impact or incidence of HIV&AIDS. To ensure that we continue to meet this objective each country office has carried out awareness raising and education sessions with all staff. Regional advisors have also been appointed to assist countries with the process. Mainstreaming is an ongoing rather than a once off process and continues to raise issues which we address in our programming.

The pandemic is increasing the need for **social protection, i.e. welfare programmes aimed at the victims of HIV&AIDS and their dependants**. It would be impossible for an organization of Concern's size to provide welfare on the scale required, however it has responded to the need in two main ways; by encouraging governments and donors to develop the necessary national welfare programmes and by implementing its own smaller scale programmes where the national ones are incomplete or ineffective. Zambia and Kenya provide examples of the two approaches.

- In Zambia the epidemic is impacting heavily on households who are finding their asset base (particularly adult labour) increasingly eroded; grandmother headed households supporting orphans are becoming more and more common. During 2006 Concern worked closely with the government of Zambia to encourage it to develop welfare programmes for those hardest-hit. These efforts were successful and are expected to result in extensive welfare programmes in 2007 and subsequent years.
- In Kenya we have introduced food and nutrition support programmes targeting the poorest bed-ridden people living with HIV&AIDS, as well as orphans and other vulnerable children.

Concern firmly believes that **education and awareness-raising** are key to slowing the spread of HIV&AIDS. During 2006 we engaged in a variety of activities to promote awareness of the epidemic e.g.

- In Kenya we engaged in community based educational activities which have resulted in a greater uptake of voluntary counselling and testing services and in greater awareness of the rights of people affected by HIV&AIDS.
- In Sudan 18,300 people have received information through community information sessions. It is planned to assess the impact of these sessions through a Knowledge, Attitude, Practice and Behaviour (KAPB) study in 2007.
- In Somalia 19,898 people, 37% of whom were female, received an information session on HIV&AIDS and the risk factors associated with HIV.

During 2006 Concern engaged in **advocacy for improved treatment and increased rights** of the victims of HIV&AIDS. This took place at both national and international level.

- In Rwanda, Concern assisted NGO partners and local government to develop advocacy strategies to create a more supportive environment for people infected or affected by HIV&AIDS.
- In Kenya we worked with local agencies to block the passage of an intellectual property measure which would have made it impossible for Kenya to manufacture or import generic anti-retroviral drugs.
- In Somalia and Sudan, Concern worked with local organisations who successfully advocated to local government and hospitals for increased focus on HIV.

Emergency Response and Preparedness

There were no major emergencies in 2006 compared to the Pakistan Earthquake of 2005 or the Tsunami of 2004. However, Concern responded to an emergency or continued to implement the emergency and rehabilitation projects already commenced in 24 countries, 13 in Africa, 10 in Asia and 1 in the Caribbean.

Concern is committed to meeting the humanitarian imperative to save lives and reduce suffering in the event of a disaster, and recognises the importance of being able to respond quickly, effectively and creatively to people unable to meet their basic needs, especially in sudden onset emergencies.

During 2006, over 61 million people were affected by conflict, drought, floods, earthquakes, tsunami and insect infestation in the countries where Concern works. We responded in a variety of ways and assisted over 1.7 million people either directly or with partners. Drought and floods were the most common emergency to which Concern responded during 2006.

- Throughout the year the deteriorating security situation in Darfur had huge implications for the 2 million people living in camps. Concern provided assistance to approximately 155,000 people in West Darfur. This response included providing shelter, education, nutrition and distribution of non food items.
- In Bangladesh, 8,470 shrimp farms and 65,230 acres were flooded affecting the lives of 1 million people. Concern provided assistance to 40,000 people with distribution of food rations and essential non food items. Flooding in Orissa in India caused destruction of crops and farmlands, loss of livestock and severe damage to roads and communications infrastructure. Concern provided shelter material to 4,000 families.
- In Ethiopia approximately 2.6 million people were affected by drought, while 400,000 people were affected by severe flooding. Our response included assisting almost 30,000 people in the Somali and Afar regions with nutrition and distribution of food, water purification tablets and non food items.
- Almost half the population in Malawi, 5 million people, were at risk due to chronic food shortages in 2006. An emergency situation was declared in three districts affecting 835,000 people. In an innovative attempt to address such situations Concern piloted, researched and documented a programme on Food and Cash Transfers, (FACT). 29,700 people were supported with cash and food for the four month hunger gap period. Towards the end of the year the programme was further developed using cash only to stimulate the local markets. 55,000 people participated in this later programme which saw further innovation with the introduction of smart card technology and mobile banks.
- In Nepal Concern provided access to an improved water supply to 1,426 households and assisted 5,190 people with latrine construction and hygiene education activities. We also implemented a 'food for work' programme with the World Food Programme (WFP) to repair and rehabilitate rural infrastructure.

- Concern's response to the Asian tsunami in 2004 focused on three countries; Indonesia, India and Sri Lanka. By the end of 2006, we had completed most of our work. This included building 5,490 temporary houses in Sri Lanka with our partners and replacing almost 10,000 legal documents. In Indonesia we completed construction of 1,094 permanent timber houses in 13 villages on the west coast of Simeulue.
- In India our work focused on livelihoods rehabilitation, mostly working with fishing and agricultural communities as they were the worst affected by the tsunami. As well as repairing fishing boats and replacing nets, we worked with agriculture and salt-pan workers, with a specific focus on the inclusion of the most marginalised communities, the Dalits.
- In Pakistan Concern provided building materials such as iron sheets, timber and tools to families who lost their homes following the earthquake in 2005. We also worked with partner agencies to provide clean drinking water, latrines and sanitation services to 23,000 families in camps in Northwest Frontier Province and Azad Jammu Kashmir.

During 2006 we continued to develop our Disaster Risk Reduction (DRR) approach. Recognising the link between poverty and the impact of disasters, and that disasters exacerbate inequity, affecting the poorest to a greater degree in that they have fewer resources to aid their recovery from the impact of crises, Concern takes the view that to have a genuine impact on global poverty, we must address emergencies in our work through the establishment of interventions that encompass preparedness, disaster mitigation, response, advocacy, and, in the longer term, recovery.

To this end, in those countries susceptible to recurrent disaster, we believe that Disaster Risk Reduction interventions should be integrated into development activities so as to strengthen communities' capacity to reduce the scale, frequency or impact of future disasters, and to enhance the capacity of these communities to respond to and recover from them.

Policy development and programme technical support

Fourteen policies have been approved since 2003, the most recent being the Equality Policy approved in December 2005. Roll out of all policies is taking place across the organisation through programme workshops, thematic workshops, advisor and management in-country support and cross country learning visits. In an organisation the size of Concern, it will take time for all countries to fully adopt and implement policies. This process will be continuously monitored.

The third livelihood workshop was held in Zimbabwe in February. This workshop focused on ensuring a common understanding of the livelihoods approach. In November the second thematic workshop on 'Support to Decentralisation' was held in Asia. This brought together key learning from work in Cambodia, Uganda and Mozambique and reviewed external practice and issues around the theme. The annual health workshop was held in Tanzania in November focusing on maternal and child health and nutrition. Regional HIV&AIDS workshops were held in four of the five regions; Central Africa Region, Horn of Africa and Southern Africa and Asia. These workshops brought together advisers and managers and further advanced programming cohesion and facilitated the sharing of experiences and lessons learned. Workshops on Disaster Risk Reduction (DRR) were held in seven countries, and Programme Participant Protection Policy training continued with five workshops held in Liberia, Angola, Zambia, Great Lakes (Burundi and DRC) and Rwanda.

Regional meetings took place for all regions and along with management issues, the programme frameworks, cross cutting themes and approaches were presented and discussed at management level.

At international level, Concern Worldwide UK, a subsidiary of Concern, organised a seminar on nutrition and HIV&AIDS on the 25th June and on the 7th July Concern hosted a seminar *Innovative Solutions to World Hunger* in Dublin. The speakers were Dr. Mary Robinson, Minister Conor Lenihan, TD, Professor Jeffrey Sachs and Tom Arnold.

Work methodologies and approaches

In 2006, Concern continued its move to a more partner-centred approach from a traditionally operational one. At the end of 2006, Concern was working with over 350 civil society partners in our countries of operation. This remains an incremental shift but is progressing apace. There has been a slow but perceptible shift to conceptualising our support to partners within the parameters of a programme approach and to ensuring that our partnerships are bound together by some common theme or focus area, while retaining their independence and ability to design and manage programmes which are appropriate to their local contexts.

Partnerships may involve Concern staff in joint operations, supporting and monitoring work, or funding local partners to deliver services. Grants paid to partner organisations contribute directly to our programmes by helping local organisations provide sustainable benefits for communities and are therefore considered part of furthering our own objectives. Concern monitors the usage of all grants in order to ensure that they are achieving their desired objectives.

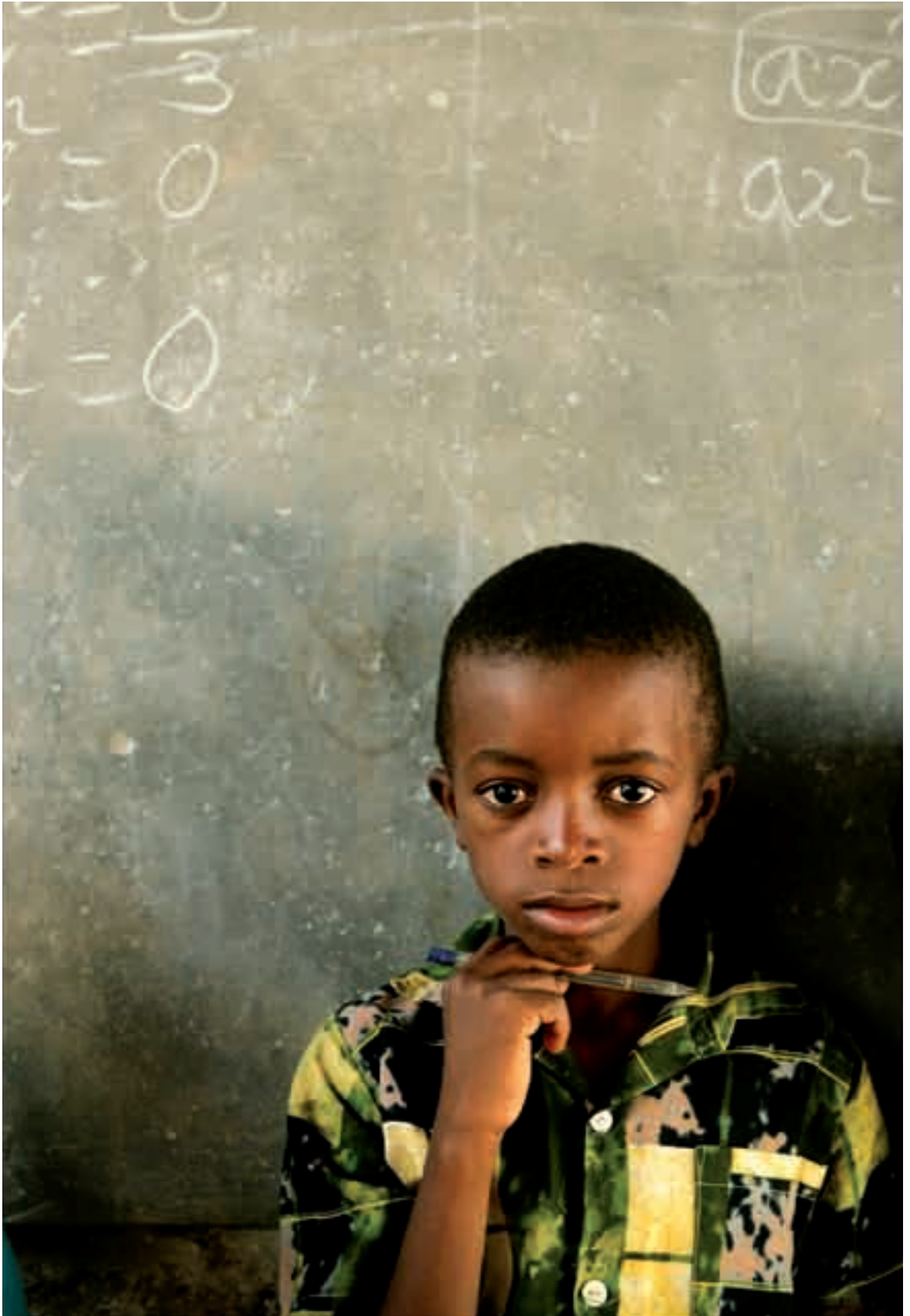
Ongoing and deepening relationships with government are presenting Concern with a number of opportunities for impacting on national policy. In many countries, Concern is moving slowly “upstream” to be more strategic in its engagements with government.

Support to good governance initiatives including decentralisation continue to be important aspects of Concern's work in Mozambique, Uganda, India, Cambodia, and to lesser extents in Rwanda, Afghanistan and Malawi. Under our health and education programmes, Concern continues to develop the capacity of government staff in relation to issues of performance management, evaluation, inspection, supervision, financial management, and HIV&AIDS awareness in various countries.



A young girl at the Concern District Development programme in Mavile Village, Ribawe District, Mozambique 2006. Photographer: Dara Mac Donáil, The Irish Times.

Miguel De Ernesto, 8 in the old school at the Concern Education Programme in Nicuta primary school, Nampula, Mozambique 2006. Photographer: Dara Mac Dónáil, The Irish Times.



Doing the groundwork.

In a southwest coastal region of Bangladesh five years ago, Concern began a project to help a local NGO protect and diversify livelihood options. As the project began, Shushilan had no policies or guidelines in place. As the project progressed its organisational capacity gradually developed.

Having started out with a few unskilled and inexperienced staff, there was a distinct lack of planning and monitoring, or a clear vision and mission. The links with service providers were feeble or – in many cases – non-existent. Concern assisted Shushilan to develop policy guidelines, train staff, manage its finances, develop its administration and human resources, as well as its planning and monitoring skills.

Shushilan's mission and vision are now clearly defined, as is its strategic plan. Shushilan has now emerged as one of the most prominent NGOs in the southwest coastal region and enjoys an impressive reputation in the community, helping it to attract donors.

