**Plan**

# Worldwide Annual Review and Combined Financial Statements 2012

Plan

# Contents



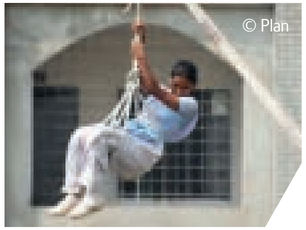
This review sets out Plan's progress towards our vision and mission between July 2011 and June 2012.

**Child protection**
Throughout all our activities, Plan is committed to ensuring the protection, security, privacy and dignity of all the children we work with. Anyone with questions or concerns about child protection at Plan can contact us at child.protection@plan-international.org





















## Our vision

A world in which all children realise their full potential in societies that respect people's rights and dignity.

## Our mission

Plan strives to achieve lasting improvements in the quality of life of deprived children in developing countries, through a process that unites people across cultures and adds meaning and value to their lives, by:

- enabling deprived children, their families and their communities to meet their basic needs and to increase their ability to participate in, and benefit from, their societies
- building relationships to increase understanding and unity among people of different cultures and countries
- promoting the rights and interests of the world's children.

Martha is a 13-year-old from Uganda. She is confident and committed to making her community better for children. She is part of an anti-violence club and children's court at her school; projects supported by Plan.

Martha's club recently addressed the issue of domestic violence, bringing parents to the school for an open discussion in which children told how violence affects them.

"Working on children's rights has changed me. At first I didn't know that we could demand our rights. But when I started working with Plan, my attitude changed. I learned that we should demand our rights. I know that the government can make changes. We are presenting petitions to Parliament and advocating for children's rights on radio talk shows.

"I want to bring change in children's lives. I plan to be a manager of an organisation that is fighting for children's rights. I'll make sure that all children are respected. That's my aim."

© Plan / Will Boase

# Highlights of 2012

# €634 million

## Our total income for the year

**€363 million**
INCOME RAISED THROUGH SPONSORSHIP

**€153 million**
INCOME RAISED IN GRANTS

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## Celebrating Plan's 75th anniversary

Plan was founded in 1937. On 20 March 2012, we celebrated our 75th anniversary by holding the World's Biggest Children's Birthday Party. More than 75,000 children in 16 countries joined in the festivities. Events were held worldwide, including a concert in Haiti, a girls' football match in Bangladesh, the planting of 75,000 trees in Zimbabwe and a sports day in Sudan.

At the heart of the celebration was our *Count Every Child* campaign (see page 13 for more details), a global programme striving to support children all over the world to get birth certificates. In the Philippines, 8,000 children were registered as part of a week-long birth registration event.

## FORMER SPONSORED CHILD HELPS BUILD EGYPT'S FUTURE

Mohamed was a small child when Plan began to work in his community. He loved being part of the Child Media project, which provides media training for children and young people.

Today, Mohamed attends university and is a committed community leader. He recently became a board member of his village association – the only member under 50 years old. **"Being on this board would have been impossible if I had not participated in Plan's programmes,"** says Mohamed proudly. **"There I developed my character, acquired skills and gained experience. Although I'm the youngest member of the board, they nominated me to be the next chairman. People believe in me, and this encourages me to continue playing an active, leading role in the development of my community."**

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## Norway's youth work to benefit their peers in Rwanda

In October, Plan Rwanda and Plan Norway successfully applied for support from Norway's largest solidarity campaign for youth, Operation Day's Work. As a result, 120,000 students donated one day's work to raise €4.6 million – an all-time high for the campaign. The grant will fund education programmes in Rwanda up to 2016, making it possible for children to stay in school, improving access to secondary education and increasing opportunities for youth to organise themselves.

## In Bangladesh, seesaw pumps at schools provide water and fun

Lack of clean water at school can deprive children of health and education. But over 23,000 children at 52 schools in Bangladesh now enjoy abundant clean water for drinking, hand washing and sanitation. They also enjoy the play and exercise of seesaws in their schools – an affordable innovation called Easy Pump, designed by Plan, uses seesaws to bring water from deep aquifers to holding tanks while giving children the fun of a bouncing ride.

Government departments, the World Bank, UNICEF and others are incorporating Easy Pump into Bangladesh's national Primary Education Development Project.


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## OCTOBER 11 BECOMES INTERNATIONAL DAY OF THE GIRL

The United Nations has declared October 11 International Day of the Girl Child, following an extensive campaign by Plan.

The initiative owes much to the passion and commitment of girls themselves who have lobbied the UN with support from Plan, the Canadian government and all the UN member states, as well as the thousands of people who signed our petition.

To find out more about our *Because I am a Girl* campaign to fight gender inequality and promote girls' rights, see page 12.

## PLAN WORKS WITH:

**84**
MILLION CHILDREN

**174**
MILLION PEOPLE

**90,131**
COMMUNITIES

**642,497**
TOTAL NUMBER OF PEOPLE TRAINED BY PLAN

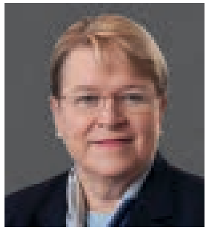
## WHERE PLAN WORKS

**Programme countries**
Bangladesh, Benin, Bolivia, Brazil, Burkina Faso, Cambodia, Cameroon, China, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Ghana, Guatemala, Guinea, Guinea-Bissau, Haiti, Honduras, India, Indonesia, Kenya, Laos, Liberia, Malawi, Mali, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Pakistan, Paraguay, Peru, Philippines, Rwanda, Senegal, Sierra Leone, South Sudan, Sri Lanka, Sudan, Tanzania, Thailand, Timor-Leste, Togo, Uganda, Vietnam, Zambia, Zimbabwe

**Donor countries**
Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Italy*, Japan, Korea, Netherlands, Norway, Spain, Sweden, Switzerland, United Kingdom, United States

* Opened July 2012

# Chair's introduction


© Plan / Niels Busch

As the new Chair of Plan International, I am pleased to introduce the Worldwide Annual Review and Combined Financial Statements for 2012. I took up my office in February 2012, following the completion by Paul Arlman of his second term as Chair so we share the responsibility for the stewardship of Plan International for the period under review.

During 2011-12, the International Board and the Members' Assembly have regularly scrutinised and assessed the progress Plan International Inc management is making towards achieving the goals outlined in the agreed strategy to 2015, *One Goal, One Plan: Rights and Opportunities for Every Child*, and offered guidance to management where necessary.

Plan's global strategy is both exciting and demanding of an organisation which for many decades could rely on a single funding model – child sponsorship, dedicated to long-term development goals for each community. The current landscape has multiple funding streams – from individuals, institutional donors and the private sector. Our organisation also supports a more diverse set of priorities, including humanitarian relief and advocacy and policy work. The strategy noted a need to review our *Business Operating Model*, to ensure it was fit for purpose and enabled all parts of the federation to work together to maximise our global reach and impact.

The Members and the Board commissioned a major study into our current and desired operating model. This study concluded at the end of the year and we have agreed eight priority change areas to focus on over the next three years. These areas will enable Plan to work effectively, efficiently and coherently across the organisation. The study also raised some important questions around the balance of spend across the organisation and the Board has instructed management to review its central and regional costs and funding model. This work plan will be a central focus for management over the next year and the Board's assessments of progress will be reported on in the next review.

The Board is pleased that Plan Country Offices are striving to meet the strategy's central goal to reach marginalised groups through our programme efforts. Experience and research shows us, with solid evidence, that girls are among the most marginalised and excluded groups across all countries where Plan operates. We believe that discrimination against girls and women is one of the main underlying causes of child poverty. While girls and boys have the same entitlements to human rights, they face very different challenges in accessing them.

The October 2012 launch of Plan's first integrated global campaign, *Because I am a Girl*, has been the focus of numerous Board and Members' Assembly discussions. We also approved a new Global Policy on Gender Equality, accompanied by an operational strategy on gender equality. These make clear our expectations that Plan is accountable for gender equality standards in our offices and across our programmes.

The Board has also reviewed the extent to which Plan teams globally have implemented the strategy on Disaster Risk Management, approved in 2009. We were particularly pleased that an independent review found "remarkable progress". Whilst acknowledging the sure footed way Plan has responded to many disasters, we are aware that the biggest challenges now tend to have a regional dimension; often build gradually, and quickly stretch country resources. We have counselled management against overambition, especially in districts where Plan has no previous track record, and remain concerned about the challenge of hiring new staff sufficiently quickly to meet the needs of communities caught up in complex disasters.

There have been important and welcome changes in the status of individual members of the Plan federation. Plan Switzerland and Plan Hong Kong, having satisfied the Members' Assembly that they met all requirements of membership, are now fully fledged members of Plan International. The Members' Assembly has continued to support the development of Fundación Plan (Colombia) and Plan India and approved the start up of a fundraising operation in Italy. The Board is very aware of the opportunities arising from the changing economic status of some Plan programme countries as they migrate to middle-income levels. We believe Plan should look increasingly to raise funds locally and have tasked management with bringing forward a global fundraising strategy in 2013.

Despite the turbulence in the world's economy, Plan's worldwide income grew 7 per cent to €634 million in 2011-12. Individual supporters remain the main contributors to Plan, donating some €363 million this year. Grants income grew by some 10 per cent, despite some government aid budgets being reduced. In the global context of 2011-12, this record of income generation by the 20 Federation members is a noteworthy achievement.

The Board also took measures to reinforce the security and protection of our funds by undertaking deeper analysis of the risks we face from fraud. It approved investment in specialist staff to reduce those risks.

As a Board and Member's Assembly we paused in our work to celebrate Plan's 75th birthday at our meetings in Spain (where Plan was founded in 1937) and in Norway. Whilst times have changed, the fundamental belief that all children have rights and opportunities still guides our work, as it did the small group who founded Plan during the civil war in Spain some seven and a half decades ago.

On behalf of the Board, I would like to thank Plan's previous Chair, Paul Arlman, and Deputy Chair Ezra Mbogori for their commitment and leadership of the Members' Assembly and the International Board over the past six years.

I look forward to serving as Chair and working with Plan teams globally to help the millions of children we support achieve their hopes and ambitions in the years ahead.

**Ellen Løj**
Chair

# Chief Executive Officer's introduction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In the past year, Plan International has begun implementing the 2015 strategy, *Rights and Opportunities for Every Child*, endorsed by our Members and the International Board in June 2011. From my perspective, this period has involved putting the foundations in place in many areas, to ensure swifter progress and higher achievement in the future.

This annual review captures the energy and variety of our country programmes. It also shows that the realities of what we do are beginning to be influenced by the priorities of education, protection and inclusion that we set in the 2015 strategy. It is uplifting to read how a greater focus on marginalised groups and an emphasis on enabling children and young people to be heard and empowered are running, like a thread, through our programmes.

Our income from institutional donors and the private sector has continued to grow and, despite the economic uncertainties, well over one million sponsors stay loyal to the children they support. But, like most international non-governmental organisations, Plan faces increasingly complex challenges. We are a more ambitious organisation than we were a decade ago. And with that ambition comes the challenge of dealing with multiple stakeholders and ensuring that we deliver value fairly to each of them.

That is why our *Business Operating Model* reform programme will be very important in the coming year. On the one hand we need to invest in programme expertise and policy and advocacy development at global and regional level. On the other, we want to ensure that our 50 programme countries have the resources they need to implement the programmes agreed with communities at the frontline. We need to balance the two. We also have to capture the full costs of running complex programmes, often in dangerous locations with hard-to-reach communities, and ensure that our donors pick up that cost.

One of the priorities in our 2015 strategy is to improve programme quality – in particular, embedding the understanding and application of the core programme principles that are central to our child-centred community development approach. Soon, staff will be able to learn more and study best practice through our newly established Plan Academy.

In the past year we have responded to more than 30 individual emergencies. After a slow start, we reacted well to the impact of famine and drought in the Horn of Africa, and our programmes benefited more than one million children. In the Sahel, it has not been easy to attract funds or staff with the appropriate skills, and this remains a central priority for the year ahead.

Meanwhile, our advocacy and policy work has had increasing impact. We prepared for the launch of the *Because I am a Girl campaign*, with its focus on tackling gender injustice and improving girls' education. The impact of our previous campaigns – *Count Every Child* and *Learn Without Fear* – has been profound. Millions more children now have a birth certificate and their rights are protected as a result. In many countries, legal frameworks now protect children from the worst effects of school violence and deter the perpetrators. These were our first global campaigns, and we have every reason to be proud of them.

Our primary focus remains with children under the age of 18, but as youth unemployment rises up the political agenda we have begun to develop partnerships with the private sector, to provide young people in Plan communities with the skills to compete for jobs or set up microenterprises. In Asia, our pilot programmes are already yielding benefits and we plan to scale them up both in Asia and South America.

This year has also been our 75th birthday. It was wonderful to see communities in all 69 Plan countries take time out in March 2012 to celebrate our achievements – in particular our long-running community-based work in so many parts of the world.

It remains for me to thank all our individual supporters and groups, institutional donors and private-sector partners who donated resources and expertise to Plan, and to our many implementing partners and members of civil society organisations for their support in the past year. It is also humbling to meet our Plan teams who continue to do inspiring work, often in difficult circumstances. They deserve a huge thank you for their dedication and professionalism.

There is always more to do, but the stories in this review are clear evidence that our programmes are making a difference to the lives of the world's poorest children. We are committed to ensuring all our programmes reach an even higher standard in the years ahead.

Nigel Chapman

**Nigel Chapman**
Chief Executive Officer

# About Plan

## Who we are

Plan has been working for, and with, children for more than 75 years. Today, we work in 50 low-income and middle-income countries across Africa, Asia and the Americas to promote children's rights and provide better opportunities for millions of children.

We focus on the inclusion, education and protection of the most marginalised children, working in partnership with communities, local and national government and civil society. We are independent, with no religious, political or governmental affiliations.

## Our structure and governance

Our 21 independent donor organisations raise awareness and provide funding and expertise for our programmes. In India and Colombia, we carry out both programming and fundraising activities.

Plan International, Inc. designs and delivers programmes through regional and country level offices. Our programme offices are located in the areas where our programmes are implemented to allow us to respond to the situation of the local communities. Central services that support our programmes are provided by Plan Limited, a wholly owned subsidiary of Plan International, Inc.

We maintain accountability through our International Board. This body is made up of members who are elected by our guiding body, the Members' Assembly, to ensure that our senior executives run the organisation efficiently and effectively.

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# How we work

Plan sees a clear link between access to rights and poverty. The poorest and most vulnerable children are deprived of basic rights to health, education and protection. Children who have a healthy start in life and a quality education and are supported to play an active role in their own development have a much better chance of becoming economically secure adults, benefiting future generations and contributing to their countries' economic growth.

Plan believes that young people should have the chance to play an active role in setting priorities, developing strategies, assessing local progress, preparing for disasters, and taking part in decisions that affect their communities. All these activities can help build their confidence and skills and enable them to become active citizens.

Our child-centred community development approach is firmly based on the concepts of child rights, principles of inclusion and non-discrimination and participation. We work with children, communities and other key partners, such as local organisations, national networks and government agencies.

**Key features of our work include:**

- working closely with children and their families in the communities where they live
- working with local and national government to hold them to account and support them to meet their obligations towards child rights
- partnerships with a range of civil society organisations to strengthen their capacity and to implement programmes
- engaging with corporations in socially responsible programmes
- working within coalitions and alliances to tackle the underlying causes of poverty through advocacy and campaigns on child rights.

**Plan's work covers eight programme areas addressing children's rights to:**

1. **a quality education** (see page 16)
2. **a healthy start in life** (see page 18)
3. **grow up safely in communities that are resilient to disasters, and have their rights protected during emergencies** (see page 20)
4. **participate as citizens** (see page 22)
5. **protection from all forms of abuse, neglect, exploitation and violence** (see page 24)
6. **economic security** (see page 26)
7. **sexual and reproductive health, including HIV prevention, care and treatment** (see page 28)
8. **a safe, consistent supply of drinking water and improved sanitation** (see page 29).

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# Our strategy

## Rights and Opportunities for Every Child

Plan's strategy to 2015, which we adopted in 2011, identifies our One Goal: to reach as many children as possible – particularly those who are excluded or marginalised – through high-quality programmes that deliver long-lasting benefits.

**To achieve our One Goal, we have four programme objectives:**

**1** Tackling exclusion

**2** Improving programme quality

**3** Expanding successful programmes

**4** Extending our influence.

Underpinning our strategy are three commitments to become a more effective, efficient and collaborative organisation:

- **Resources commitment –** We will increase our resources to enable us to reach more children and have a greater impact on their lives.
- **Organisation commitment –** We will align ourselves to our common, programme-led goal as a united and effective organisation.
- **Collaboration commitment –** We will achieve greater impact on child poverty through improved collaboration with others.



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# Work during 2012 towards our strategy

## 1 Tackling exclusion

**Reaching marginalised children and communities**

We aim to focus our work on children and families who have been excluded from development because of poverty, ethnicity, gender, disability or other factors. Reaching excluded groups and individuals within communities requires dedication, persistence, time, money and cultural sensitivity. Plan has many programmes targeted at excluded groups, however, ensuring all our programmes and processes engage with the most vulnerable and excluded people is very challenging and complex.

With the help of expert external consultants we have reviewed our current practice and developed a comprehensive approach to tackling exclusion, and a plan for addressing the implications of this commitment for Plan. This will be a long-term process, requiring sustained management commitment.

Many of our programme countries are exploring issues around exclusion in their local context. They are looking critically at which children and youth are reached by our work – and which are left out – and are developing new ways to tackle both the causes and consequences of exclusion.

**Promoting gender equality**

One of our priorities in tackling exclusion is promoting gender equality. In 2012, we rolled out our gender policy globally. We are also developing a gender audit tool for our programme work.

See the section on Assessing and increasing our effectiveness on page 10 to read about more about the work we have done in this key area.