Before the five-year project began, Shushilan's working areas numbered five – these have now been expanded to 167. Beneficiary numbers have gone up from 10,500 to 150,000. Through its 10 offices (compared to 3 in 2002), Shushilan now runs 11 projects (compared to three in 2002). Its financial equity is now at an astounding Tk 66,647,619 (previously Tk 4,569,142), partly due to having attracted 13 external donors.

Better seed means better crops.

Namthoung village consists of a little over 400 people and is a target village of the Concern livelihoods programme in Bokeo province. Like most of the villagers, Mr. Chanthone Keomanee, is a farmer. He is 29-years-old and has a wife and two children aged 4 and 5. He is a Lamet, one of two ethnic groups in the village. Chanthone has very little rice paddy.

The hills surrounding his village restrict expansion of rice paddy land and his best option is to increase the productivity of the small parcel of land that he owns. On his small rice plot, last year Chanthone sowed 10 kg of rice seed which yielded about 210 kg of rice. This was not enough to feed his family and they relied upon upland rice farming and collecting forest products to pay for the rice they needed. When he could not find enough money he had to borrow which he repaid with interest.

With support from a Concern sponsored project, Chanthone volunteered to “trial” a new rice variety and planting technique. He learned how to prepare organic fertilizer from items available in the village as well as how to maintain water levels in his paddy land. New seed was provided by the project and in one month it yielded 284 kg of rice. In addition it only took two days to prepare and sow compared to one week for the old variety. With his brother, Chanthone also requested dry season rice so that he can grow two crops on the same plot of land during one year. As a result he expects that he will produce enough rice to last the whole year. This means that he won't have to go into debt and expects to have more money to spend on the needs of his family.

Chanthone is pleased that he doesn't have to find plants and herbs in the forest now. He has more time to spend on his new role as a volunteer literacy teacher for villagers who can't read and write. He picks up a little extra money from that work each evening and is happy that he has found ways to help others in his village.

Activities to raise voluntary income

Following the outpouring of public generosity in 2005 for three major emergencies, the Asian tsunami, the Pakistan earthquake and the food crisis in Niger it could have been expected that fundraising in 2006 would have been more difficult. However, the level of support for our ongoing work is the clearest evidence that donors support Concern's endeavours to empower the very poorest people in the world, and to help meet the Millennium Development Goals. In 2006, we raised €64.1 million, our expenditure to raise this money was €13.5 million, realising a net fundraising total of €50.5 million.

Committed giving continues to be one of the most important income sources for the organisation. Each month in 2006, more than 155,000 people in Ireland and the UK made a donation to Concern through their bank accounts, contributing a total of €22.2 million. In December alone, donations reached a monthly record of €2 million. As always, the expenditure on marketing campaigns to recruit committed givers is reflected in the year in which we spend the money, while the income is received over a number of years. In line with results from previous years, 2006 expenditure is expected to raise over €3 for every €1 spent. This dependable source of income is the absolute mainstay of our work and we are immensely grateful to everyone who has committed to support us in this way.

In 2006 we also saw an increase in legacies. In total we received €4.3 million, the highest legacy income in Concern's history. With these funds, we aim to carry out the wishes of those who bequeathed them to improve the lives of the poorest people in the world.

Individuals, community groups, schools, companies and company staff were hugely energetic and tremendously generous. Special appeals were generously funded by our donors. Our Christmas appeal raised over €1.5million towards the rehabilitation of villages in war-torn Congo. We raised money to help communities build schools in Ethiopia and for essential food and water projects across Africa. Many chose to give Christmas gifts from the *Concern With Love* catalogue, ranging from donkeys to water pumps. This campaign contributed significantly to our five global programmes; education, livelihoods, HIV&AIDS, health and emergencies.

During 2006 Irish primary and secondary schools contributed substantial amounts to Concern. The Concern FAST raised €1.2 million and trekkers, walkers, singers, coffee morning hosts and a myriad of other energetic supporters, including Trampoline and Karate clubs, who contributed their talent and effort, raised vital funds. Our dedicated Church Gate and Christmas Collection organisers continued their efforts in 2006 with the Concern Wicklow Group celebrating 25 years of supporting Concern.

Corporate donors were also very generous during the year. Depfa Bank continued its extraordinary support, sponsoring initiatives as diverse as making small loans to people in Cambodia, to helping local government plan more effectively in Mozambique. Many companies and their staff provided support through payroll giving. Among them, the Health Services Executive Mid-Western Area is helping fund an education programme in Mozambique, while Bank of Ireland staff funded a variety of projects such as bridge building in Ethiopia, water in Cambodia and education in Afghanistan.

Each year more people are electing to donate to Concern online. This is a wonderfully cost-effective way to support us as it cuts out administrative costs – web donations go straight from the donor into Concern's bank account. In 2006 we received close to €1.5 million through our website. The web allows us to keep supporters up to date with what their money is funding. Each month we sent out an e-update. New media allows our supporters not just to read about the work, but to see and hear it, through video and recorded interviews.

Concern fundraising offices in the UK and Ireland continued to work closely together, deriving great benefits, and saving money, through shared initiatives as well as shared learning. The UK fundraising team continued to build the recognition of Concern in Great Britain, while Northern Ireland supporters provided, as always, a bedrock of support.

Each year, we continue to be humbled by the generosity and commitment of our supporters. Unlike many other non governmental organisations, Concern is more than 50% funded by public donations. This gives us the independence and flexibility to provide help where it is most needed, no matter how logistically difficult or politically challenging.

Each and every one who supports our work is part of our success, and with your continuing support, we will continue to succeed.



At the Concern seminar to discuss Innovative Solutions to World Hunger Dr. Mary Robinson Director of Realizing Rights, Mr Tom Arnold CEO Concern, Reverend Diarmuid Martin, Archbishop of Dublin and Professor Jeffrey Sachs director of the Earth Institute at Columbia University. Photographer Robbie Reynolds.



Photographer Uwe Ommer and Dermot Ahern, TD, Minister for Foreign Affairs, at the opening of Building Unity through Diversity photographic exhibition in Merrion Square, Dublin. Photographer Robbie Reynolds.



Launching the Concern Fast 2006 were Ian Dempsey Today FM, Shane O'Donoghue RTE 2FM and Ursula Halligan TV3. Photographer Robbie Reynolds.



Emma Dolan; Fiona Reid; Rozann Purcell and Conor Lenihan, TD, Minister for Overseas Development Aid and Human Rights at the launch of Global Action Week. Photographer Lizzy Noone.



In 2006, Proinsias De Rossa travelled with the Stop Child Labour campaign to Concern's partners MV Foundation in Andhra Pradesh, India. He is pictured here with students of the Alur bridge school in the Ranga Reddy district. Photographer Lizzy Noone.

During 2006 we began to implement recommendations arising out of the evaluation of the Concern Development Education debates competition for secondary schools in Ireland.

The evaluation told us that the debates were highly valued by students, parents and teachers. We appointed a dedicated debates officer who works closely with teachers and students. This year the debates brought us into working directly with more than 2,000 students, responding directly to more than 1,100 requests for information, organising 300+ debates and conducting talks and workshops with more than 100 schools.

The 2005-2006 national final was a memorable affair, with radio presenter and TV rugby pundit George Hook in the chair. Both teams, Gort Community School, Co. Galway and Presentation Secondary School, Thurles, Co Tipperary, shared the title and the prize including a visit to Concern's work in Haiti.

During the year we also piloted the *Global Challenge*, a table quiz on development for Civil Social Political Education and Transition Year students. Feedback from students was so positive and enthusiastic that we plan to host events across the country over the next few years.

We compiled two further resource packs – *Combating Desertification* and *Give Credit to the Poor*.

The *Stop Child Labour, School is the best place to work* campaign continued. With financial support from the EU we will be running the campaign over the next 3 years, targeting consumers and asking them to 'Look behind the label' of the products they purchase to ensure that no child labour is involved.

A second and related campaign which we have been heavily involved in is the **Global Campaign for Education**. We work closely with the Irish Congress of Trade Unions, the teachers' unions, Action Aid and Oxfam in raising awareness and engaging in advocacy opportunities at national government and EU levels.

The development education unit has worked closely with several key groups in Ireland to engage increasing numbers of people in issues related to development. We currently have five key partner groups; **8020 Acting and Educating for a better world**, **Suas** (raising awareness on development with Third Level students), **Just Forests**, the **National Youth Council of Ireland** and **Fairtrade Mark Ireland**. Concern also provides financial and technical support to eight other campaign and development education groups in Ireland.

Concern played a leading role in formulating the Dóchas Code of Conduct on Images and Messages, a voluntary agreement on how non governmental organisations present their work in public at home and abroad. Concern staff continued to serve as government appointees on the **Development Education Advisory Committee**, as well as being members of the Dóchas **Development Education Group**, the **National Youth Council DE advisory group**, the **Irish Development Education Association Council**, and providing a board member to **Fairtrade Mark Ireland** and several other groups.



Dertu Jarso carries one of her two children back to their typical Gabbra nomadic shelter. Photographer: Gideon Mendel, Kenya 2006.



“I am glowing with the thought of food.”

Ilo Jarson, a 30-year-old pastoralist, draws her red veil tightly around her skinny taut body, as she squats in Kalacha's village square. A feisty, attractive woman, a single mother, you get the sense that Ilo now sees her life as a series of extreme negatives and diminishing numbers.

Despite a food-for-work programme organised by local NGO, Cifa in partnership with Concern to clear the land of rotting carcasses, the red stony earth is strewn with bleached animal bones and more recent victims of the drought. Cattle were the first to weaken and die; now most of the goats and sheep are reported dead. Today, even the camels are dying - a bad omen in itself, say the pastoralists.

Once Ilo Jarson had three camels, ten donkeys and 500 shoats - a generic term for goats and sheep. Now all she has left is five goats and a donkey. She used to take her animals to market in Nairobi, for about £400, once every year. Now she wonders if her pastoralist way of life is over. It is two days since she ate anything at all.

Hunger at its most severe, says Ilo, invades every part of your body and your mind. Sometimes it creeps through your limbs leaving you so weak and dizzy, you can't do the most essential tasks - collecting water or firewood. At other times, it affects you more lethally so that your mind is full of desperate thoughts.

Ilo chews vigorously on a small piece of bark, and pulls her cloth around her tightly. At times, she says, when her stomach is particularly distended from hunger she'll tie a belt tightly around herself. The effect, she says, isn't just to pull in her stomach, but it has the benefit of easing her hunger pangs for a short time.

Ilo refuses to indulge in any self-pity. "There are those far worse off than me," she says pointing at the row of women sitting in the shade of the village's main meeting house.

The group comprises the elderly, pregnant and nursing mothers, their bodies all weakening through lack of appropriate "good, soft" food. "I have seen old people weakening, their bodies swelling and dying," she says. "But I am relatively healthy. I don't want to blame God but this drought has become a serious disaster."

Starvation is not, itself, a direct cause of death but it can weaken resistance to tuberculosis or malaria, which then usher in the final executioner. Starvation also brings on anaemia, with the baffling symptoms of severe wasting as well as swelling of limbs. Ilo tells of her 60-year-old neighbour whose legs had swollen so much she could no longer walk. The rest of her was weak and skeletal from severe diarrhoea, and so she wasn't expected to last the week.

On her third day without food, Ilo's fast is broken with Cifa's food distribution. While pastoralists loathe hand-outs, Cifa's food aid is not only a life-saving operation but it is also saving good cultural practice. Restocking, says Concern, is being planned, which would save lives as it simultaneously salvages cultural dignity and tradition.

And today, in the centre of Kalacha, Ilo and the other women sit waiting for their number to be called. The food is distributed exclusively to the women because it is recognised that the men's ideas of sharing could include giving the food aid to their girlfriends, and using maize corn to make local brew.

"I am glowing with the thought of food," beams Ilo when her turn comes for her beans to be measured.

Ann McFerran in Kenya

The Independent

Progress was made during 2006 in developing Concern's advocacy programme. It was decided that the priority focus for Concern's international advocacy work in the coming years will be hunger and emergencies. This will build not only on the core work being done in our programme but on the considerable high level advocacy work done on both topics, at national and international level, in recent years.

Concern's approach to advocacy in emergencies may be considered to fall into two key areas; advocacy in relation to specific emergencies and advocacy on the rapidly evolving international humanitarian reform process.

Important programme work on hunger done during 2006 included the promotion of CTC as the most appropriate intervention for dealing with acute malnutrition and advocating for its increased use at national and international level. Our programme in Southern Africa included innovative work on developing strategies to tackle the triple threat of food insecurity, HIV&AIDS and weak governance was assessed as were food and cash transfers as a mechanism of social protection. This work was rigorously evaluated, its results widely diffused and it may form the basis for advocacy recommendations in the future.

The advocacy strategy on hunger will be further developed in early 2007. It will be informed by our experiences in the field and research will be conducted in a number of programme countries. It will seek to influence international policy and practice on a number of hunger-related issues, in a coordinated way using the resources of Concern Worldwide in Ireland, Concern UK and Concern US. The development of a strategic partnership with the International Food Policy Research Institute (IFPRI) should assist in this.

On specific emergencies such as Darfur, the Horn of Africa and Zimbabwe, our advocacy positions are determined by our experience on the ground. We may or may not take public advocacy positions depending on circumstances within countries and on judgements made about the implications of public statements on the continuation of our work and the security of our staff.

As already outlined, Concern played a significant role in shaping debate about the future of international humanitarian policy during 2006. The future nature of European humanitarian aid policy will be a key area of consideration for us in 2007.

In October 2006 Concern participated in the global world record "Stand Up Against Poverty" when more than 14 million people joined together in a symbolic gesture of solidarity with the poor. Several thousand of Concern staff and partners participated in countries of operation as diverse as Niger and Bangladesh, as well as in the headquarters cities. Additionally Concern staff and partners participated in the CIVICUS (Worldwide Alliance for Citizen Participation) global assembly, and prepared for the first formal Concern participation in the World Social Forum which took place in Kenya in January 2007.

In 2006 Concern continued to ensure that programmes work for the vindication of the rights of those living in extreme poverty. Our interventions attempted to address the underlying causes of poverty, with the ultimate goal of furthering our mission of eliminating extreme poverty.