## 2 Improving programme quality

This commitment does not only involve keeping track of the impact that our programmes have on individuals and communities. It also means making sure that each element of programming – including identifying communities, designing and agreeing programmes with communities, providing training and assessing and reporting on outcomes – is of the highest possible quality.

**Our performance agenda**

We have been working to define further our child-centred community development approach to ensure field staff consistently provide high quality assistance to the people they work with. To read more, see the section on Assessing and increasing our effectiveness on page 10.

**Developing an academy for continuous staff learning**

This centre of excellence will make sure Plan's staff reflect and learn on our core principles of child-centred community development. The academy will improve our staff's knowledge, skills and practices in community development and emergencies. We have recruited a team to manage this project. Our academy should be operational by the end of 2013.

**Boosting technical knowledge in thematic areas**

Plan is putting in place global teams of technical advisors, who will work to improve the quality and effectiveness of our programmes within thematic areas such as gender, child protection and education.

## 3 Expanding successful programmes

**Replicating effective projects to reach more children and young people**

We want to ensure that our programmes achieve maximum impact. This may mean identifying interventions that can be implemented on a larger scale to reach more children. It may also mean improving programmes to reach the most difficult to reach; or working with others to adopt and replicate good practice.

We are working to develop a broader understanding of the concept of scaling up because looking from a rights-based perspective, bigger is not always better. A review conducted in 2012 (see Reviewing our work to scale up programmes on page 11) proposed a new definition and encouraged us to always ask the critical question: "What is the best way to scale up this programme?"

We have also established a research and a knowledge management group to improve the quality of research and ensure that Plan teams share and learn effectively from our experiences.

## 4 Extending our influence

**Strengthening our global advocacy on behalf of children and young people**

Plan seeks to become a leader of global thinking and advocacy, particularly in the areas of education and child protection.

Significant work took place during 2012 to build our internal capacity and skills so we can launch our global *Because I am a Girl* campaign in October 2012. Our overarching campaign goal, to ensure girls transition to post primary education, is led by advocacy goals, supported with programme efforts and communications messaging.

We have opened offices in New York and Addis Ababa, adding to our current teams in Brussels and Geneva, to enable closer links with the UN and the NGO community.

# Plan in five years' time

Plan will be an organisation known for quality, rights-based programmes for children, especially those who are most marginalised – our programmes will make significant impacts on the lives of children and their families. Above all, we will be an organisation that listens to its stakeholders and supports them to have a voice and be heard.

Plan will also be recognised for its sound, collaborative processes, including a strong, modern, shared monitoring and evaluation system.

**For further information and updates on our strategic progress, please visit plan-international.org/strategy**

# Assessing and increasing our effectiveness

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We are committed to running programmes of the highest quality, based on solid evidence and thorough measurement. Effective monitoring and evaluation is core to ensuring Plan delivers the best quality work to all our stakeholders.

We undertook three significant evaluations during 2012. To get the latest updates on this work please visit our website plan-international.org/effectiveness to read about our progress.

## The performance agenda

In the past year, we have developed a new management approach to strengthen our programmes: the performance agenda. Over the next three-to-five years, this approach will strengthen our monitoring and evaluation by assessing how well we contribute to the development efforts of rights holders, duty bearers and civil society organisations, and by increasing our accountability. The ultimate aim is to increase our programme effectiveness, in order for each programme to contribute to creating a lasting environment in which the rights of children are respected, protected and fulfilled.

Our work depends on respecting people's right to make their own decisions – particularly the most marginalised. That means that our staff must listen to people and respond flexibly to them, helping them build their skills and confidence while providing technically high-quality assistance as people manage their own development.

The performance agenda also involves supporting staff to reach these standards, and assessing performance against them. We will monitor and evaluate the different steps, balancing the need to report performance and the need to support learning and reflection. We will also increase our commitment to transparency, so we contribute to sector-wide efforts to identify and share good practice.

***‹ Meeting with community members and Plan staff to discuss the construction of a preschool in Cambodia***

## Evaluating our child protection programmes

In order to develop a clear, global programme approach to child protection, Plan commissioned a review to assess our child protection programme strategies and interventions.

The key findings of the review included:

- Plan is making good progress with its child protection programming and application of child-centred community development (CCCD) principles. Strong results are seen in children's participation, community protection mechanisms, public-awareness raising and policy influencing.
- Plan has a growing reputation for its ability to bring the perspectives of children and community based experiences to the policy table, and for its role in child protection advocacy.
- Plan needs to develop clear definitions, strategies and implementation standards and guidelines for its child protection programming, and to ensure consistent implementation of CCCD principles.
- Key interventions at country level on child protection in emergencies are not always combined with a comprehensive programming that would enhance the overall outcomes.
- Plan needs to strengthen the understanding and implementation of principles of gender and inclusion and ensure the best interest of children at all stages.

### Plan's programme management response:

We will develop clearer definitions and strategies on key areas of child protection programming; a global approach to tackling exclusion; standards for implementing child-centred community principles; and look at ways to integrate these into our Programme Accountability and Learning System.

We will review our current technical capacity related to child protection and child protection in emergencies.

We will develop a global research agenda for the key programme priorities identified; and identify a number of pilots that can help set standards.

## Reviewing our work to scale up programmes

Scaling up is an essential part of high-quality programming. Traditionally, scaling up has meant growth: expanding into new areas or increasing the number of people reached. But for our rights-based approach, bigger is not always better. In 2012, we commissioned the Fletcher School of Law and Diplomacy at Tufts University, United States, to conduct an independent review of how we scale up our programmes.

The review found that:

- Plan has a range of examples of good and creative practice of programme development and scaling up that it can build on in the future; and it demonstrates a degree of flexibility in its programming approaches that allows for a differentiated approach to scaling up.
- Plan (like most organisations) lacks a uniform definition and systematic approach to scaling up. Often the default approach is scaling up in collaboration with government rather than considering which option might be the most appropriate. It is difficult to ensure that core issues of quality, sustainability and rights-based principles are maintained if a programme is scaled up fast or increased in scale, as often is the case of government scale up.
- There is a need to strengthen a self-critical learning approach of "slow" programme development and improvement that allows enough time for establishing necessary evidence and embedding of good practice before moving on to scaling up.

### Plan's programme management response:

We will initiate development and adoption of a common definition and approaches to scaling up as a key aspect of high-quality child-centred community development programming.

We will incorporate scaling up considerations into core programme design, review and documentation processes.

We will document and share good examples of programme scale up.

# Campaigns


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Globally, one in five girls around the world is denied an education by the daily realities of poverty, violence and discrimination. Every day, girls are taken out of school, married far too young and subjected to violence in school and in their communities.

Not only is this unjust, it's also a huge waste of potential, with serious global consequences. Millions of girls are being denied an education right at a time when education has the power to transform their lives and the world around them.

*Because I am a Girl* will work with girls, communities, traditional leaders, governments, global institutions and the private sector to address the barriers that prevent girls from completing their education. The campaign is calling for girls' education to be prioritised by world leaders and for international development efforts to adopt a major focus – in particular, on girls' completion of quality secondary education. The campaign is also calling for an end to two of the biggest barriers to girls' education: child marriage and gender-based violence in and around schools.

Launching on the first International Day of the Girl Child – 11 October 2012 – Plan's global *Because I am a Girl* campaign aims to support millions of girls to get the education, skills and support they need to transform their lives and the world around them.

### Lobbying for the first International Day of the Girl Child

Plan was the first major organisation to call for an international day of recognition for girls and achieving such a day was one of the earliest goals of the *Because I am a Girl* campaign. Through the campaign, Plan led the global effort to build a coalition of support behind the International Day of the Girl Child, securing the critical support of the Canadian government, which took our call all the way to the UN, where the day was ultimately approved.

### Ensuring girls are heard at the UN

The campaign continued to retain its strong presence at the Commission on the Status of Women at the UN in New York, where once again a delegation of girls from Plan countries contributed their ideas and realities to high-level debates and policy discussions that took place in and around the global meeting. Supporters like Mariane Pearl, journalist and author; Michelle Bachelet, Under-Secretary-General and Executive Director UN Women and former President of Chile and Marta Santos Pais, the UN Special Representative on Violence against Children joined these debates with the girls and showed their active support to the campaign.

### "So, what about boys?"

The 2011 edition of the hugely successful *Because I am a Girl* State of the World's Girls series was launched in a series of events around the world. This highly anticipated report answered the question "So, what about boys?", arguing that the challenge of gender equality cannot, and should not, be tackled by girls and women alone – but rather that ending gender discrimination requires engaged men and boys. The report also demonstrated that gender equality was a good thing for men and boys too, and that the dividends of gender equality will be enjoyed by all children and their communities.

Find out more at: plan-international.org/girls

# Learn without fear.

One of the main obstacles to education in developing countries is fear – fear of punishment, of abuse and fear of sexual harassment or violence. Plan's groundbreaking global campaign *Learn Without Fear* has propelled us into a leading role among organisations working to ensure that fear is no longer an obstacle to learning for any child, anywhere.

Plan's approach has brought exceptional results:

- **485 million children are now better protected from violence in schools –** Plan *Learn Without Fear* campaigners have helped improve legal frameworks in 13 countries. For example, the constitutions of Ecuador, Kenya and South Sudan now specify that it is the government's responsibility to protect children from violence in schools.
- **Plan has become an international NGO expert in preventing violence in schools –** We are frequently asked to present our work at a wide range of events, including UN expert meetings, the International Bullying Prevention Association Conference and the World Congress on Violence in Schools.

Although the global campaign is ending, regional and country offices will continue these activities when they are appropriate to their plans and needs. For example, in Latin America we recently launched a partnership with cable television network Cartoon Network to tackle school bullying. And at the global level, Plan is contributing to reports on violence in schools by UNESCO, the Inter-American Development Bank, the University of Oxford, Child Helpline International and the UN Secretary General's Special Representative on Violence Against Children, among others.


© Plan

# COUNT EVERY CHILD

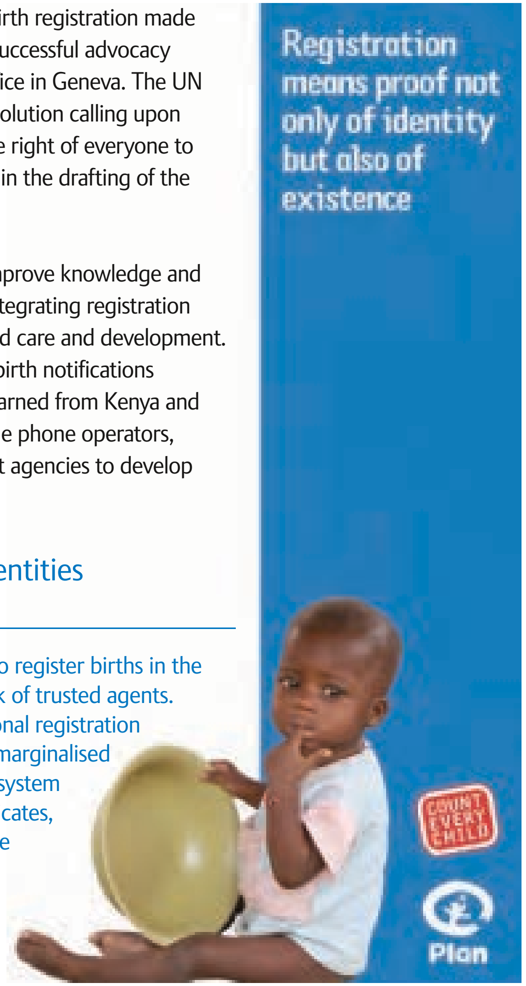
Globally, 51 million children are vulnerable because their birth has not been registered. Unregistered children can easily be denied their rights to protection, as well as to essential services such as healthcare and education. The universal birth registration programme *Count Every Child* puts Plan at the forefront of global efforts to ensure every child is counted.

Plan advocates for improved birth registration policies and practices, and for adequate resources to be allocated to them. We also encourage governments to take advantage of advances in information technology to improve registration systems. In March 2012, birth registration made it to the top of United Nations agenda following successful advocacy efforts led by Plan's UN Liaison and Advocacy Office in Geneva. The UN Human Rights Council unanimously adopted a resolution calling upon all states to ensure birth registration for all and the right of everyone to recognition before the law. Plan played a key role in the drafting of the resolution and ensuring its strong language.

We are working with parents and caregivers to improve knowledge and practices relating to birth registration as well as integrating registration into Plan programme areas such as early childhood care and development. We are also using innovative approaches such as birth notifications through mobile phones in Kenya. Using lessons learned from Kenya and other similar projects, Plan has worked with mobile phone operators, government representatives and key development agencies to develop the Identity at Birth concept (see below).

## Identity at Birth – creating digital identities through mobile phones

The Identity at Birth model uses mobile phones to register births in the local community through a decentralised network of trusted agents. It sends birth identities to a database within national registration systems, helping governments register the most marginalised and achieve their e-governance goals. While the system improves the process of issuing paper birth certificates, it also creates a digital identity for the child on the caregiver's phone that can be used to access key services such as health care and education.



# Programme highlights

## Education

72,538

In 2012, Plan trained 72,538 professional and volunteer teachers and school management staff. We supported the construction and rehabilitation of 2,152 schools.

Read more on pages 16-17

## Early childhood care and development

239,785

In 2012, Plan trained 239,785 professional and volunteer health workers in early childhood care and development and health management, benefiting 19,974 communities.

Read more on pages 18-19

## Disaster risk management

36

In 2012, Plan responded to 36 disasters and emergencies. At least 32 Plan countries have disaster risk reduction projects and 30 countries have carried out Plan's disaster preparedness process.

Read more on pages 20-21

## Child participation

Children and young people realise their right to participate as citizens.

Read more on pages 22-23

## Child protection

# 149,686

In 2012, Plan provided child protection training for 149,686 community members and 35,625 members of staff of partner organisations.

Read more on pages
24-25

## Economic security

# 144,121

In 2012, Plan trained 144,121 people in agricultural, vocational and business skills. We supported 5,366 microfinance organisations and 34,100 local savings and loan groups.

Read more on pages
26-27

## Sexual and reproductive health

# 86,809

In 2012, Plan trained 86,809 community health workers and traditional birth attendants, benefiting 9,433 communities.

Read more on page
28

## Water and sanitation

# 417,911

In 2012, Plan worked with 417,911 households to improve their sanitation facilities and helped communities build or refurbish 3,796 water points.

Read more on page
29

# Education

## Plan's goal:
## Children and young people claim and enjoy their right to education.

Education is one of the most powerful tools in breaking the cycle of poverty. Every child has the right to education, but many are excluded because of poverty, gender, disability, language or cultural barriers, or geographical remoteness.

We work to promote free and equal access to a quality education for all children, including in emergencies, as well as access to learning and life-skills training to enable young people to reach their potential.

We promote child-friendly learning environments by building the skills of teachers, strengthening community engagement in school governance, supporting culturally relevant, gender-sensitive teaching materials and offering essential life-skills training.

We work with governments and local authorities to improve legislation and public policy on education and engage in local, national and international advocacy to promote quality education for all.

© Plan / Will Boase

Plan's global spend in 2012

# €79 million

## Niger

### Girl-friendly schools, not child marriage

Saadatou, 14, is under pressure. Her mother's friends keep saying, **"Saadatou has grown up! Why aren't you getting her married?"** In Niger, nearly 40 per cent of girls are married before the age of 15. Early and forced marriage can end girls' chances of completing their education and put them at greater risk of isolation, violence and death in childbirth. Every girl should have the opportunity to complete her education and make choices about her future.

To address the situation, Plan is building 68 schools, training more than 1,800 teachers, providing school lunches, and instructing 3,000 school management committee members in literacy and school maintenance. But most importantly, Plan is helping people understand that girls have other options in life than marriage.

**"Sending girls to school is essential for reducing child marriage,"** says Plan Niger's Rights of the Child Coordinator, Saa Gado. **"We start by talking with religious and traditional leaders, communities, teachers and parents."**

Luckily for Saadatou, her mother is not being swayed by her friends. **"My two older daughters are already married,"** she says. **"But I've been to meetings at the school and I've seen role models, like the teachers. I want to give Saadatou a chance to succeed at school. We really regret marrying off our other daughters."**

*‹ Girls learning in class at school in Uganda*

## Ethiopia

### Equal learning opportunities for children with disabilities

When 10-year-old Irtiban lost his sight at the age of six, his future seemed bleak. When his mother went to work on a nearby farm, she would lock him at home all day, ashamed because of the social stigma associated with disability (common in many countries). For Irtiban, going to school was never an option. **"Like the other disabled children in my village, my fate was to sit by the roadside, begging,"** he says.

But all that changed when Plan established a basic education centre for disabled children in his village, working in partnership with community members, local NGOs and district education officers. Today, Irtiban joins other children at the centre, learning Braille and using other aids. **"It makes learning easier so I can practise reading and writing,"** he says. Some centres also support children who live too far from local schools.

The centres, which serve out-of-school children in grades one to four, are designed to prepare children for mainstream primary schools. Plan trains the centre teachers and covers their salaries until the community can sustain the centres themselves. The programme provides appropriate learning materials and, where necessary, school meals. Irtiban is determined to succeed: **"If I stay focused on my studies and get good grades, I can realise my dream of becoming a teacher,"** he says.

## Philippines

### High-quality education keeps indigenous children in school

Until recently, 12-year-old Angelita had little confidence and seldom spoke out. Today, she shares stories with other children, recites the alphabet and sings with confidence.

In the mountains of Mindoro, children such as Angelita, who is from the indigenous Mangyan community, face poverty, malnutrition, illiteracy, discrimination, child marriage and high rates of child mortality. Plan identified 3,000 local children who were not in school: some worked at home, for others the distance to school was too great.