The work of Concern India aimed to move beyond the protection, entitlement and promotion of rights to look at the fulfilment of these rights. One result has been that during 2006, partner initiatives directly involved individuals and community members in direct advocacy.

In Cambodia, 2006 was marked by efforts to improve the advocacy capacity of staff and partners. Concern's programme staff received training in advocacy and Rights Based Approach (RBA) in development. In Liberia, a local partner provided RBA in development training for Concern programme staff and local development organisations in their programme areas.

In Kenya, the priority focus is on education, working towards the realisation of the right to education for marginalised groups. The education programme was also the focus of advocacy in South Sudan during 2006 where Concern was an active member of the education sector forum.

Events

During 2006 Concern promoted the **Building Unity through Diversity** event which consists of an outdoor photo exhibition from photographer Uwe Ommer's book '1000 Families'.

Together with Suas, a series of seminars were held as well as a family day in Merrion Square, Dublin where the exhibition took place. In 2007 the project will be taken to Cork. Concern have entered a 3 year partnership which is part funded by the European Union.

Concern's **African Village** visited five locations in 2006 including the Balmoral Show in Belfast and the National Ploughing Championships in Carlow. The innovative awareness raising exhibition consists of three large African-style huts, each highlighting aspects of Concern's emergency and long term development work overseas. This village gave Concern the opportunity to thank the public for their consistent support, and to give people a vivid and realistic insight into overseas work.

Review of financial outcome 2006

The financial outcome for 2006 is set out in the 'Consolidated Statement of Financial Activities'.

Income

The organisation's total income in 2006 exceeded €121.7 million, a record for the organisation. This total was derived from three main sources: monetary grants from governments and institutional donors, donations of commodities and services and, monetary donations from the public.

Grants

Concern received a total of €47.5m million in grants from governments and institutional donors in 2006 – see note 1 to the financial statements for details. This represents an increase of 24% on 2005 and is the highest achieved to date by the organisation. The Irish Government accounted for most of the increase and was by far the largest single donor accounting for 57% of this income source. This reflects the Irish Government's ongoing commitment to expanding its overseas aid programme and to channelling significant amounts through NGOs. During the year the organisation signed a new Multi Annual Programme Scheme (MAPS), agreement with the Irish Government which covers the next five years thus ensuring continuity of income for ongoing development programmes. Grant income from other governments and co-funders was broadly in line with expectations.

Donated commodities and services

Commodities donated to the organisation and distributed as part of its relief programmes were valued at €8.9 million in 2006, a substantial increase from 2005. The main reason for the increase was the resumption of large food distribution programmes in Zimbabwe where the organisation distributed foodstuffs provided by the World Food Programme.

Public donations

Income from public donations in Ireland and UK reached €64 million – see note 1 to the financial statements. This total represented a fall of 15% on 2005 mainly because there were three very large emergencies in 2005 which elicited a huge response from the public; the Asian tsunami disaster, the Niger food crisis and the earthquake in Pakistan, while no new emergencies occurred on a similar scale in 2006. The fall is most apparent in income derived from Public Appeals and income from the Disasters Emergency Committee in the UK, both of these sources being strongly influenced by the level of emergency activities.

Receipts from the other categories of donation income were broadly satisfactory. We were particularly happy with the growth in legacy income and with the fact that committed giving now constitutes a significant portion of total income.

Expenditure

Our total expenditure for the year was €128.2 million, made up as follows:

	€'m	%
Charitable expenditure	113.5	88.6%
Fundraising (including trading)	14.0	10.9%
Governance	0.7	0.5%
	<u>128.2</u>	<u>100%</u>

Total expenditure on charitable activities in 2006 was €113.5 million, compared to €95.4 million in 2005. This is by far the highest total ever achieved by the organisation and reflects increases in the scale of our development work as well as ongoing emergency responses undertaken in 2006. Details of the work carried out are set out in previous sections of this report.

The cost of generating voluntary income for 2006 totalled €13.6 million, a 0.5% increase from the 2005 level. Most of the increase is attributable to increased campaign expenditure and related support costs.

Governance costs for 2006 amounted to €0.7 million (2005:€0.5m), or 0.5% of total expenditure. The increase relative to 2005 was largely due to the ongoing development of the internal audit and risk management function.

The Council adopts a number of key performance indicators in order to measure the groups financial efficiency. The most important relate to efficiency of fundraising. Return on fundraising expenditure is benchmarked against sectoral standards for each major type of fundraising activity. Long term targets are set and performance is evaluated against same. In addition, considerable attention is paid to the level of support costs relative to charitable spend. Performance was generally considered to be satisfactory in 2006 though we continue to try to maximise efficiencies.

Reserves and financial position

It is Concern's policy to retain only sufficient reserves to safeguard the continuity of its overseas operations, thereby committing the maximum possible resources to its current programmes.

The total reserves of €38.9 million at 31 December 2006 are detailed in note 19 to the financial statements and fall into two categories:

- Restricted funds (€13 million); these funds are tied to particular purposes, which arise because of restrictions on their use imposed by the donor at time of receipt or because the funds were collected through a public appeal to raise money for a particular purpose. It is the organisations policy to fully apply such funds for the purposes for which they were donated as quickly as possible. We expect that most of the restricted funds held at the balance sheet date will be fully utilised in 2007.
- Unrestricted funds: these are of two types:
 - Designated funds (€25 million); these are unrestricted funds which have been allocated by the Council for specific purposes and which are as a result not available for general usage. At the end of 2006 funds had been designated for three specific purposes as follows;
 - to cover the 2007 budgeted deficit.
 - to recognise that a portion of reserves is invested in the charity's fixed assets and is not therefore available for other purposes.
 - to ensure the continuity of operations in the event of a temporary downturn in income.
 - General unrestricted funds (€0.9 million); these represent funds which are available for the general purposes of the charity.

Council reviews the level of reserves held periodically. The last review was done in conjunction with the approval of the 2007 budget. At that time it was agreed that; the restricted reserves should be utilised as soon as reasonably possible; and that the 2007 expenditure plans were expected to bring the unrestricted reserves to their optimum level.

The Council believe that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason the Council continues to adopt the 'going concern' basis in preparing the accounts.

Financial results of subsidiary companies

In addition to the parent company, during 2006 there were three active subsidiary companies within the group:

- Concern Worldwide (UK) which engages in fundraising, development education and advocacy work in the United Kingdom. 2006 was a successful year for this company, producing substantial net income for group activities. The year-end position of the company was satisfactory and it is expected to continue trading for the foreseeable future.
- Concern Charity Trading Limited which engages in retail trading in order to generate income for overseas work. During the year the group decided that it would discontinue its retail operations. This decision is currently being implemented, two of the three shops have already been closed and the transfer of the remaining unit is expected to take place in 2007. Once that process is complete the trading company will become dormant.
- Angkor Mikroheranhvatho Kampuchea (AMK) Limited, which is incorporated in Cambodia, and is engaged in the provision of micro credit to rural communities in that country. This company is operated as part of the overseas work of the group rather than as one which is expected to generate substantial profits. The results for 2006 were considered very satisfactory and the company is expected to continue to operate for the foreseeable future.

As explained in note 23 to the financial statements, apart from the parent company and the above subsidiaries there are four other companies within the group. None of these four were operational in 2006, nor did they have material assets or liabilities at the balance sheet date.

Investment policy

The bulk of Concern's liquid reserves are placed in short term interest-bearing deposits, with maturity dates designed to satisfy Concern's cash flow requirements; these deposits are placed with financial institutions authorised by Council, with investment thresholds determined by the ratings of each financial institution.

In addition to its deposits, the organisation maintains an investment with Irish Life Investment Managers. The investment is held in a fund which comprises primarily equity. The investment managers are required to apply ethical screening when making investment decisions; for example they may not invest in companies with significant interests in armaments, gambling, tobacco or other activities which are inconsistent with the values and objectives of the organisation. The performance of this investment proved disappointing in previous years, however in both 2005 and 2006 it increased in value thus bringing it to €1 million above its original cost. The group expects to liquidate this investment in 2007.

As explained in note 18 to the financial statements, the organisation has ongoing obligations to two incapacitated ex staff members. During 2006 the Council decided to make investments to fund these obligations. A total of €0.6 million was approved for investment in two managed funds which were chosen to provide a high level of security, reasonable rates of return, and, good prospects for capital appreciation. At 31 December 2006 the investments were held as liquid deposits. They were invested in the managed funds in early 2007 and transferred to a discretionary trust for the benefit of the individuals concerned.

Governance

Concern as an incorporated organisation is governed by its Articles and Memorandum of Association. A Governance Review was conducted by the Council of Concern in 2004 and 2005 in order to ensure that the governance arrangements in place, continued to be in line with best practice and are the most appropriate given the growth in the size of the organisation. The review and its recommendations focused on membership development, the structure of Council and its committees and how Council can best meet its responsibilities.

As a result of the recommendations of the Governance Review, the articles and Memorandum of Association for the organization needed to be amended. The amendments were approved by the Revenue Commissioners and Companies Registration Office (on behalf of the Minister for Enterprise Trade and Employment) before being formally approved and adopted at the 2006 Annual General Meeting.

Financial risk management policies, objectives and strategies

The group's financial instruments comprise investments, cash and liquid resources and a small amount of borrowings arising directly from the group's operations. The group does not trade in derivatives or other financial instruments in the ordinary course of business. The main risks arising from the group's financial instruments held are credit risk, interest rate risk, market risk and liquidity risk. The group's management reviews and agrees policies for managing each of these risks and they are, broadly, as follows:

- *Credit Risk.* Credit risk is the risk that the financial institution in which the liquid investments and cash at bank and in hand are held may default on the cash deposits. This is managed by the group by ensuring that all funds held are spread in reputable institutions and the deposits are held across a number of financial institutions.
- *Interest Rate Risk.* Interest rate risk exists when assets and liabilities attract interest rates set according to different bases or which are set at different times. As the group has minimal interest bearing liabilities and holds only short term deposits, the group interest rate risk is perceived to be low.
- *Market Risk.* This is the risk of financial loss from changes in market prices of financial instruments, typically from the movements in interest rates, foreign exchange rates and equity prices underlying certain group investments. Policy responsibility for the management of market risk lies with the Finance Director and this is managed by adhering to clearly defined policies and investing in ethical and reputable investments only.
- *Liquidity risk.* Liquidity risk is the risk that the group will be unable to meet financial commitments arising from the cash flows generated by its activities. This risk can arise from mismatches in the timing of cash flows relating to assets and liabilities. The group's liquidity is managed by ensuring that sufficient cash and deposits are held on short notice, and by retaining sufficient reserves to cover short term fluctuations in income.

Council members, all of whom are non-executive, continue to be drawn from diverse backgrounds, and bring a broad range of experience and skills to Council deliberations. They are elected on a rotational basis for a term of three years at the Annual General Meeting. One of the amendments that was made to the Articles of Association was to reduce the maximum number of Council members from 35 to 24 by 2009. As a result of this amendment, the number of Council places is being reduced at each AGM, in order to bring the maximum number of places down to 24 by 2009.

There are clear distinctions between the roles of Council and the Executive Management Team to which day to day management is delegated. The principle that 'management proposes' and 'Council decides' and 'management implements' and 'Council monitors', forms the basis of Council and the Executive Management Team interaction. Matters such as policy, strategic planning, and budgets are prepared by the Executive Management Team for consideration and approval by Council. The members of Council cannot under the Articles and Memorandum of Association governing documents, receive remuneration for their services as council members to Concern and may only be reimbursed for incidental expenses claimed.

The number of Committees of Council has increased to five, following the recommendations of the Governance Review. *Officers* who along with the Chairman, act on behalf of Council between Council meetings; *Finance* which monitors the organisation's financial systems and policies; *Audit and Risk* which monitors the audit and risk management systems; *Membership Development* which is reviewing the role and involvement of Concern's Members and *Monitoring and Evaluation* which monitors the quality of Concern's humanitarian work. Membership of the Finance, Audit and Risk, Membership Development and Monitoring and Evaluation Committees frequently includes specialists who are not members of the Council, but who volunteer to use their expertise to assist the committees on an ongoing basis.

Risk management and internal control

The organisation has established a comprehensive risk management process in order to identify and rank all of Concern's significant organisational risks, how these are managed and how they are reported and monitored. The Risk Manager is responsible for reviewing the risk management process and annually reporting findings to Council. He works closely with the Internal Auditor to ensure that the internal audit programme, which is risk based, reflects the outcome of the risk management process.

The major risks to which Concern is exposed as identified by Council have been ranked by likelihood and impact. Appropriate systems and procedures are in place to manage these risks and provide reasonable, but not absolute assurance against occurrence. The main risks identified, together with the methods adopted to manage them are summarised below and have not significantly altered since prior year.

- *Governance risk*; The organisation needs to ensure that appropriate corporate governance structures and practices are in place, to reduce the risk of organisation failure and support the long term survival and success of Concern. Council regularly reviews the policies and structure of the organisation in order to ensure that they meet accepted good governance standards.
- *Continuity of funding*; The organisation has no guaranteed income. If it is to continue its work it is entirely dependent on the goodwill of the public and on the relations it builds with governments and co-funders. In order to reduce the risk of significant fluctuations

in income the organisation aims to maintain geographically diverse sources of income, to foster public commitment to the developing world and to maintain good relations with institutional donors. It has also set aside a portion of reserves to reduce disruption in the event of a temporary fall in income.

- *Effectiveness of expenditure*; The organisation needs to be able to demonstrate that it is able to use resources effectively in order to achieve lasting results. Extensive systems have been put in place to monitor the quality of programme work.
- *Staff behavior & staff security*; Many of the environments in which we work are insecure and many more have cultures which differ in significant ways from our own. If the organisation is to work effectively its staff must build effective, lasting relationships with local communities. The organisation has developed codes of conduct and other procedures to guide staff in appropriate behavior, it has also put detailed security guidelines in place where needed.
- *Fraud or error*; Significant errors or fraud could severely damage the organisation reputation as well as resulting in the loss of resources. The organisation has developed detailed financial management and reporting systems to mitigate this risk.
- *IT security and continuity*; In common with many organizations we are dependent on information which is stored electronically, the loss or damage of these systems would severely disrupt operations. The organisation has developed detailed IT policies and procedures designed to counter this risk.