Plan responded by establishing 22 learning centres inside Mangyan villages – some so remote that local people had to carry the building materials for eight hours on foot. Plan is supporting 50 local teachers – many of them Mangyan – and has trained them to teach using locally available and appropriate materials and effective literacy techniques.

The scheme is supported by an innovative learning approach package, which Plan developed in consultation with the local communities. It includes 13 storybooks in the seven local languages and Tagalog (the first language in the Philippine region), with an English appendix. The books tell traditional stories, gathered from the communities. Angelita loves them.

# Early childhood care and development

© Plan

## Plan's goal:
## Children realise their right to a healthy start in life and early learning.

Plan supports a range of programmes to reduce newborn and maternal mortality, to increase child survival, and to support the healthy development of children into adulthood. These include initiatives to prevent and combat specific avoidable childhood illnesses.

We promote good nutrition, early child development and early education, providing support for parents and caregivers. We work with our partners to improve access to quality primary healthcare and social services for mothers, children and young people.

***‹ Guatemala has high child-malnutrition rates. As part of a food security project, Plan has trained mothers to prepare nutritious meals for their families***

Plan's global spend in 2012

# €97 million

## Vietnam
### Young children and parents play and learn together

High in the mountains of Quang Tri, in northern Vietnam, a group of children under five are learning through play – and so are their parents. Through games, singing Vietnamese songs, dancing and reciting poems, the children develop new skills, while their parents learn the best ways to play with their children.

In a country with few preschool programmes, and a tradition of learning by rote, Plan has developed a child-centred, bilingual approach to preschool provision specially tailored to members of minority ethnic groups whose mother tongue is not Vietnamese.

Each playgroup hosts more than 100 parents and 130 children, who come together twice a month. Twenty-one Plan-trained early childhood care and development teachers and community volunteers facilitate activities tailored to different age groups, using toys, posters and hygiene accessories provided by Plan. Key information and childcare practices are reinforced through home visits by ECCD promoters.

So far, 17,000 children from birth to the age of six, from seven communities in the area, have benefited from the scheme. **"Now, I spend more time playing with my six-month-old boy,"** says one mother. **"The ECCD promoters also advise me on how to keep children clean and safe."**

## Uganda
### Early childhood centres give children a head start

Few Ugandan children have access to early childhood care – especially in marginalised communities. As a result, many of these children struggle in school, which means they risk dropping out or leaving school with not enough learning to continue in education or get work.

In 2009, Plan began supporting community-managed early childhood centres in 16 marginalised communities, using an approach called Community-Led Action For Children. Community members provide the space, labour and local materials, and contribute to the curriculum, as well as recruiting teachers and forming management committees. Plan provides on-site supervision and support in lesson planning and delivery, plus a small stipend to 88 teachers (68 of whom are female). The scheme also runs parenting sessions on issues ranging from literacy to effective, non-violent discipline.

So far, 647 children (including 319 girls) have enrolled directly from the centres into grade 1. Thanks to the high demand, in just three years the number of centres has grown from the initial 16 to 65.

**"When my children moved on to primary school,"** says one mother, **"they could write properly. When the teacher asked them their names, they didn't shy away like beginners. I'm proud that my children acquired social skills that enable them to express themselves."**

## Guatemala
### Mothers learn to protect against malnutrition

Doña Olga, 31, left school in the fifth grade. Today she runs a community childcare centre in her hillside home in Alta Verapaz for 22 mothers and their children aged up to 6, every Saturday morning.

Doña Olga was prepared for the role by Plan's Networks for Children project, run with the Organization of Ibero-American States to help communities detect and prevent malnutrition. Despite progress in the last decade, Guatemala still has the highest rates of infant mortality in Central America, with 32 deaths in under-fives for every 1,000 live births, often due to chronic malnutrition.

These self-managed community centres are being run in 80 communities in Guatemala that have little or no formal early childhood care provision. They are for mothers of children under six and led by local Caregiver Mothers, like Doña Olga, who are trained in nutrition, health and maternity care.

This year, Plan advised 30,993 pregnant and lactating women on child care and breastfeeding, and 10,093 households participated in food education and demonstration activities promoted by Plan. We also trained 804 people working in hospitals and communities in caring for children's nutrition.

**"I'm spreading what I'm learning,"** says Doña Olga. **"I learn it, I pass it on."**

# Disaster risk management

## Plan's goal:
**Children and young people grow up safely in resilient communities and realise their right to protection and assistance in emergencies.**





## Child-centred disaster risk reduction

In times of disaster, children are particularly vulnerable. If they become separated from family and friends, they face uncertainty, anxiety and shock, with a significant impact on their emotional well-being. Plan promotes an innovative child-centred approach to Disaster Risk Reduction (DRR). This approach harnesses the potential and ideas of children and young people to make their lives safer and their communities more resilient to disasters. This work includes a variety of approaches such as:

- working with children and youth groups to build awareness about risks and develop their capacities
- promoting better management of DRR through strengthening the capacities of adults, education practitioners, communities, media and local government
- working with ministries of education and national DRR agencies to develop school safety manuals, DRR curricula and teacher training modules
- influencing governments to include children's participation in DRR governance structures and decision-making processes.

### Building resilience in Dhaka

People living in urban slums are often the first to suffer in a disaster and the last to receive help. In Dhaka, Bangladesh, where fires, floods and earthquakes are common, Plan is preparing communities to respond when disasters strike.

One strand of work has involved running training sessions at eight schools in the city. In one, we worked with local authorities and volunteers to organise a mock neighbourhood drill involving 120 slum dwellers, students, teachers and street children. With support from the local fire service, participants learned about fire fighting, first aid and search and rescue. **"I was rescued from the fourth floor with a rope, but I wasn't scared,"** says 12-year-old Lina. **"I learned that you have to stay calm during an evacuation."**

**" We have to build a disaster-resilient culture in every household,"** says Anwar Shikder, Deputy Country Director of Plan Bangladesh.

*‹ Following Typhoon Sendong in the Philippines, Plan and partners set up emotional support sessions for children*

Plan's global spend in 2012

# €60 million

## Strengthening our response

Big disasters reconfigure lives and landscapes and devastate communities – children are often the worst hit. Plan's immediate response is to meet the urgent needs of children (such as food and water). Plan prioritises child protection and education to re-establish a sense of security and normality. Child-friendly spaces help to ensure children's safety and help to heal emotionally. A key focus is to safeguard children from harm and exploitation both during and after disasters.

In Liberia, Plan's integrated education and child protection programme is responding to the growing influx of refugees from the Cote D'Ivoire by establishing child welfare committees (made up of Liberians and refugees of all ages and both genders) in 18 communities. The members are being trained to respond to and prevent child abuse, exploitation, violence and neglect.

In the face of the growing number of emergencies, we have strengthened our response in a number of ways, including delivering training, recruiting more operational and technical experts, and revising our systems to improve performance. **"The big difference we can make in a country is largely due to our disaster preparedness process, a capacity-building exercise unique to Plan,"** says Dr Unni Krishnan, Plan's Head of Disaster Preparedness and Response.

## "Remarkable progress" in disaster risk management

In 2012, Plan engaged an independent consultant to review our progress in implementing our disaster risk management work against our 2009 policy. The review identified "remarkable progress" in practically all aspects of our work in this field, including better emergency responses, effective alert systems and preparedness processes, and increased fundraising.

The review also identified some areas for improvement, such as Plan's response to slow-onset disasters. Slow recruitment or procurement can lead to poor performance, and we are working to improve in these areas. **"We don't want separate procurement processes in emergencies – we want good processes that can be carried out quickly,"** says Roger Yates, Director of Disaster Management.

## Sub-Saharan Africa

Broadening our reach to meet the need

Plan is developing the flexibility to address emergencies wherever they occur, even if these are beyond our established programme areas. For example, in 2012, food crises and drought took us into new areas of operation in the Sahel and the Horn of Africa.

In the Sahel, Plan deployed more than 31 disaster response experts in five countries, focusing on access to food, child protection, education, water and sanitation, and children's health. In Burkina Faso, we built two boreholes, 96 latrines and 81 showers at three refugee camps, benefiting 16,620 refugees. We also established 16 primary school classes and five preschool classes, and distributed school kits benefiting 993 children in two refugee camps.

In the Horn of Africa, we set up ongoing programmes in five drought-stricken areas new to Plan, to help nearly 1.2 million people, including children, rebuild their lives. We raised €23.2 million and provided food to communities and supplementary feeding in schools and health centres, as well as water, health and sanitation training and facilities.

## Plan on the global stage

Plan has become a key player in child-centred disaster risk reduction. Plan:

- is the deputy chair of the Sphere Project to improve quality and accountability in the humanitarian sector
- is a member of the Humanitarian Accountability Partnership
- sits on global working groups on Education in Emergencies and Child Protection in Emergencies
- is a member of the UN Inter-agency Standing Committee Reference Group on Mental Health and Psychosocial Support in Emergencies
- Plan's Director of Disaster Risk Management is a member of the board of the International Council of Voluntary Agencies.

# Child participation

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## Plan's goal:
## Children and young people realise their right to participate as citizens.

The Convention on the Rights of the Child enshrines children's right to participate as citizens, but in many parts of the world their voices go unheard.

Plan promotes citizenship and empowerment among children and young people by helping them become aware of their rights and strengthening their confidence and leadership skills – including in media and journalism – to mobilise for positive change. We encourage children and young people to be involved in programme design and we help them acquire the life skills that will enable them to advocate for change.

We help monitor children's rights by enabling children's and youth organisations to lead advocacy initiatives and monitor their governments' implementation of the Convention on the Rights of the Child, as well as national and local policies. We promote social accountability by enabling young people to take part in planning processes, monitor service quality and hold governments and service providers to account.

"I feel motivated! We young people are here to do much more than just follow adults' guidance."

Alfredo Armando Hernández Solórzano, 22, president of the Youth Association of Chalatenango (AJOCHT), El Salvador

***‹ A child rights group from Ecuador meets to discuss the biggest challenges facing their village***

**Plan's global spend in 2012**

# €71 million

## Malawi
### Youth-run TV programme champions girls' rights

In Malawi, a new youth TV programme called *'Timveni'* (Let it be heard), funded by Plan Sweden, is giving a voice to thousands of teenage girls. Girls in Malawi often face early or forced marriage or abusive cultural practices. Many have to walk long distances to get safe water or drop out of school because of poverty. Young peer journalists encourage the girls to tell their own stories, uncovering cases of rape, abuse and forced marriage. They then hold government to account for responding to the crimes they expose and protecting citizens' rights.

The half-hour show, broadcast weekly on Television of Malawi Broadcasting Corporation from its own state-of-the-art production studio, is one of the first peer-produced youth programmes in Africa. The young people involved – mostly girls – are also part of a sister radio project, launched by Plan in 2006.

**"Our new television licence will help Malawian young people to fully participate and express themselves freely about developmental issues,"** says Timveni's Executive Director, Manyanda Nyasulu. **"Timveni TV will enable us to reach out to more children and young people, promoting their rights, talents, life skills and education. We will continue to involve vulnerable children – particularly girls, as well as young people with disabilities – and promote their skills and talents."**

## El Salvador
### Young people promote a culture of peace

Six years ago, Mario was a street kid, involved in gangs, alcohol and drugs. But today, he is a radio broadcaster and vice president of a youth organisation, studying for a degree in education.

**"I was a kid with no dreams, without a vision,"** he says. But when he joined the Plan-supported youth group, called AJOCHT, Mario's perspective began to change. **"My friends in AJOCHT awakened social responsibility in me,"** he explains. AJOCHT president Alfredo, 22, comes from a similar background. **"Participating in decision making has changed me,"** he says. **"I learned how to talk to public officials and demand my rights, to fulfil my responsibilities and fight injustice. I feel motivated!"**

There is no doubt that their community needs their help, with high rates of domestic violence, abuse and sex crimes. AJOCHT's activities include a life-skills course called Youth: Your Voice Counts, which aims to prevent violence and build a culture of peace. Last year 510 seventh, eighth and ninth grade students attended the course, developing a public awareness campaign which included street theatre, murals and media messages. The aim is for 2,000 students to complete it.

AJOCHT does its own fundraising, supported by local individuals, NGOs and businesses. Plan will continue its support in 2013.

## Sierra Leone
### Young people become part of the solution in local governance

In Sierra Leone, local decision-making bodies are often run by traditional elders who view young people as arrogant and violent. Frustrated, alienated and unemployed, many young people resort to drugs and prostitution. Plan's Youth in Governance programme, funded by Plan UK and the UK government, supported 900 vulnerable young people (44 per cent of them female) to get involved in local government activities. Plan organised them into 36 youth groups, training them to help in projects such as maintaining water points, collecting taxes and taking part in district council meetings. They also participated in livelihood projects, using seeds and tools donated by the Ministry of Agriculture.

Today, most of the youth groups have remained active and are officially registered, with their own bank accounts. Many young people are pursuing higher education or training, or have been elected to governing councils and are actively engaging in community development. **"I now have self-confidence,"** says one group member. **"I'm a member of our Ward Committee and I attend council meetings. I have authority!"**

**"This project transformed the lives of these young people and made them realise that they have hidden potential that can make them role models in society,"** says Patrick Mahoi of Plan Sierra Leone.

# Child protection

**Plan's global spend in 2012**

# €28 million

## Plan's goal:
## All children and young people realise their right to protection from abuse, neglect, exploitation and violence.

Plan works to ensure that all children are safe and protected from all forms of abuse, neglect, exploitation and violence through:

- effective, state-provided services aimed at preventing abuse, neglect and exploitation of children and promoting the recovery of victims
- adequate legal protection at all levels
- strong family and community support
- public awareness of, and respect for, the right of all children to protection
- access to skills and knowledge that contribute to their own protection.

Child protection is a priority in all of Plan's campaigns, including *Learn Without Fear*, which seeks to eliminate all forms of violence in schools (see page 13) and *Count Every Child*, which seeks to ensure that all children enjoy the legal protections and advantages of being registered at birth (see page 13).

## Sub-Saharan Africa
### Building momentum on child protection

In May 2012, more than 300 people from 35 countries came together for a conference in Dakar to review efforts to strengthen child protection systems across Africa and establish regional mechanisms for child protection.

The Conference on Child Protection Systems Strengthening in sub-Saharan Africa – the first of its kind – was co-hosted by Plan with the African Child Policy Forum, UNICEF and others. Twenty-six high-level country delegations from Mauritania to Mozambique attended, alongside donors and NGOs. One discussion topic was 'Children as actors and partners in child protection systems', reflecting a key Plan priority.

Building on this success, Plan is helping to develop an inter-agency statement on child protection systems in sub-Saharan Africa to build consensus and advocate for the need to invest in a comprehensive, cost-effective, holistic system of child protection across Africa.

**"We can see the beginnings of a real movement for child protection systems, with bilateral and private donors, think tanks and implementing agencies,"** says Joachim Theis, Child Protection Advisor for UNICEF. **"The links between different child protection actors are essential to ensure that child protection systems will take off."**

## Thailand
### Tackling the potential dangers of technology

In northern Thailand girls and boys alike are at risk of being trafficked for sex work and labour. Around 25 per cent of sex workers in Thailand are under 18 and the use of cheap mobile phones and Internet cafés only leaves youth more vulnerable.

Plan Thailand's child protection programme is focusing on protecting young people against the potential dangers of technology, running training in the safe use of information and communications technology (ICT) and child protection. One attendee said: **"The recording and distribution of images is common – we do it without thinking. So it's important that we understand the implications of these actions. The scary thing is that kids don't care that this information is floating around."** Another had been contacted on her mobile by a male recruiter to work abroad as an actress. After the training, she said: **"Now I have more skills, I will organise training for other children."**

Through the 15-month programme, some 8,000 students and youth, 223 community leaders, 212 teachers and 337 Internet café owners have received the training. They are now aware of potential abuse and alert in protecting children in their communities from harmful ICT contacts, including cyber bullying, 'grooming' (befriending a child in preparation for sexual abuse) and gambling.

**"We need to create awareness about the situation of ICT,"** says another girl after the training. **"We need to use it in a positive way."**

‹ *Plan staff giving a talk on child rights in Dominican Republic*

# Economic security

## Plan's goal:

## Children and young people realise their right to economic security and have the skills they need for meaningful employment.

Plan promotes:

- young people's ability to make informed choices about their work and to access the necessary skills, knowledge and information to secure productive, decent employment
- access to financial services, especially for women and young people
- the inclusion of marginalised populations – especially women – to ensure that they can take action to improve their lives
- state and community support for households during times of economic shocks and stress so that children and young people can continue to develop.

Plan collaborates with national and local governments to promote policies that support economic activity. We work with the private sector and civil society to ensure that economic opportunities are available, sustainable and have maximum positive impact on children's lives.


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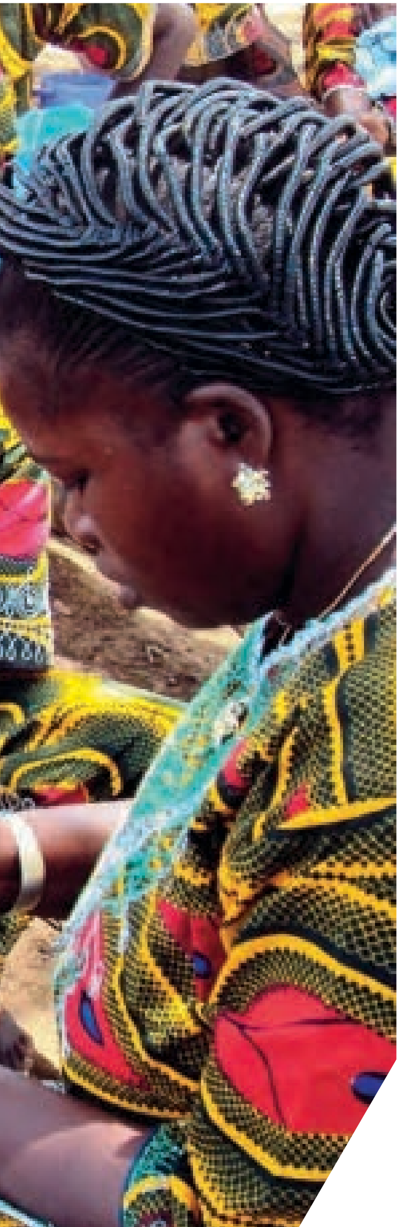
Plan's global spend in 2012

# €39 million



## Indonesia
### Preparing young people for good jobs

In Indonesia, eight million young people under the age of 24 – nearly 20 per cent of Indonesia's young people – are unemployed and unequipped for work. This makes them vulnerable to poverty, hazardous lifestyles and exploitation – especially girls. Plan works at the highest levels and in local communities to provide unemployed young people with the vocational and life-skills training, job opportunities or financial services they need to get a job or start viable businesses.