Many of the above risks are further heightened given the difficult nature of communications, institutional, and financial infrastructure in some parts of the world where Concern operates.

Council is however satisfied that systems are in place to monitor, manage, and mitigate Concern's exposure to major risks.

Staff and volunteers

Concern is dependant on a network of volunteers for many of its fundraising and development education activities. During 2007 the organisation hopes to strengthen the engagement of volunteers through new mechanisms whereby they can participate in the work and activities of the organisation.

The organisation acknowledges with gratitude the work of its staff and that of its volunteers at home and overseas, in 2006. The major achievements during the year are due to the dedication and belief of all of these people.

Concern is an equal opportunities employer. The aim of its equal opportunities policy is to ensure that all people receive equality of opportunity regardless of gender, race, religion, disability, nationality, marital/family status or sexual orientation.

Political contributions

There were no political contributions in 2006, hence no disclosures are required under the Electoral Act, 1997.

Post balance sheet events

There have been no events subsequent to the year end which require any adjustment to or additional disclosure in the 2006 financial statements.

Accounting records

The Council members believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at the group's registered office in 52-55 Lower Camden Street, Dublin 2.

Auditors

The Auditors, KPMG, have agreed to continue in office under Section 160 of the Companies Act, 1963. A resolution proposing their reappointment will be put to the Annual General Meeting.

Looking ahead

In 2007, we will continue to implement the organisational Strategic Plan which will be the key organisational document providing direction to Concern up to 2010. This plan commits us to the following organisational objectives:

- We aim to grow the scale and quality of our programmes while remaining in the current number of countries (approx. 30). We have set a target of increasing spending on our overseas programmes by 10% per annum over the period of the plan.
- We re-confirm our commitment to focus on the five sectors adopted as core programmes in the last plan; livelihood security, primary health, primary education, emergency response and HIV&AIDS.
- We will strive to attain the highest possible programme standards in each of the five organisational programmes and will specialise in aspects of each, based on evidence of what works best and has the greatest impact on poverty.
- We will strive for greater integration and coherence between our programme work in the field and our fundraising, advocacy, communications and development education.
- We will seek to use the opportunities which information and communications technology and the digital revolution provide, both in our programme work and in communicating that work to our public and to policy makers. We intend to make a strategic investment in this area.
- We will develop an Active Citizenship programme in our donor countries to build long term support among our members, supporters and the wider public for our mission of ending extreme poverty.

While the organisation is proud of its achievements we recognise that much remains to be done. With the help of our supporters, we will continue to work with the most vulnerable people in the world, to create real and lasting changes in their lives.

On behalf of Council

David Regan
Chairperson

The Council members are responsible for preparing the Council report and financial statements in accordance with applicable law and regulations. Company law requires the Council members to prepare group and parent company financial statements for each financial year. Under that law the Council members have elected to prepare group and parent financial statements in accordance with generally accepted accounting practice in Ireland, comprising applicable law and accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the surplus or deficit of the group for that period.

In preparing each of the group and parent company financial statements, the Council members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Council members are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the parent company which enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Council members are also responsible for preparing a Council report that complies with the Companies Acts 1963 to 2006.

The Council members are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of Council

David Regan
Council Member

Brendan Duffy
Council Member

We have audited the group and parent company financial statements ("the financial statements") of Concern Worldwide for the year ended 31 December 2006 which comprise the Consolidated Statement of Financial Activities, Consolidated and Company only Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of council members and independent auditors

The company's Council members are responsible for preparing the report of the Council and the group financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), as set out in the Statement of Council Members' Responsibilities on page 65.

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 Companies Acts 1963 to 2006. We also report to you whether, in our opinion, proper books of account have been kept by the company and whether the information given in the Report of Council is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the parent company financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information regarding Council members' remuneration and transactions is not disclosed and, where practicable, include such information in our report.

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

Basis of 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

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 that 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 Generally Accepted Accounting Practice in Ireland, of the state of the group's and parent company's affairs as at 31 December 2006 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2006.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Council report is consistent with the financial statements.

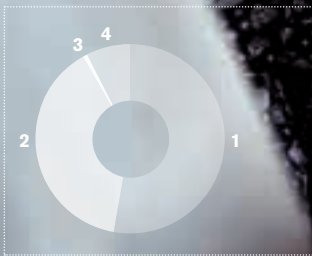
KPMG

April 2007

Chartered Accountants
Registered Auditors

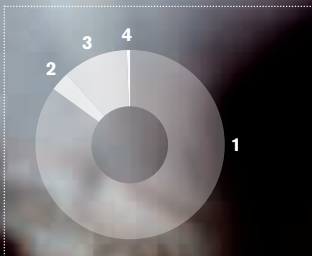


Girl in a madrasah near Muzaffarabad. Shahidul Alam, Pakistan Aug 2006.



Where our income came from

	%	€'m
1 Income from fundraising activities	53%	64.3
2 Grants from governments/co-funders	39%	47.5
3 Other income	1%	1.0
4 Donations in kind	7%	8.9
Total received	100%	121.7

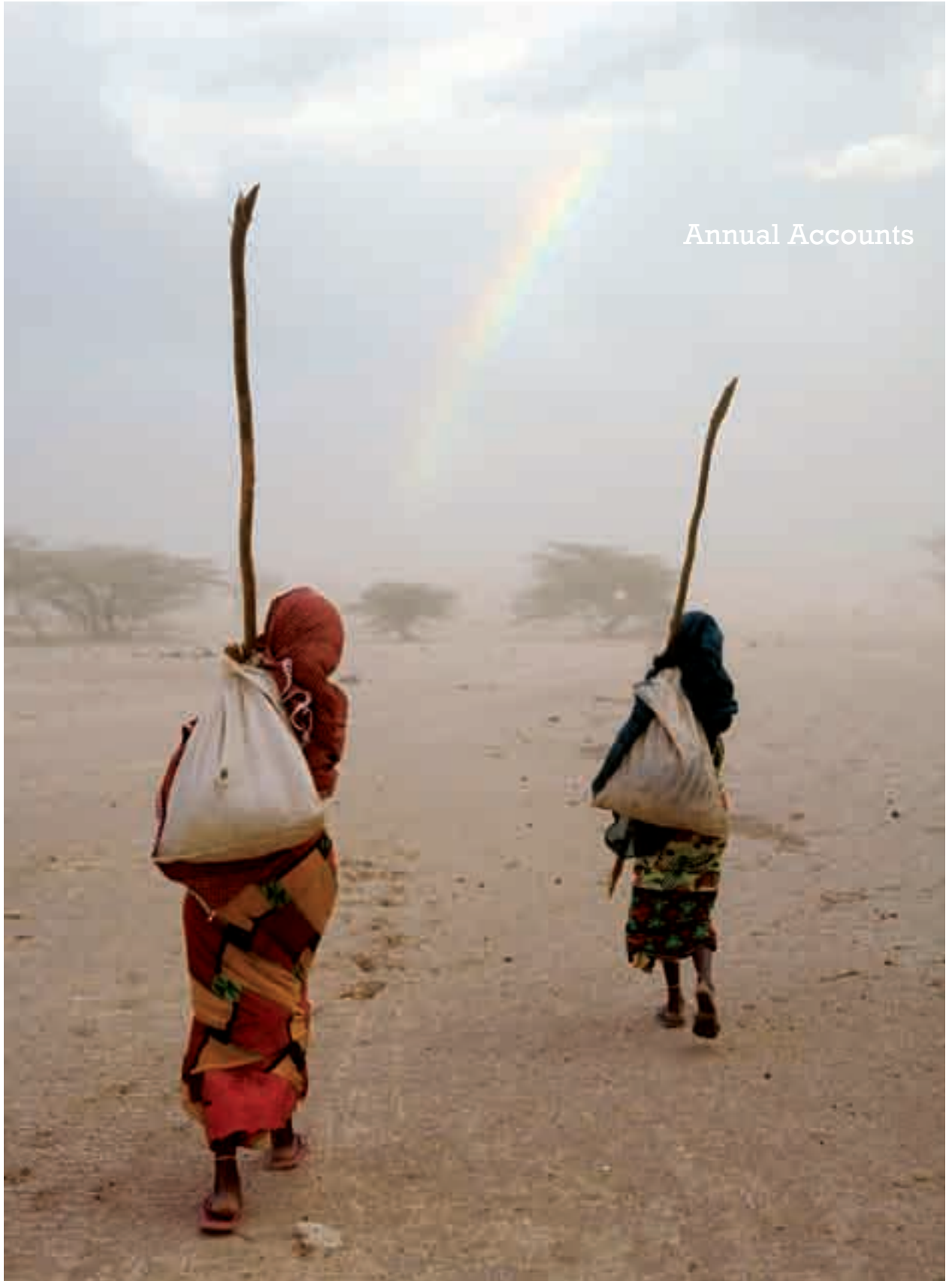


How your money was spent

	%	€'m
1 Relief & development*	85%	109.2
2 Development education	3%	4.3
3 Fundraising (including trading)	11%	14.0
4 Governance	1%	0.7
Total spent	100%	128.2

* includes utilisation of donated materials

Two Gabbra women Ilo Jarso and Goncho Salesea make their way through a dust-storm as they walk back into Kalacha. Gideon Mendel, Kenya.



Annual Accounts

The following accounting policies have been applied in dealing with items which are considered material in relation to the group's financial statements. They have been applied consistently with the previous year except that; the group has changed the definition of costs which are included under the heading of *Governance*. The change and its effect are explained in note 4 to the financial statements. The group has also changed the policy for recognition of legacy and tax refund income which are now recognised as soon as there is reasonable certainty of receipt and the amounts can be measured with sufficient reliability, whereas previously they were recognised as received. This change in the income recognition policy had no material impact on the results of the current year or on the 2005 results previously reported. In accordance with FRS 18 *Accounting Policies* this change in accounting policies is judged by the group to be most appropriate to its particular circumstances for the purpose of giving a true and fair view and represents what we believe to be best practice in this case.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, with the exception of investments, which are included at market value and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

Basis of consolidation

Group Companies

The consolidated financial statements include the financial statements of Concern Worldwide and its subsidiaries, drawn up to 31 December each year. A full list of all subsidiaries is included in note 23.

Branches

The work of the organisation in the developing world is carried out through branches located in the countries of operation. Expenditure on goods and services made on behalf of local branches is expensed when the costs are incurred. Expenditure made directly by local branches is recognised by the group and included in resources expended on charitable activities when payments are made.

The full cost of vehicles, equipment and other assets, incurred by branches is included in resources expended on charitable activities in the year of acquisition and are not reflected in the company or consolidated balance sheet on the basis that these are not held on a continuing basis by the group in accordance with FRS 15 *Tangible fixed assets*. Cash balances of branches are included in the company and consolidated balance sheet.

Affiliated US Organisation

Concern Worldwide (US) Inc. is a related, though operationally independent, company based in New York, which supports the mission of Concern Worldwide by providing financial and human resources for programmes, recruiting expatriate staff and raising awareness of Concern Worldwide and its mission. Concern Worldwide (US) Inc. is not controlled by Concern and, therefore, is not consolidated in the results of Concern.

Grants to meet operational costs of Concern Worldwide (US) Inc. are included in relief and development expenditure and costs of generating funds, and are expensed in the period when funds are transferred. Grants received from Concern Worldwide (US) Inc. to fund overseas projects are recognised in the same way as grants from other international co-funders.

Incoming resources

Incoming resources are recognised by inclusion in the consolidated statement of financial activities only when the group is legally entitled to the income, virtually certain of receipt and the amounts involved can be measured with sufficient reliability.

Incoming resources from charitable activities

(a) Grants from governments and other co-funders

Grants from governments and institutional donors, are recognised as income when the activities which they are intended to fund have been undertaken, the related expenditure incurred, and there is reasonable certainty of receipt.

Income due to Concern from governments and institutional sources but not yet received at year end is included in debtors in the balance sheet, and funds already received but not yet utilised are shown in creditors.

(b) Donated commodities and services

Donated commodities distributed, and donated services utilised by the organisation as part of programmes designed, implemented, and managed by Concern Worldwide are valued and included in incoming resources in the year in which they are distributed.

Local food products and non-food donations are valued at the estimated market price in their country of origin at the time of receipt.

Donations of food aid, which are sourced outside of the area in which they are distributed, are valued at estimated insurance values provided by the donor.

Donated services are included in income at valuations which are estimates of the market value of the services provided.

Incoming resources from generated funds

(a) Voluntary income

Voluntary income – which consists of monetary donations from the public (including legacies), and from corporate donors, together with related tax refunds - is recognised in the period in which the organisation is legally entitled to the resource, receipt is virtually certain, and when the amount can be measured with sufficient reliability. In the case of monetary donations from the public this is generally when the donations are received; with legacies it is when we establish unconditional entitlement to the bequest; whereas, with tax refunds it is when claims are compiled and submitted to the revenue authorities for reimbursement.

Grants from private sources which are subject to significant restrictions or reporting requirements are recognised when the group is legally entitled to the income; virtually certain of receipt; the amounts can be measured with sufficient reliability; the activities which they are intended to fund have been undertaken and the related expenditure incurred.

(b) Income from trading activities

Income from trading activities represents income from sales of goods and from donations arising in the retail outlets managed by the group. All trading income is recognised once the group is legally entitled to the income, virtually certain of receipt, and the amounts can be measured with sufficient reliability.

Gifts donated for resale are included as income when sold.

Resources expended

Resources expended are analysed between costs of charitable activities, costs of generating funds, and governance costs.

The costs of each activity are separately accumulated and disclosed, analysed according to their major components.

Support costs, which cannot be attributed directly to one activity, are allocated to activities in proportion to estimated benefits received.

The costs of public campaigns - together with related salary costs - which are undertaken to meet the dual purposes of raising funds and of promoting awareness of issues in the developing world, are split between costs of generating voluntary income and costs of charitable activities on the bases considered appropriate for each type of campaign.

Costs of charitable activities: comprise costs of overseas programmes and of development education and advocacy work together with related support costs.

Our policy for recognising expenditure on overseas relief and development programmes is set out under *Basis of Consolidation-Branches* above. All other charitable expenditure is recognised on an accruals basis.

Grants payable to partners in furtherance of the charity's objects are recognised as monetary expenditure on charitable activities when payment is made to the partner organisation.

Donated commodities, distributed by the organisation as part of programmes designed, implemented, and managed by Concern Worldwide are included as costs of charitable activities in the year in which they are distributed.

Costs of generating funds: comprise the costs incurred in fundraising and in retail trading activities. Fundraising costs include the costs of advertising campaigns, producing publications, printing and mailing fundraising material, staff costs in these areas and an appropriate allocation of central overhead costs. Trading costs include the costs of running our retail outlets. All costs of generating funds are recognised on an accruals basis.

Governance costs: represent the salaries, direct expenditure and overhead costs incurred on the strategic as opposed to day to day management of the charity, and on compliance with constitutional and statutory requirements. This policy has been changed during the year, see note 4 to the financial statements for details. All governance costs are recognised on an accruals basis.

Savings and micro credit schemes

As part of its overseas activities the organisation provides funds under savings and micro credit schemes either directly to individual members of local communities or via local community groups. Responsibility for managing these schemes is generally retained by the group until such time as it is possible to transfer the management of the schemes to the local community.

The net cost of contributions to these schemes is included in resources expended on charitable activities, no amounts are reflected in the balance sheet because the contributions are expected to remain within the schemes.

Fund accounting

Concern maintains various types of funds as follows:

Restricted Funds

Restricted funds represent grants, donations and legacies received which can only be used for particular purposes specified by the donors. Such purposes are within the overall aims of the organisation.

Unrestricted Funds

Unrestricted funds consist of General Funds and Designated Funds.

General Funds represent amounts which are expendable at the discretion of Council in furtherance of the objectives of the charity. Such funds may be held in order to finance working capital or to finance start-up of new programmes pending receipts of funds.

Designated Funds represent amounts that Concern may at its discretion set aside for specific purposes, which would otherwise form part of the general reserves of the organisation. Specifically, Concern sets aside funds so that it can protect its ongoing programme of work from unexpected variations in income, to finance fixed assets for on-going use by the charity and to cover future planned deficits.

Tangible fixed assets

Tangible fixed assets (except for branch assets), are stated at cost less accumulated depreciation. Assets costing less than €1,000 are not capitalised. Depreciation is calculated to write off the original cost of the tangible fixed assets, less estimated residual value, over their expected useful lives, on a straight-line basis at the following annual rates:

Freehold premises:	3%
Office furniture:	10%
Office equipment:	20%
Computer equipment:	33%
Motor vehicles:	20%

Provision is also made for any impairment of tangible fixed assets below their carrying amounts.

Goodwill

Goodwill arising on the acquisition of a subsidiary, Children's Aid Direct formerly Concern Worldwide (GB), represents the excess of the consideration given over the fair value of the identifiable net assets when they were acquired. Goodwill is capitalised in the balance sheet and amortised over the estimated economic life of the goodwill, which is five years.

Capital grants

Capital grants received are treated as deferred income in the balance sheet and are credited to the statement of financial activities by instalments on a basis consistent with the depreciation policy adopted for the relevant assets.

Foreign currencies

The financial statements are prepared in euro (€).

Transactions in foreign currencies are recorded in euro at the rate ruling on the date of the transaction or at a contracted rate. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the year-end rate of exchange. The resulting gains and losses are dealt with in the consolidated statement of financial activities.

The Group's net investment in its overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The profits and losses of overseas subsidiary undertakings are translated at average rates for the year. Exchange differences resulting from the retranslation of the opening balance sheets of the overseas subsidiary undertaking at closing rates, together with the differences on the translation of the profit and loss accounts, are dealt with through reserves and reflected in the consolidated statement of financial activities.

Stocks

Stocks comprise relief supplies held for transfer to overseas operations. Stocks are stated at cost, less provisions for obsolescence and any other diminution in value. Cost is the purchase price, net of any trade discounts, plus any additional costs associated with bringing the items to their current location and condition.

Investments

Short term investments are stated at market value at the balance sheet date. Gains or losses arising on revaluation and disposals during the year are included in *other recognised gains or losses*. Impairments in short term investments are recognised in the consolidated statement of financial activities.

Taxation

No charge to current or deferred taxation arises as the group, with the exception of Concern Charity Trading Limited, has been granted exemption by the revenue authorities in Ireland and the UK. Irrecoverable value added tax is expensed as incurred.

Liquid resources

In the consolidated cash flow statement, liquid resources are the investments included in current assets and comprise equity holdings, donated shares, and cash on deposit at banks requiring more than 24 hours notice of withdrawal.

Pensions and other retirement benefits

Pension contributions to defined contribution schemes are charged to the consolidated statement of financial activities as incurred.

For defined benefit pension schemes the amount charged to the consolidated statement of financial activities is the actuarially determined cost of pension benefits which have been promised to employees that were earned during the year plus any benefit enhancements granted to members during the year. The expected return on the pension scheme's assets during the year and the increase in the scheme's liabilities due to the unwinding of the discount during the year are included under the appropriate expenditure heading in the consolidated statement of financial activities.

Any difference between the expected return on assets and that actually achieved due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the consolidated statement of financial activities.

The difference between the market value of the scheme's assets and the actuarially assessed present value of the schemes' liabilities calculated using the projected unit method, is disclosed as an asset/liability in the balance sheet.

In order to reflect the unfunded liabilities for retirement benefits for overseas staff and for incapacitated staff, the actuarially determined present value of the liability is recorded in full in the balance sheet and it is increased for the cost of additional benefits earned during the year which is charged to the consolidated statement of financial activities. The unwinding of the discount on the liability is shown under the appropriate expenditure heading in the consolidated statement of financial activities. Changes to the liability as a result of changes in measurement assumptions or because actual experience is different to that assumed are considered to be an actuarial gain or loss and are included in the consolidated statement of financial activities.

Leases

Operating lease rentals are charged to consolidated statement of financial activities on a straight line basis over the lease term.

	Note	Restricted Funds €'000	Unrestricted Funds €'000	Total 2006 €'000	Total 2005 (restated) €'000
Incoming resources					
Incoming resources from charitable activities					
- grants from governments and other co-funders	1(a)	47,469	-	47,469	38,410
- donated commodities and services	1(b)	8,876	-	8,876	5,235
Incoming resources from generated funds					
- voluntary income	1(c)	21,102	43,009	64,111	75,800
- income from trading activities	1(d)	-	235	235	629
Other incoming resources	1(e)	232	797	1,029	835
Total incoming resources		77,679	44,041	121,720	120,909
Resources expended					
Charitable activities	2	78,378	35,137	113,515	95,409
Costs of generating funds					
- cost of generating voluntary income	3	1,499	12,120	13,619	13,276
- cost of generating trading income	1(d)	-	395	395	537
Governance costs	4	-	663	663	521
Total resources expended		79,877	48,315	128,192	109,743
Net (outgoing)/incoming resources before other recognised gains and losses	6	(2,198)	(4,274)	(6,472)	11,166
Other recognised gains and losses					
Exchange gain on consolidation of foreign subsidiary		15	76	91	118
Unrealised gain on revaluation of investments	14	-	502	502	1,389
Actuarial gain/(loss) on staff retirement schemes	18	-	1,700	1,700	(914)
Net movement in funds for the year	19	(2,183)	(1,996)	(4,179)	11,759

On behalf of Council

David Regan
Council Member

Brendan Duffy
Council Member

		2006		2005	
	Note	€'000	€'000	€'000	€'000
Fixed assets					
Tangible fixed assets	9(a)		5,776		5,975
Intangible fixed assets - goodwill	10		-		126
Total fixed assets			5,776		6,101
Current assets					
Stock	12	319		335	
Debtors and prepayments	13	11,922		10,290	
Investments	14	27,629		32,954	
Cash at bank and in hand	15	8,933		8,703	
Total current assets		48,803		52,282	
Creditors: amounts falling due within one year	16		(10,915)		(9,139)
Net current assets			37,888		43,143
Creditors: amounts falling due after one year	17		(132)		-
Net assets excluding staff retirement scheme liabilities			43,532		49,244
Staff retirement scheme liabilities	18		(4,660)		(6,193)
Net assets including staff retirement scheme liabilities			38,872		43,051
Funded by:					
Restricted funds	19		12,991		15,174
Unrestricted funds	19		25,881		27,877
Funds			38,872		43,051

On behalf of Council

David Regan
Council Member

Brendan Duffy
Council Member

		2006		2005	
	Note	€'000	€'000	€'000	€'000
Fixed assets					
Tangible fixed assets	9(b)		5,538		5,635
Current assets					
Stock	12	319		335	
Debtors and prepayments	13	8,754		6,648	
Investments	14	27,629		32,954	
Cash at bank and in hand	15	7,090		7,411	
			43,792	47,348	
Creditors: amounts falling due within one year	16	(11,192)		(9,698)	
Net current assets			32,600		37,650
Net assets excluding staff retirement scheme liabilities			38,138		43,285
Staff retirement scheme liabilities	18		(4,660)		(6,193)
Net assets including staff retirement scheme liabilities			33,478		37,092
Funded by:					
Restricted funds	19		12,173		14,172
Unrestricted funds	19		21,305		22,920
Funds			33,478		37,092

On behalf of Council

David Regan
Council Member

Brendan Duffy
Council Member

	Note	2006 €'000	2005 €'000
Net cash (outflow)/inflow from operating activities	20	(5,840)	13,542
Return on investments (deposit interest received)		749	801
Capital expenditure and financial investment	21	(565)	(516)
Net cash (outflow)/inflow before use of liquid resources		(5,656)	13,827
Management of liquid resources within one year	21	5,826	(14,349)
Increase/(decrease) in cash in the year		170	(522)
 Reconciliation of net cash flow to movement in net cash resources (including cash and liquid resources)			
		2006 €'000	2005 €'000
Increase/(decrease) in cash in the year		170	(522)
Cash flow from increase in liquid resources	21	(5,826)	14,349
Change in net funds resulting from cash flows	22	(5,656)	13,827
Revaluation of liquid resources	22	502	1,389
Exchange difference	22	18	46
Net cash resources at beginning of year		41,568	26,306
Net cash resources at end of year	22	36,432	41,568

1. INCOMING RESOURCES**(a) Grants from governments and other co-funders**

	Total 2006 €'000	Total 2005 €'000
Irish Government:		
Multi Annual Programme Scheme (MAPS)	21,000	15,310
Other grants	6,170	7,033
British Government	3,610	1,913
European Union	5,593	5,204
Concern Worldwide (US) Inc.	6,480	5,580
UN Agencies	2,363	1,124
Danish Government	215	449
French Government	60	-
Swedish Government	-	244
Scottish Executive	26	-
Norwegian Government	385	-
Jersey Overseas Aid	116	244
Other	1,451	1,309
	47,469	38,410

(b) Donated commodities and services

Donor	Commodity received	Donor origin	2006 €'000	2005 €'000
World Food Programme	Foodstuffs & freight	United Nations	6,466	2,903
UNICEF	Food & non food items	United Nations	1,200	1,161
CARE	Shelter materials	USA	-	597
Food and Agriculture Organisation	Seeds & tools	United Nations	340	-
United Nations High Commissioner for Refugees	Shelter materials	United Nations	226	92
US Government	Blankets	USA	112	-
Other donors	Various	Various	532	482
			8,876	5,235

(c) Voluntary income

	Total 2006 €'000	Total 2005 €'000
Committed giving	22,218	21,850
Legacy income	4,254	2,315
Public appeals and events	24,367	34,694
Corporates, major donors and trusts	5,267	5,607
Disaster Emergency Committee (DEC)	8,005	11,334
	64,111	75,800

Concern is a member of the Disaster Emergency Committee (DEC), which is an umbrella organisation for UK international NGOs. It conducts advertising and public appeals for funds on behalf of its members.

1. INCOMING RESOURCES (continued)**(d) Trading**

Trading income represents proceeds from the sale of donated goods and donations received through the three shops that the charity operated. The group trading activities are conducted through a subsidiary company, Concern Charity Trading Limited, which commenced operations in October 2000.

In early 2006 the group decided that it would discontinue its retail operations. The Dundrum and Limerick shops were closed during the year and the Cork shop is to be transferred to a community group in 2007. Losses of €73,000 arising on the closures in 2006 have been recognised in these financial statements. No provision has been made for costs of transferring the Cork shop as no loss is ultimately expected to arise.

The results of discontinued operations are not separately disclosed as they are not considered material to the group.

(e) Other incoming resources	Total 2006 €'000	Total 2005 €'000
Profit on disposal of leasehold interest	200	-
Profit on sale of donated shares	52	-
Deposit interest	777	835
	1,029	835

2. EXPENDITURE ON CHARITABLE ACTIVITIES

Expenditure on charitable activities can be analysed as shown below. Many of these programmes achieve results in more than one of these categories, but are analysed for these purposes under the principal category only.

Programme	Own work €'000	Grants to partners €'000	Distribution of donated commodities €'000	Total Direct €'000	Support (Note 5) €'000	2006 Total €'000	2005 Restated Total (Note 4) €'000
Health	26,131	2,679	-	28,810	2,233	31,043	18,580
Education	2,914	4,835	-	7,749	765	8,514	7,096
Livelihoods	31,924	1,962	-	33,886	2,769	36,655	30,792
HIV/AIDS	2,915	912	-	3,827	416	4,243	4,403
Emergency	9,219	8,660	8,876	26,755	1,855	28,610	29,927
Other	72	27	-	99	3	102	1,182
Total overseas programme	73,175	19,075	8,876	101,126	8,041	109,167	91,980
Development education and advocacy	3,872	331	-	4,203	145	4,348	3,429
Total charitable expenditure	77,047	19,406	8,876	105,329	8,186	113,515	95,409

Full details of grants to partners are set out in Appendix 3.