As a result of our advocacy, Indonesia adopted our Youth Economic Empowerment approach (YEE) in its National Action Plan for Youth Employment and integrated it into its Development Plan for 2010-2014. The World Bank also recommended YEE as a model for international organisations.

Meanwhile, a public-private partnership between YEE, Indonesia's National Development Planning Agency and other government agencies is enabling 12,000 young people – 90 per cent of them female – to find good jobs through integrated skills training, competency certification and job placement. Sari Pujiastuti, a 21-year-old woman, said: **"I really liked the YEE life-skills training. It taught me to speak out in public and ask questions. So, in my current work, if I'm not clear about something, I'm not shy to ask."** Sari now works as a sewing operator in a garment factory.

## Paraguay
### Children learn to manage financial and natural resources

In Guairá state, children are discovering that the right to economic security and the responsibility to preserve natural resources go hand in hand.

Working with the state Ministry of Education and Culture and local NGOs, Plan is providing social and financial education to empower children to take action in their communities, manage resources wisely and develop skills that will make them economically independent. We have delivered training in social and financial education to 150 teachers in 29 schools. As a result, 1,200 children aged six to 14 are learning about issues including personal development, their rights, how to care for the environment, and how to plan for the future.

**"Our goal is to work with Plan in every community within our state,"** says the Secretary for the Environment in Guairá. **"We are looking for people to become interested in natural resources. Changing attitudes is easier if we educate children. They show great enthusiasm and encourage adults to maintain a healthy environment."**

The Ministry of Education and Culture has established a technical team to incorporate social and financial education into the state curriculum and will share results with other states, with a view to incorporating the programme in the national curriculum.

## Togo
### Village savings groups offer health insurance

In Togo, children are often denied their rights, including the right to healthcare, because of poverty. To enable households to save for urgent needs, invest in income-generating activities and pay for healthcare, education, water and sanitation, Plan established 1,070 village savings and loan associations in 151 communities. Of the 27,000 members, 82 per cent are women.

Even with their improved finances, few of the members could afford health insurance. So we introduced community health insurance for association members in two districts, working in partnership with international NGO Louvain Développement, local NGOs RADAR and ADESCO and the Togolese Government. The scheme was so successful that we have now extended it to three more districts.

Tchilalo Atche Simtaro, 25, joined an association in 2009. She took a loan to sell beer and charcoal and began using the profits to pay for health insurance. When she was pregnant with her youngest child, Maurice, she needed a caesarean. The insurance covered the entire cost, plus setting the baby's broken bone.

**"I could have died, and my baby too. Our lives are changing, and we are happy,"** says Tchilalo. **"My baby is healthy, I am healthy too."** Her husband Akparo agrees, adding: **"Today we're not afraid to go to the hospital."**

*‹ Members receiving loans at a village savings and loan association meeting in Burkina Faso*

# Sexual and reproductive health

Plan's global spend in 2012

**€15 million**

## Plan's goal:

**Children and young people realise their right to sexual and reproductive health, including HIV prevention, care and treatment.**

We support quality, age-appropriate reproductive and sexual health education and services for children and young people. We challenge the beliefs and attitudes that maintain inequality between the sexes. We also advocate for more effective policies and actions that respect and protect the rights of children living in a world with HIV. These include the right to be protected from HIV and, for those affected, to receive care and support. This area of work includes advocating for children orphaned by AIDS to live with family members.

## Cambodia

### Young people at risk receive youth-friendly health services

In Cambodia, young people often lack basic life skills or sexual and reproductive health information and many have unprotected sex – especially when using alcohol or drugs. Child marriage and sexual abuse are common, and unwanted pregnancy, sexually transmitted infections and HIV are a source of discrimination and stigma.

Plan set up 17 adolescent sexual and reproductive health centres – four with new maternity wards – working with the Reproductive Health Association of Cambodia, with funding from Swedish Postcode Lottery. We trained 41 caregivers to provide youth-friendly services, family planning and contraception, HIV counselling, voluntary testing and referrals. In one year, 850 young people (including 687 females) sought free HIV testing, treatment for sexually transmitted infections and related services.

We also developed a peer educators network, training 300 peer educators to run group discussions, dramas and role plays about adolescent sexual and reproductive health at the centres and in local villages.

The network is recognised by district authorities and the Ministry of Health. As a member of the Working Group on Reproductive, Maternal, Child and Newborn Health Care, Plan has ensured that lessons learned from the project have informed Cambodia's Youth Development Policy.

*‹ Girls performing a drama showing the challenges of living with HIV/AIDS in Ghana*

# Water and sanitation

## Plan's goal:

**Children and young people realise their right to improved health and well-being through basic sanitation, hand washing with soap and safe, reliable, affordable drinking water.**


© Plan

"I'm very happy with all the changes that have occurred in my village in the past six months. When we assessed the sanitation status of the village with Plan, I was ashamed. Our village looked like a rubbish tip. With the community-led total sanitation training, the appearance of the village changed. It's very clean. Now, everybody knows their role, thanks to the training. All our pumps are operating and provide potable water. Water-related diseases are now rare, and the health of our population has improved."

K Foune, 43, Water and Sanitation Association President, Mali

***‹ Plan Laos staff using flash cards to talk about the health problems caused by open defecation***

**Plan's global spend in 2012**

# €47 million

Plan uses rights-based approaches in its Water, Sanitation and Hygiene (WASH) programming. This means encouraging communities to take the lead in improving their sanitation and raising awareness about hygiene. We work alongside government, communities and local groups to ensure that initiatives are sustainable in the long term. Community-led total sanitation is one approach within our WASH programming.

Plan is one of the global leaders in promoting community-led total sanitation. The approach involves Plan and local partners working to support community members – often children and young people – to champion the benefits of positive hygiene and sanitation to their peers, families and neighbours. We train and support the community to manage the water supplies and latrine maintenance and reinforce good hygiene behaviours, such as hand washing with soap.

Our approach to sanitation is reaching a growing number of people.

- In Kenya, community-led total sanitation has become national policy. A national campaign pledges that all of rural Kenya will be free of open defecation by 2013.
- Plan Bangladesh is helping expand our community-led total sanitation work by providing technical assistance to a project supported by the government and UNICEF, reaching more than nine million people.

Plan's success in community-led total sanitation attracted significant funding during 2012:

- The Bill & Melinda Gates Foundation awarded Plan International USA a four-year €5.7 million grant to support community-led total sanitation in developing countries.
- Plan Malawi was awarded €4.9 million by the Global Sanitation Fund and appointed executing agency for the country's sanitation programme.

# Working in partnership

Our vision can be achieved even more effectively through working with others. For Plan, this means working effectively in partnership with our sponsors, with other development organisations and with the private sector, to combine our expertise and learning.


© Plan / ZacharyTowne-Smith

## 51,376

IN 2012, WE WORKED IN 51,376 COLLABORATIONS INCLUDING:

3,573 national and local government institutions

1,682 international and national level NGOs

44,000 locally based organisations and groups.

## Child sponsors

At Plan, 75 years of child sponsorship has helped us develop close links with many communities in developing countries. As well as providing us with an independent source of income (€363 million during 2012), sponsorship also contributes to our participation and advocacy activities as sponsors share news of our work through social media.

## Partner organisations

Forming partnerships with organisations at the local level is key to Plan's work. In 2012, we worked with more than 44,000 community-based organisations and more than 2,121 local NGOs.

## The private sector

The value of the private sector to international development is ever increasing and the nature of corporate responsibility is evolving from traditional philanthropy to a 'shared value' approach. This brings many opportunities for Plan.

In 2012, we had more than 500 corporate partners supporting Plan's work.

‹ ***As part of the partnership between NIVEA and Plan Guatemala, to provide children living in poverty equal access to quality education, school furniture and materials are provided***

© Paolo Black for the Young Health Programme

## AstraZeneca: youth learn to improve their health

A number of our partnerships involve three-way collaborations. The Young Health Programme (YHP) is a partnership between Plan, AstraZeneca (a global biopharmaceutical company) and the Johns Hopkins Bloomberg School of Public Health in the United States. Launched with a commitment at the 2011 Clinton Global Initiative Annual Meeting to target non-communicable diseases in disadvantaged young people, it aims to help young people with the health issues they face, so they can improve their chances of living a better life.