3. COSTS OF GENERATING VOLUNTARY INCOME

	Campaigns	Staff	Occupancy & other direct	Total Direct	Support (Note 5)	2006 Total	2005 Restated Total (Note 4)
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Committed giving	8	2,275	266	2,549	193	2,742	2,520
Public appeals and events	5,229	2,748	1,632	9,609	831	10,440	10,322
Corporates, major donors and trusts	72	232	101	405	32	437	434
	5,309	5,255	1,999	12,563	1,056	13,619	13,276

4. GOVERNANCE COSTS

	2006 €'000	2005 (restated) €'000
Staff Costs	280	254
Legal & professional fees	262	136
Office & other costs	121	131
	663	521

The accounting policy relating to the definition of governance costs has been changed during the year to reflect best practice disclosure for such items. Only costs specifically associated with the strategic, as opposed to day to day, management of the charity, together with the costs of compliance with constitutional and statutory requirements are now included under the Governance heading. Previously the salaries, direct expenditure and overhead costs incurred by central finance, human resources and other departments in the general management of the charities assets were also allocated to this category. This change brings Concern's accounting policy in line with that of similar sized charities and in management's view, facilitates comparisons between these organisations. The prior year comparative figures have been restated in accordance with the new policy. This restatement has resulted in a reclassification of €612,000 of governance costs in the prior year, of which €166,000 were transferred to expenditure on charitable activities and €446,000 was transferred to costs of generating voluntary income.

5. SUPPORT COSTS

Where support costs are attributable to a particular activity they are allocated directly to it. Where support costs are incurred to further more than one activity they are apportioned between the relevant activities based on the amount of staff time which each activity absorbs. The allocation of the main types of support costs is detailed below:

	Charitable Activities				2006 Total €'000	2005 Restated Total €'000
	Overseas programmes	Development education and advocacy	Fundraising	Governance		
	€'000	€'000	€'000	€'000		
Overseas programme management	2,527	-	-	-	2,527	1,830
Overseas programme technical support	1,309	-	-	-	1,309	1,111
Finance	701	59	359	95	1,214	896
Organisational services and IT	1,346	25	330	173	1,874	1,784
Human resources	945	-	82	-	1,027	834
Other support costs	1,213	61	285	124	1,683	1,241
Total support costs	8,041	145	1,056	392	9,634	7,696

6. OTHER INFORMATION

	2006 €'000	2005 €'000
The deficit for the year is after charging/(crediting) the following items:		
Depreciation of tangible fixed assets	715	576
Amortisation of goodwill	125	125
Amortisation of government capital grants	-	51
Auditor's remuneration	100	80
Loss on disposal of tangible fixed assets	54	34
Payments under operating leases for premises used by the group	343	388
Remuneration paid to members of Council	-	-
Reimbursement of travel expenses claimed by members of Council	6	3

7. TAXATION

There is no charge to taxation in respect of the parent company or its UK subsidiary companies, as they have all been granted charitable exemption by the Revenue Authorities in Ireland and the UK. Concern Charity Trading Limited does not enjoy charitable exemption and is liable to corporation tax. A tax charge did not arise in this company in 2006 as the company donated its entire profits to the parent company and received relief from corporation tax for the donation. This reduced the company's headline rate tax from 12.5% to nil. No deferred tax arose in this entity during the year (2005: €nil). During 2006 the group incurred irrecoverable VAT of €1.41m (2005 €1.42m) of which €1.21m was incurred in the Republic of Ireland and €0.2m was in the UK.

8. STAFF**(a) Numbers and costs**

The average weekly number of employees during the year in Ireland and the UK was 307 (2005:285).

The aggregate payroll costs of these employees were as follows:

	2006	2005
	€'000	€'000
Wages and salaries	10,982	9,773
Social welfare costs	1,078	979
Other pension costs	900	775
	<u>12,960</u>	<u>11,527</u>

Other pension costs include the current service cost of the defined benefit scheme, employer contributions to the defined contribution scheme and the cost of insurance policies that provide benefits in the event of the death or ongoing incapacity of staff members.

(b) Salary range

A total of 4 employees (2005: 3), all of whom are based in Ireland and the UK, earned remuneration in excess of €90,000 p.a. as follows:

	2006	2005
	No. employees	No. employees
€90,001 to €100,000	3	1
€100,001 to €110,000	-	1
€120,001 to €130,000	-	1
€130,001 to €140,000	1	-
	<u>4</u>	<u>3</u>

Remuneration includes salaries and benefits in kind but excludes employer pension scheme contributions.

The number of employees whose remuneration was greater than €90,000 to whom retirement benefits were accruing under defined benefit schemes is 1 (2005:1).

Contributions of 7.5% of salary were made by the company to defined contribution schemes for two (2005:1), members of staff who earned in excess of €90,000.

9. TANGIBLE FIXED ASSETS**(a) Group**

	Freehold premises €'000	Office furniture & equipment €'000	Computer equipment €'000	Motor vehicles €'000	Total €'000
Cost					
At beginning of year	5,657	1,297	1,700	203	8,857
Additions in year	29	50	538	-	617
Disposals in year	(61)	(136)	-	-	(197)
Exchange difference	5	1	7	-	13
At end of year	5,630	1,212	2,245	203	9,290
Depreciation					
At beginning of year	824	697	1,243	118	2,882
Charge for year	168	114	406	27	715
Eliminated on disposals	(37)	(54)	-	-	(91)
Exchange difference	2	1	5	-	8
At end of year	957	758	1,654	145	3,514
Net book value					
At 31 December 2006	4,673	454	591	58	5,776
At 31 December 2005	4,833	600	457	85	5,975

(b) Company

	Freehold premises €'000	Office furniture & equipment €'000	Computer equipment €'000	Motor vehicles €'000	Total €'000
Cost					
At beginning of year	5,340	989	1,336	175	7,840
Additions in year	4	47	527	-	578
At end of year	5,344	1,036	1,863	175	8,418
Depreciation					
At beginning of year	680	513	904	108	2,205
Charge for year	160	102	390	23	675
At end of year	840	615	1,294	131	2,880
Net book value					
At 31 December 2006	4,504	421	569	44	5,538
At 31 December 2005	4,660	476	432	67	5,635

10. INTANGIBLE FIXED ASSETS - GOODWILL

	Group 2006 €'000
Cost	
At beginning of year	624
Exchange difference	11
At end of year	635
Amortisation	
At beginning of year	498
Charge for year	125
Exchange difference	12
At end of year	635
Net book value	
At 31 December 2006	-
At 31 December 2005	126

Goodwill arose on the acquisition of a subsidiary, Childrens Aid Direct formerly Concern Worldwide (GB)

11. FINANCIAL FIXED ASSETS - COMPANY

During 2006 the company provided financing to its wholly owned subsidiary, Angkor Mikroheranhvatho Kampuchea Limited (AMK), of €1.8million (2005; €0.86 million), in exchange for ordinary share capital and for loan capital. The funds were provided solely in order to enable AMK to provide micro credit services in rural Cambodia. In accordance with the group accounting policy for savings and micro credit schemes, the portion of the funding applied for this purpose by AMK at 31 December 2006 is included in the group's cost of charitable activities in the statement of financial activities and unused funds held in cash by AMK at year-end are reflected in the consolidated bank and cash balances.

12. STOCK

Stock is comprised of relief supplies held for transfer to fields. In the opinion of Council, the replacement cost of stock on hand at the year end did not differ significantly from the balance sheet figures.

13. DEBTORS AND PREPAYMENTS

	Group		Company	
	2006 €'000	2005 €'000	2006 €'000	2005 €'000
Amounts due from co-funders	9,330	9,276	7,027	5,588
Prepayments	283	646	272	637
Sundry debtors	2,267	298	1,413	198
Amount due from subsidiary	-	-	-	175
Deposit interest receivable	42	70	42	50
	11,922	10,290	8,754	6,648

All amounts included within debtors and prepayments fall due within one year.

14. INVESTMENTS

		Group		Company	
		2006 €'000	2005 €'000	2006 €'000	2005 €'000
Short term deposits	(i)	19,661	25,663	19,661	25,663
Investment with Hibernian & Eagle Star	(ii)	625	-	625	-
Investment with Irish Life	(iii)	7,339	6,840	7,339	6,840
Donated shares	(iv)	4	451	4	451
		27,629	32,954	27,629	32,954

- (i) Cash holdings which are not immediately required for operations are invested in short term interest bearing deposits which are maintained with reputable financial institutions in Ireland and the UK. All of these deposits are held at variable interest rates. There are no material differences between the fair value of these deposits and their carrying value owing to their short term duration. The deposits were held in Euro (€14,783,000), Sterling (Stg£2,006,000), and US Dollars (US\$2,526,000) at 31 December 2006. The weighted average interest rates related to these deposits was 3.6% on Euro deposits, 5.2% on Sterling deposits, and 5.2% on US Dollar deposits.
- (ii) During 2006 the group decided to make investments to cover the liability to incapacitated staff outlined in note 18 (d) below. These investments were transferred into a discretionary trust for the benefit of the relevant individuals in early 2007. At 31 December 2006 these were highly liquid, Euro based deposits held at equivalent market value.
- (iii) In October 2001 €6.35m was invested with Irish Life Investment Managers. The market value of the investment at 31 December 2006 was €7.34m (2005: €6.84m), resulting in an unrealised gain for the year of €0.5m. This gain has been shown in the consolidated statement of financial activities as *other recognised gains and losses*, thus reflecting the investment at market value. The fund is primarily invested in equities of which approximately 50% are Euro based with the balance represented by worldwide equities. All equity investments are ethically screened and there is no fixed interest or dividend yield.
- (iv) The market value of donated shares on hand at 31 December 2006 was €4,000 (2005: €451,000). The organisation sold its interest in Egdon shares during the year for €449,000, resulting in a realised gain for the year of €52,000 which is included in *Other incoming resources*, in the consolidated statement of financial activities.
- (v) Restricted funds of €12.9 million are included in the short term deposits set out above, see note 19 (c).

15. CASH AT BANK AND IN HAND

	Group		Company	
	2006	2005	2006	2005
	€'000	€'000	€'000	€'000
Funds held in Ireland and the UK	3,986	2,269	2,617	1,464
Funds held in countries of operation	4,947	6,434	4,473	5,947
	8,933	8,703	7,090	7,411

All funds included above are available for immediate use by the organisation.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	€'000	€'000	€'000	€'000
Trade creditors and accruals	2,781	3,061	1,627	1,964
Bank overdraft	130	89	66	56
Amounts received from co-funders but unspent	8,004	5,989	7,691	4,557
Amount due to subsidiaries	-	-	1,808	3,121
	10,915	9,139	11,192	9,698

The bank overdraft is repayable on demand and the bank have the right to offset overdrawn amounts against group deposits that they hold.

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Company	
	2006	2005	2006	2005
	€'000	€'000	€'000	€'000
Long term loan	132	-	-	-

During the year the company's wholly owned subsidiary Angkor Mikroheranhvatho (Kampuchea) Limited, (AMK), entered into a loan agreement with Micro Finance Alliance Fund, Phillipines for KHR800 million (€155,000). The loan, which has been partly repaid and now amounts to €132,000 is unsecured, expires in three years from the date of the respective draw down and bears interest at a rate of 11.63%.

18. STAFF RETIREMENT SCHEME LIABILITIES

The group operates a number of staff retirement benefit schemes which are detailed in sections (a)-(d) below.

At the balance sheet date the liabilities in relation to staff retirement schemes are as follows:

	Group & Company	
	2006	2005
	€'000	€'000
Deficit on defined benefit pension scheme (see (b) below)	1,139	2,748
Liability for overseas local staff service payments (see (c) below)	2,806	2,459
Liability for incapacitated staff (see (d) below)	715	986
Total	4,660	6,193

The movement in the liabilities during the year was as follows:

	Defined benefit pension scheme	Overseas local staff service payments	Liability for incapacitated staff	Total 2006	Total 2005
	€'000	€'000	€'000	€'000	€'000
Pension scheme deficit at beginning of year	(2,748)	(2,459)	(986)	(6,193)	(3,647)
Current service costs	(196)	(1,054)	-	(1,250)	(1,546)
Past service costs	-	-	-	-	(986)
Interest cost	(337)	(146)	(39)	(522)	(433)
Expected return on assets	321	-	-	321	299
Net actuarial gain/(loss)	1,271	146	283	1,700	(678)
Contributions for the year	550	707	27	1,284	798
Pension scheme deficit at end of year	(1,139)	(2,806)	(715)	(4,660)	(6,193)

The movement in the liabilities during the year has been reflected in the consolidated statement of financial activities as follows:

	Defined benefit pension scheme	Overseas local staff service payments	Liability for incapacitated staff	Total 2006	Total 2005
	€'000	€'000	€'000	€'000	€'000
Cost of charitable activities	(328)	493	12	177	1,631
Cost of generating voluntary income	(10)	-	-	(10)	(12)
Governance costs	-	-	-	-	13
Actuarial (gain)/loss on the scheme	(1,271)	(146)	(283)	(1,700)	914
Total (decrease)/increase in liabilities during the year	(1,609)	347	(271)	(1,533)	2,546

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)**(a) Defined contribution pension schemes**

The group operates a defined contribution pension scheme for qualifying members of staff. The scheme provides for pension, life assurance and permanent health benefits based on annual salaries. The contributions are paid into a separate fund, the assets of which are vested in independent trustees. The company also makes contributions to individual schemes for qualifying staff who do not join the company scheme.

The defined contribution pension scheme charge for 2006 was €534,000 (2005: €458,000) of which €528,000 (2005: €451,000), related to employees in Ireland and the UK. An accrual of €134,000 (2005: €132,000), in respect of pension costs is included in creditors, of which €62,000 (2005: €56,000) relates to the Irish company at 31 December 2006.

(b) Defined benefit pension scheme

The company also operates a non-contributory defined benefit pension scheme for qualifying members of staff. The scheme, which has been closed to new members since 1993, provides for pension, life assurance and permanent health benefits based on annual salaries. The contributions are paid into a separate fund, the assets of which are vested in independent trustees. Current service costs are charged to the consolidated statement of financial activities so as to spread the cost of pensions over employees' working lives with the company. Contributions are determined by a qualified actuary on the basis of a periodic valuation. As the age profile of the active members is rising, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

The most recent full valuation of the scheme was as at 1 January 2004 and used the attained age method. The assumptions which have the most significant effects on the results of the valuation are those relating to the expected rate of return on investment and the rate of increase in salaries. It was assumed that the rate of long term investment returns will exceed the rate of pensionable salary increases by 2%.

The actuarial report showed that at 1 January 2004 the market value of the assets of the scheme was €3,922,800 which was 90% of the value of benefits accrued to the members after allowing for expected future increases in earnings.

The actuarial valuation indicated that the scheme had a deficit at 1 January 2004 of €446,000 on an ongoing basis. The company, in consultation with the scheme's actuary and trustees, has undertaken a review of the scheme's funding structure and has increased employers contributions from 22% of pensionable salary to 25% and is making a further annual contribution of €100,000 for a period of seven years.

An updated actuarial assessment of the defined benefit pension scheme using the projected unit method was carried out at 31 December 2006 by Hewitt Associates Limited for the purposes of preparing these financial statements.

(i) Financial assumptions

The principal financial assumptions used to calculate the retirement benefit liabilities were as follows:

	2006	2005	2004
Valuation method	Projected unit method	Projected unit method	Projected unit method
Discount rate for scheme liabilities	4.60%	4.00%	4.75%
Inflation rate	2.25%	2.00%	2.25%
Salary increases	3.25%	3.25%	3.25%
Rate of increase to pensions in payment	3.00%	3.00%	3.00%

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)**(ii) Valuation**

The scheme assets are stated at their mid-market value at each balance sheet date. The present value of the liability to meet future pension payments is arrived at by applying a discount rate equivalent to the rate of return expected to be derived from a Class AA corporate bond.

Using these bases, the valuation was as follows:

	Long term rate of return expected at 31 December 2006	Value at 31 December 2006	Long term rate of return expected at 31 December 2005	Value at 31 December 2005	Long term rate of return expected at 31 December 2004	Value at 31 December 2004
		€'000		€'000		€'000
Equities	7.10%	4,818	6.60%	3,943	7.30%	3,384
Bonds	4.10%	1,496	3.60%	1,276	4.30%	597
Property	6.10%	337	5.60%	294	6.30%	242
Cash	2.00%	-	2.00%	3	2.00%	217
Total market value of pension scheme assets		<u>6,651</u>		<u>5,516</u>		<u>4,440</u>
Present value of funded pension liabilities		<u>(7,790)</u>		<u>(8,264)</u>		<u>(6,499)</u>
Net deficit in funded pension scheme		<u>(1,139)</u>		<u>(2,748)</u>		<u>(2,059)</u>

(iii) Movements in funded pension scheme net deficit

	2006 €'000	2005 €'000
Pension scheme deficit at beginning of year	<u>(2,748)</u>	<u>(2,059)</u>
Current service costs	(196)	(175)
Past service costs	-	-
Interest cost	(337)	(315)
Expected return on assets	321	299
Net actuarial gain/(loss)	1,271	(796)
Contributions for the year	<u>550</u>	<u>298</u>
Pension scheme deficit at end of year	<u>(1,139)</u>	<u>(2,748)</u>

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)*(iv) History of actuarial gains and losses*

	2006	2005	2004	2003	2002
	€'000	€'000	€'000	€'000	€'000
Difference between expected and actual return on assets	341	561	13	(160)	1,506
Expressed as a percentage of scheme assets	5.13%	10.17%	0.30%	4.07%	43.50%
Experience gains/(losses) on scheme liabilities	12	(214)	(266)	(138)	(49)
Expressed as a percentage of scheme liabilities	0.15%	2.59%	4.10%	2.90%	1.10%
Interest cost on scheme liabilities	337	315	298	237	226
Expressed as a percentage of scheme liabilities	4.32%	3.81%	4.58%	5.04%	5.31%
Total actuarial gains/(losses)	1,271	(796)	(791)	22	(1,900)
Expressed as a percentage of scheme liabilities	(16.31%)	9.63%	12.20%	(0.45%)	43.62%

(c) Overseas local staff service payments

In some of its overseas operations, the company has legal or constructive obligations to pay lump sum benefits to national staff on cessation of their employment. While the precise obligation varies from country to country it typically requires that the amount payable be based on terminal salary and length of service.

The schemes are not externally funded i.e. assets have not been placed in separately administered trusts to meet liabilities as they arise, instead the full value of likely future payments is recognised as a liability at each balance sheet date.

As benefits payable under these schemes meet the definition of retirement benefits set out in FRS 17 - *Retirement Benefits*, the company requested its independent professional actuaries, Hewitt Associates Limited to review the methodology being utilised to determine liabilities in order to ensure that it would produce results in accordance with the standard. The actuarial assessment concluded that the methodology being used would produce calculations that materially meet the requirements of the standard, and in addition, it provided the below information in order to reflect the schemes in accordance with the requirements of FRS 17 *Retirement Benefits*.

(i) Financial assumptions

The main financial assumptions used to calculate the retirement benefit liabilities were:

	2006	2005	2004
Rate of general long-term increase in salaries - US\$ linked liabilities	6.20%	5.10%	4.45%
Discount rate for liabilities - US\$	6.20%	5.10%	4.45%
Rate of general long-term increase in salaries - € linked liabilities	4.60%	3.50%	3.70%
Discount rate for liabilities - €	4.60%	3.50%	3.70%
Rate of general long-term increase in salaries - Stg£ linked liabilities	5.20%	4.70%	5.20%
Discount rate for liabilities - Stg£	5.20%	4.70%	5.20%

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)*(ii) Valuation*

Using these assumptions the unfunded liability was as follows:

	Value at 31 December 2006 €'000	Value at 31 December 2005 €'000	Value at 31 December 2004 €'000
Present value of scheme liabilities	(2,806)	(2,459)	(1,588)
Unfunded scheme liability	(2,806)	(2,459)	(1,588)

(iii) Movements in unfunded scheme liabilities

	2006 €'000	2005 €'000
Scheme liability at beginning of year	(2,459)	(1,588)
Current service costs	(1,054)	(1,371)
Benefits paid during the year	707	500
Interest cost	(146)	(118)
Actuarial gain	146	118
Unfunded scheme liability at end of year	(2,806)	(2,459)

(iv) History of actuarial gains and losses

	2006 €'000	2005 €'000	2004 €'000	2003 €'000
Experience gains on scheme liabilities	146	118	68	58
Expressed as a percentage of scheme liabilities	(5.20%)	(4.80%)	(4.28%)	4.30%
Total actuarial gains	146	118	68	58
Expressed as a percentage of scheme liabilities	(5.20%)	(4.80%)	(4.28%)	4.30%

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)**(d) Liability for incapacitated staff**

The group pays ongoing benefits to two ex-staff members who became incapacitated while working overseas. At the end of 2005 the group took the decision that it had a moral and constructive obligation based on expectations created with these staff, to continue to make these payments for as long as they are needed and as a result, it recognised a liability for those payments.

The liabilities had not been externally funded at 31 December 2006 i.e. assets have not been placed in separately administered trusts to meet payments as they fall due, instead the actuarially determined present value of the liabilities is recorded in full in the balance sheet and the movement has been charged to the statement of financial activities for the year.

As set out in note 14 (ii) above, in late 2006 the group made investments to part-fund these liabilities and the investments were transferred into a discretionary trust controlled by the group for the benefit of the two incapacitated individuals in early 2007. At 31 December 2006 the investments held were not retained separately from the group's own assets and accordingly are not presented in a linked manner to the liabilities listed below.

(i) Financial assumptions

The main financial assumptions used to calculate the liability for incapacity benefits payable were:

	2006	2005
Rate of increase in benefits in payment	3.00%	3.00%
Inflation rate	2.25%	2.00%
Discount rate for liabilities - €	4.60%	4.00%
Discount rate for liabilities - £	5.20%	4.00%

In addition it has been assumed that the beneficiaries will enjoy a normal lifespan of 85 years, they are currently aged 42 and 53 years.

(ii) Valuation

Using these assumptions the unfunded liabilities were as follows:

	Value at 31 December 2006 €'000	Value at 31 December 2005 €'000
Present value of liabilities	(715)	(986)
Unfunded liabilities	(715)	(986)

18. STAFF RETIREMENT SCHEME LIABILITIES (continued)*(iii) Movements in unfunded scheme liabilities*

	2006	2005
	€'000	€'000
Liability at beginning of year	(986)	-
Liability recognised at balance sheet date	-	(986)
Interest cost	(39)	-
Net actuarial gain	283	-
Contribution for the year	27	-
	<hr/>	<hr/>
Unfunded liability at end of year	(715)	(986)

(iv) History of actuarial gains and losses

	2006	2005
	€'000	€'000
Experience loss on scheme liabilities	(41)	-
Expressed as a percentage of scheme liabilities	5.73%	-
Total actuarial gains	282	-
Expressed as a percentage of scheme liabilities	39.42%	-

19. FUNDS**(a) Reconciliation of funds - group**

	Restricted Funds €'000	Unrestricted Funds €'000	Total 2006 €'000	Total 2005 €'000
Total funds at beginning of year	15,174	27,877	43,051	31,292
Net (outgoing)/incoming resources for the year before other recognised gains and losses	(2,198)	(4,274)	(6,472)	11,166
Exchange gain on consolidation of foreign subsidiary	15	76	91	118
Unrealised gain on revaluation of investments	-	502	502	1,389
Actuarial gain/(loss) on staff retirement schemes	-	1,700	1,700	(914)
Total funds at end of year	12,991	25,881	38,872	43,051

(b) Reconciliation of funds - company

	Restricted Funds €'000	Unrestricted Funds €'000	Total 2006 €'000	Total 2005 €'000
Total funds at beginning of year	14,172	22,920	37,092	26,582
Net (outgoing)/incoming resources for the year before other recognised gains and losses	(1,999)	(3,817)	(5,816)	10,035
Unrealised gain on revaluation of investments	-	502	502	1,389
Actuarial gain/(loss) on staff retirement schemes	-	1,700	1,700	(914)
Total funds at end of year	12,173	21,305	33,478	37,092

The reserves held by the group at 31 December 2006 are made up as follows:

	Company €'000	Subsidiaries €'000	Total €'000
Restricted reserves	12,173	818	12,991
Unrestricted reserves	21,305	4,576	25,881
	33,478	5,394	38,872

19. FUNDS (continued)**(c) Movement in consolidated funds**

The movements in funds classified in accordance with the group accounting policies are as follows:

		Balance at 1 January 2006 €'000	Income €'000	Expenditure €'000	Transfers €'000	Exchange gain/(loss) €'000	Balance at 31 December 2006 €'000
Restricted Funds							
Afghanistan		-	1,995	(1,995)	-	-	-
Angola		-	618	(618)	-	-	-
Bangladesh		-	2,921	(2,921)	-	-	-
Burundi		-	560	(560)	-	-	-
Cambodia		-	1,093	(1,093)	-	-	-
Cambodia microfinance		-	1,517	(1,517)	-	-	-
DPR Korea		-	322	(322)	-	-	-
DR Congo		-	4,240	(4,240)	-	-	-
Eritrea		-	1,458	(1,458)	-	-	-
Ethiopia		-	4,398	(4,398)	-	-	-
Haiti		-	2,569	(2,569)	-	-	-
India		1,336	1,831	(2,036)	-	-	1,131
Indonesia		1,750	6,691	(6,528)	-	-	1,913
Kenya		-	2,145	(2,145)	-	-	-
Laos		-	489	(489)	-	-	-
Liberia		-	2,215	(2,215)	-	-	-
Malawi		-	2,451	(2,451)	-	-	-
Mozambique		-	2,032	(2,032)	-	-	-
Nepal		-	43	(43)	-	-	-
Niger		4,331	3,567	(4,299)	-	3	3,602
Pakistan		4,283	5,235	(4,471)	-	12	5,059
Rwanda		-	762	(762)	-	-	-
Sierra Leone		-	1,043	(1,043)	-	-	-
Somalia		-	1,651	(1,651)	-	-	-
Sri Lanka		2,433	2,253	(3,649)	-	-	1,037
Sudan North		816	4,367	(4,934)	-	-	249
Sudan South		225	4,107	(4,332)	-	-	-
Tanzania		-	1,210	(1,210)	-	-	-
Timor Leste		-	705	(705)	-	-	-
Uganda		-	2,630	(2,630)	-	-	-
Zambia		-	1,186	(1,186)	-	-	-
Zimbabwe		-	6,775	(6,775)	-	-	-
HQ Projects		-	2,600	(2,600)	-	-	-
Total restricted funds	(i)	15,174	77,679	(79,877)	-	15	12,991
Unrestricted funds							
General funds	(ii)	1,296	46,243	(48,315)	1,574	76	874
Designated funds:							
Planned budget deficit	(iii)	8,601	-	-	(3,096)	-	5,505
Tangible fixed asset fund	(iv)	6,691	-	-	4,083	-	10,774
Programme continuity fund	(v)	11,289	-	-	(2,561)	-	8,728
Total unrestricted funds		27,877	46,243	(48,315)	-	76	25,881
Total Funds	(vi)	43,051	123,922	(128,192)	-	91	38,872

19. FUNDS (continued)**(c) Movement in consolidated funds (continued)**

The above funds carried forward at 31 December 2006 represent:

- (i) Income from appeals and donations which were not yet applied in the countries specified by the donor.
- (ii) Funds for use at the discretion of the Council to expand the activities of the charity.
- (iii) The organisation expects to have a deficit on unrestricted funds in 2007 and has set aside a portion of reserves to cover it.
- (iv) The net book amounts already invested in or contractually committed to tangible fixed assets for use by the charity.
- (v) The net amount that Council has agreed to be set aside to ensure that it can protect its ongoing programme of work from unexpected variances in income and at the same time retain an effective emergency response capacity.
- (vi) Analysis of group net assets between funds:

	Restricted Funds €'000	Unrestricted Funds €'000	Total Funds €'000
Funds balances at 31 December 2006 are represented by:			
Tangible fixed assets	-	5,776	5,776
Current assets	12,991	35,812	48,803
Current liabilities	-	(10,915)	(10,915)
Provision for liabilities and charges	-	(132)	(132)
Defined benefit pension scheme liability	-	(4,660)	(4,660)
	12,991	25,881	38,872

20. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006 €'000	2005 €'000
Net (outgoing) /incoming resources	(6,472)	11,166
Deposit interest earned	(777)	(835)
Depreciation	715	576
Goodwill amortisation	125	125
Non cash defined benefit pension scheme charge	168	1,632
Grant amortisation	-	(51)
Loss on disposal of tangible fixed assets	54	34
Decrease in stocks	16	17
Increase in debtors	(1,661)	(2,626)
Increase in creditors; amounts due within one year	1,735	3,559
Increase in creditors; amounts due after one year	132	(100)
Exchange loss	125	45
Net cash (outflow)/ inflow from operating activities	(5,840)	13,542

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AND MOVEMENTS DURING THE YEAR

	2006	2005
	€'000	€'000
Capital expenditure and financial investment		
Payments to acquire fixed assets	(617)	(587)
Proceeds on disposal of fixed assets	52	71
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	(565)	(516)
	<hr/>	<hr/>
Management of liquid resources		
Decrease/(increase) in investments	5,826	(14,349)
	<hr/>	<hr/>

22. ANALYSIS OF MOVEMENTS IN CASH RESOURCES

	Opening balance 2006 €'000	Net Cash inflow 2006 €'000	Non-cash flows 2006 €'000	Exchange difference 2006 €'000	Closing balance 2006 €'000
Cash at bank and in hand	8,703	210	-	20	8,933
Bank overdrafts	(89)	(40)	-	(1)	(130)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	8,614	170	-	19	8,803
Short term deposits	25,663	(6,002)	-	-	19,661
Investment with Irish Life	6,840	-	500	(1)	7,339
Other investments	451	176	2	-	629
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	41,568	(5,656)	502	18	36,432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

No reconciliation on net debt is disclosed as debt is not considered material to the group.

23. SUBSIDIARIES

The parent company, Concern Worldwide, directly controls four subsidiaries, as follows:

- a. Concern Worldwide (UK), (formerly Concern Worldwide (England & Wales)), which is registered as a company limited by guarantee and does not have a share capital. The subsidiary's registered office is at Unit 13 & 14 Calico House, Clove Hitch Quay, Plantation Wharf, London. The subsidiary commenced to trade on 1 January 2004. It operates in Northern Ireland and Great Britain. Its main activities are to fundraise for, and otherwise support, programmes of work which relieve poverty, distress and suffering in the poorest countries of the world.
- b. Concern Charity Trading Limited, which is registered as a company limited by guarantee and does not have a share capital. The subsidiary, which was incorporated in 2000, is registered, and operates in, the Republic of Ireland. The main activity of Concern Charity Trading Limited is to raise funds from its charity shops to fund the work of the parent company. It also supports specific fundraising activities on behalf of the parent company.
- c. The parent company holds 92 out of a total of 99 issued ordinary shares in Africa Concern Limited. This company is registered at Camden Street, Dublin and is dormant.
- d. The parent company also holds all of the issued ordinary shares in Angkor Mikroheranhvatho Kapuchea Limited (AMK). This company is incorporated in Cambodia and has its office at number 191, Block F, Phnom Penh Centre, Tonle Bassac, Chamkarmon, Phnom Penh. It is engaged in the provision of microfinance to rural communities in Cambodia.

23. SUBSIDIARIES (continued)

Concern Worldwide (UK) controls three subsidiaries, as follows:

- a. Concern Worldwide (NI), (formerly Concern Worldwide (UK)), which has its registered office at 47 Fredrick Street, Belfast, Northern Ireland and is dormant.
- b. Trading for Concern Worldwide (UK) Charity Limited, which has its registered office at Unit 13 & 14 Calico House, Clove Hitch Quay, Plantation Wharf, London and is dormant.
- c. Children's Aid Direct (formerly Concern Worldwide (GB)), which has registered office at Unit 13 & 14 Calico House, Clove Hitch Quay, Plantation Wharf, London. The company has been dormant since December 2003.

24. CONCERN WORLDWIDE (US) INC.

Concern Worldwide (US) Inc. is a not-for-profit organisation registered in the United States of America, and is an affiliate of Concern Worldwide. Concern Worldwide (US) Inc. is governed by an independent board of directors which retains full control over the financial and operating policies of the company. The principal activity of Concern Worldwide (US) Inc. is the raising of funds from the US government and the general public. Concern Worldwide (US) Inc. has entered into separate agreements with Concern Worldwide whereby it will provide sub-awards from these funds exclusively to Concern Worldwide for the period that the agreements remain in force. The total amount of cash grants received from Concern Worldwide (US) Inc. in 2006 was €6,480,000. These grants are accounted for in the same way as grants from all other co-funders.

Concern Worldwide provides funds to Concern Worldwide (US) Inc. to contribute towards its operational costs. The total amount transferred in 2006 was €990,000, (2005: €571,000); this amount is included in the expenditure of Concern Worldwide, analysed according to the purposes for which the funds were applied.

25. COMMITMENTS

- (i) The 2007 Annual Plan, which was approved by Council on 10 December 2006, allows for overseas expenditure in 2007 of €86,880,826. The group is also committed to assist certain overseas projects for periods in excess of one year.
- (ii) Group commitments under operating lease agreements in respect of premises used by the group are as follows in 2006:

	Group	Company
	€'000	€'000
Payable on leases in which the commitment expires within :		
- one year	36	-
- two to five years	-	-
- more than five years	307	159
	343	159

- (iii) Future capital expenditure approved by Council but not provided for in these financial statements is as follows:

	2006	2005
	€'000	€'000
Contracted	9,000	-
Authorised but not contracted	644	590
	9,644	590

The contracted capital expenditure relates to the purchase of additional office space.

- (iv) The group has entered agreements with partner agencies which commit it to expenditure of €9,785,000 over the next 3 years.

26. LEGAL STATUS OF COMPANY

In accordance with Section 24 of the Companies Act, 1963, the company is exempt from including the word 'limited' in its name. The company is limited by guarantee and has no share capital. At 31 December 2006, there were 710 members (2005: 715), whose guarantee is limited to €6.35 each. This guarantee continues for one year after individual membership ceases.

The company, as a charity, is exempt from the reporting and disclosure requirements of the Companies (Amendment) Act, 1986.

As permitted by the Companies Act, the company has not presented its statement of financial activities. As indicated in note 19 (b) the deficit of the company for the financial year was €5,816,000.

27. POST BALANCE SHEET EVENTS

No significant events have taken place since the year end that would result in adjustment to 2006 financial information or inclusion of a note thereto.

28. RELATED PARTY DISCLOSURE

The company is availing of the exemption under Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose details of transactions with companies within the group.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Council of Concern on 20 April 2007

	2006 €'000	2005 €'000	2004 €'000	2003 €'000	2002 €'000
Income					
Voluntary income	64,111	75,800	43,789	42,215	36,324
Irish Government	27,170	22,343	18,598	13,690	8,739
British Government	3,610	1,913	1,293	2,266	2,124
European Union	5,593	5,204	5,586	6,732	6,834
Concern Worldwide (US) Inc.	6,480	5,580	5,960	4,113	6,140
Other international co-funding	4,616	3,370	3,941	4,961	5,589
Income from trading activities	235	629	496	414	326
Donated commodities	8,876	5,235	11,051	23,973	8,136
Deposit interest and sundry income	1,029	835	420	464	493
Total Income	121,720	120,909	91,134	98,828	74,705
Expenditure					
Afghanistan	4,204	3,327	3,083	3,285	11,051
Angola	1,587	1,672	1,808	3,649	3,396
Bangladesh	3,522	3,227	4,663	3,627	3,316
Burundi	1,328	1,262	1,204	1,633	1,928
Cambodia	1,515	1,632	1,421	1,683	1,574
Cambodia Microfinance	1,954	1,027	355	261	-
DPR Korea	660	1,281	1,556	2,495	1,217
DR Congo	4,276	1,943	2,363	1,950	1,812
East Timor	1,230	809	514	572	983
Eritrea	1,992	2,248	2,265	1,663	1,030
Ethiopia	4,770	3,744	4,600	10,765	3,870
Haiti	4,609	3,513	2,762	1,355	1,221
Honduras	-	-	25	271	431
India	2,734	2,170	978	2,188	948
Indonesia	6,235	3,086	-	-	-
Iran	40	89	578	-	-
Kenya	2,675	652	967	366	195
Kosovo	-	-	-	144	524
Laos	978	622	723	760	827
Liberia	3,431	2,555	2,716	1,714	1,411
Malawi	3,076	2,136	2,139	2,938	2,547
Mozambique	3,298	3,469	3,032	2,927	2,105
Nepal	791	90	-	-	-
Niger	4,459	3,495	371	370	-
Pakistan	6,060	6,478	1,930	1,299	1,913
Rwanda	1,256	1,629	1,680	1,600	1,707
Serbia	-	-	-	136	559
Sierra Leone	2,076	2,065	1,395	1,061	1,279
Somalia	1,805	1,222	1,373	988	875
Sri Lanka	3,646	8,395	-	-	-
Sudan North	4,767	4,838	4,298	288	355
Sudan South	5,104	4,153	3,639	3,156	2,764
Tanzania	1,754	2,432	2,619	2,425	2,220
Uganda	3,446	2,853	2,596	1,683	1,412
Zambia	1,621	1,104	694	902	111
Zimbabwe	7,100	3,916	9,393	17,116	1,229
Other countries and projects	3,127	2,483	(67)	383	105
Overseas support costs	8,041	6,363	6,414	5,408	4,288
Development education and advocacy	4,348	3,429	1,869	1,501	1,466
Total direct charitable expenditure	113,515	95,409	75,953	82,561	60,669
Cost of generating voluntary income	13,619	13,276	12,229	12,245	13,182
Governance costs	663	521	397	309	246
Cost of generating trading income	395	537	486	382	311
Total expenditure	128,192	109,743	89,065	95,497	74,408
(Deficit)/surplus for year	(6,472)	11,166	2,069	3,331	297

The 2006 MAPS funding was utilised as follows:

	2006	2005
	€'000	€'000
Programme	19,935	14,448
Organisational development	225	250
HQ cost	840	612
Total	21,000	15,310

Details of the programme expenditure are as follows:

Programme	Sub- Programme	€'000	€'000
Education	Primary	2,733	2,311
	Non- formal	561	316
Health	Reproductive and child health	1,327	1,572
	Nutrition	1,483	1,042
	Water and environmental health	1,167	595
HIV and AIDS	HIV and AIDS	997	-
Livelihood Security	Food security	2,700	3,739
	LDO support	3,679	1,393
	Livelihood Support	1,568	3,207
	Micro Finance	3,720	271
Total programme expenditure		19,935	14,448

The top 50 grant recipients in 2006 are listed below.

Name of partner institution	Country	No of grants	2006 €'000
1. Sewa Lanka	Sri Lanka	1	2,900
2. Rural Development Project (RDP)	Pakistan	1	1,099
3. Valid International	UK/Ethiopia	2	1,670
4. Islamic Relief	Pakistan	1	764
5. Haashar Association	Pakistan	1	461
6. Community Initiative Facilitation & Assistance (CIFA)	Kenya	1	458
7. Ministry of Local Government, Anseba	Eritrea	1	454
8. Rural Education and Action for Liberation (REAL)	India	3	376
9. Bahr-El-Ghazal Youth Development Agency (BYDA)	South Sudan	1	297
10. HIVOS/South Indian Federation of Fishermen Societies (SIFFS)	India	1	292
11. Water, Environment & Sanitation Society (WESS)	Pakistan	1	272
12. Children Aid Ethiopia CHAD-ET)	Ethiopia	4	241
13. Magariro	Mozambique	1	234
14. The Covenant Centre of Development (CCD)	India	4	234
15. Karnal Integrated Rural Development and Research Centre (KIRDARC)	Nepal	1	232
16. Neighbours Initiative Alliance (NIA)	Kenya	1	217
17. German Agro Action (GAA) (also known as DWWH)	Sri Lanka	1	200
18. Dioceses of Malindi	Kenya	1	183
19. Shamadhan	Bangladesh	1	182
20. HIVOS / M. Ventatarangaiya Foundation (MVF), Andhra Pradesh	India	1	180
21. Nepal Water for Health (NEWAH)	Nepal	1	175
22. HIVOS	Indonesia	1	165
23. Nuba Relief & Rehabilitation Development Organisation (NRRDO)	South Sudan	1	128
24. Guide	India	1	115
25. Wolaita Rural Development Association (WRDA)	Ethiopia	1	111
26. Multi-purpose Community Development Project (MCDP)	Ethiopia	1	111
27. Bani'Adam Relief & Development Organisation	Somalia	1	110
28. Development Projects Service Centre, Nepal (DEPROSC)	Nepal	1	110
29. Ministry of Agriculture, Anseba	Eritrea	1	109
30. Mothers and Children Development Organization (MCDO)	Ethiopia	1	107
31. Youthlink Somalia	Somalia	1	107
32. Social Activities for Rural Development Society (SARDS)	India	1	102
33. 80:20 Educating and Acting for a Better World	Ireland	1	100
34. Support Activities for Poor Producers of Nepal (SAPPROS)	Nepal	1	99
35. Gramin Vikas Pratishthan (GVP)	India	4	98
36. PROPRIDE	Ethiopia	1	97
37. Network for Zambian People living with HIV/AIDS (NZP+)	Zambia	1	95
38. Darbar Sahitya Sansad (DSS)	India	4	92
39. Organisation Nigerienne des Educateurs Novateurs (ONEN)	Niger	1	86
40. Aweil Local Authority	South Sudan	1	85
41. Self Employed Workers' Association Kendra (SEWAK)	India	3	82
42. Wollaita Development Association (WRD)	Ethiopia	1	78
43. Association des Animeurs et Payans de la Gonave (AAPLAG)	Haiti	1	76
44. Suas	Ireland	1	140
45. Shushilan	Bangladesh	1	73
46. Regional Centre for Development Co-operation (RCDC)	India	4	70
47. Credit and Development Forum	Bangladesh	1	70
48. Ponleu Kumar	Cambodia	1	65
49. Kolektif Pou Developman Senmaten (KDSM)	Haiti	1	65
50. JOBS	Bangladesh	1	65
51. Other partners	Various	353	5,474
Total		423	19,406