Through local projects, research and advocacy, YHP is supporting Plan's work in Zambia, Brazil and India with impressive results. In India, we have reached over 45,000 young people and 42,800 community members through meetings, mass awareness programmes (magic shows, fairs), peer-to-peer education and sessions at Health Information Centres.

**"I didn't know that personal hygiene was so important, that one small mistake may lead to fatal disease,"** says a 14-year o ld girl in India. **"But after attending peer educator training, I know many things. I feel proud to be a peer educator. We facilitate community meetings where people learn new things."**

© Plan

## Barclays: Banking on Change exceeds target

More than 2.5 billion people worldwide have no access to financial services – savings, bank accounts and credit – that can help lift them out of poverty. Banking on Change, launched in 2009, is a partnership between Plan, Barclays, one of the world's largest financial institutions, and CARE, an international NGO, designed to enable 400,000 people in 11 countries to save and manage their money effectively and overcome financial insecurity. As of June 2012, the partnership had reached over 488,000 people, forming more than 23,000 savings groups who have collectively saved nearly €5.5 million.

Banking on Change has also helped 436 savings groups to open bank accounts with local Barclays branches. Linking groups with formal banking systems gives them access to financial products such as secure savings accounts, enabling them to build on their savings and become self-sufficient. This process aligns Barclays business objectives with our and CARE's development goals.

Banking on Change was awarded the prestigious Business Charity Award in the Overseas Project category in May 2012, from the UK's *Third Sector* magazine and was shortlisted in the Long-term Partnership category. Discussions are taking place on extending this successful partnership into a second phase.

© Plan

## Accenture: skills training for youth

Accenture, the management consulting and technical services company, and Plan announced that Accenture and the Accenture Foundations have awarded an additional grant of €2.8 million – distributed over a three-year period – to help provide approximately 7,100 disadvantaged young adults in Thailand and Indonesia with the technical, vocational and entrepreneurial skills necessary to find employment or build a business. This grant brings Accenture's direct support to Plan to more than €4.2 million since 2011. **"We share Plan's commitment to making a lasting impact on the economic well-being of individuals and their communities by connecting young people with programmes and skills that will enable them to be successful,"** said Adrian Lajtha, Chief Leadership Officer at Accenture.

## LinkedIn Ireland employees Call for a Cause

In an innovative partnership between Plan Ireland and professional network LinkedIn, 'Calling for a Cause,' LinkedIn employees call Plan sponsors with a range of messages from a simple thank you to sharing recent developments at Plan. To date, the campaign has reached 5,200 child sponsors and generated more than €437,000. Talks are under way to expand the partnership to other countries.

© Plan

## Nokia: supplying educational content to 50 million subscribers

After supporting Plan's work for over seven years, our collaboration with Nokia, a global leader in mobile communications, is expanding to a new area: creating content for Nokia Life and Nokia Life Parenting Advice, SMS-based mobile services with over 50 million subscribers in Indonesia, India, China and Nigeria, to deliver valuable educational, health and well-being information via mobile phones, while increasing Plan's visibility.

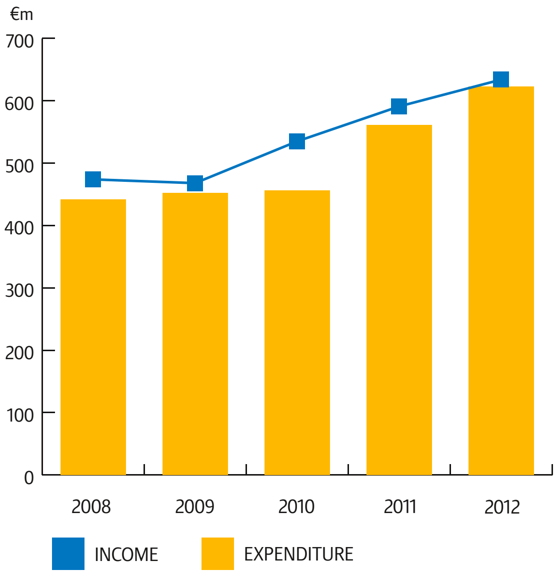
## NIVEA: "We believe every child deserves the best care."

Plan's partnership with NIVEA (skincare brand of Germany-based Beiersdorf AG) supports 15 education projects worldwide, benefiting more than 25,000 children. The partnership also fosters excellent marketing, PR and volunteering initiatives.

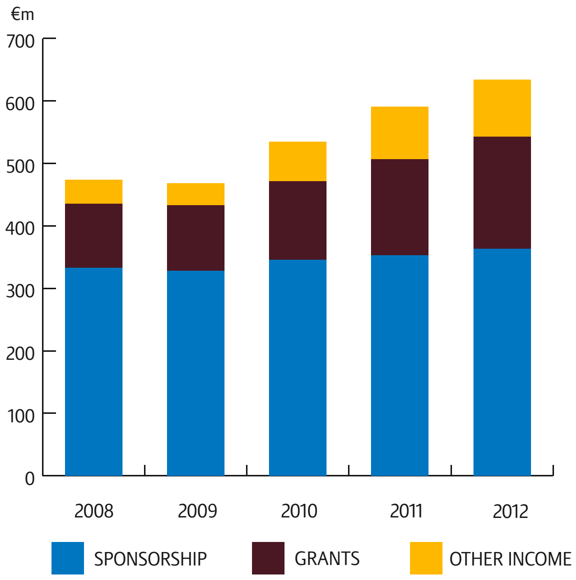
A nationwide PR-tour in Germany prior to the European Football Championships generated a donation of €50,000 for a Plan soccer project as well as great media coverage and awareness of Plan's work. In France, a NIVEA employee has been sharing her marketing expertise by working for Plan since October 2011. As part of Plan's 75th Anniversary campaign, NIVEA and Plan Norway collaborated with the popular Norwegian TV show *Artistgalla*. The event reached more than 400,000 viewers and generated 10,000 new sponsors for Plan.

# Financial overview

## Income and expenditure




## Income by source



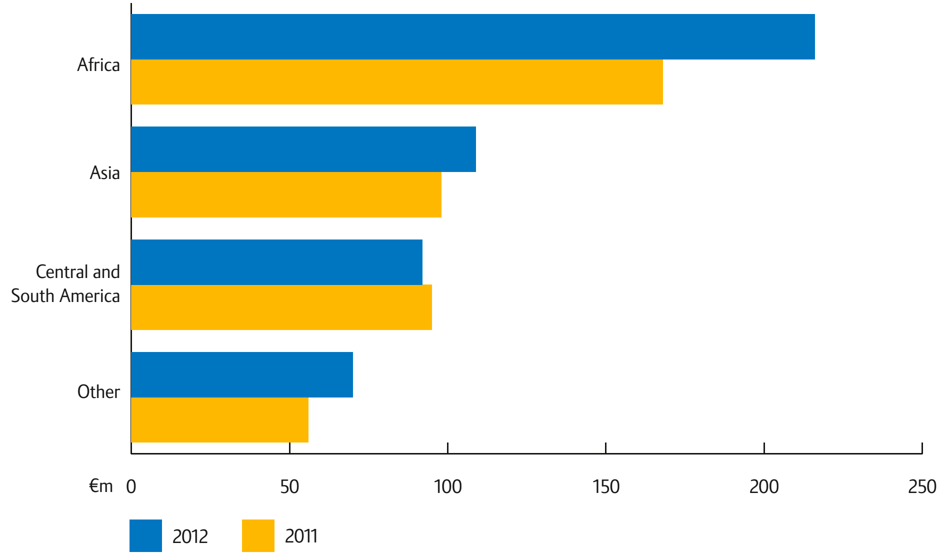

In the year to 30 June 2012 Plan raised income of €634 million – an increase of €42 million from the previous year. This represents a 7 per cent increase on the previous year, or 5 per cent excluding the impact of exchange rate movements. All sources of income grew compared to 2011, including strong growth from our offices in Australia, Canada, Germany and Sweden, while US income decreased, reflecting the timing of income from the Global Fund in 2011.

The Plan Worldwide surplus during the year, of €11 million, consists mainly of favourable currency movements, reversing the losses suffered in 2011.

## Income by country

| | 2011 | 2012 |
|---|---|---|
| | €000 | €000 |
| Germany | 105,705 | 113,026 |
| Canada | 84,503 | 111,388 |
| United Kingdom | 64,626 | 64,665 |
| Norway | 45,860 | 50,934 |
| Netherlands | 44,945 | 47,889 |
| USA | 63,199 | 44,574 |
| Australia | 30,456 | 38,238 |
| Sweden | 26,478 | 33,682 |
| Japan | 30,055 | 29,389 |
| Finland | 15,510 | 13,737 |
| Spain | 14,126 | 13,125 |
| France | 13,252 | 12,906 |
| Belgium | 12,441 | 12,324 |
| Ireland | 8,091 | 8,421 |
| Korea | 5,822 | 7,720 |
| Colombia | 4,550 | 7,387 |
| Denmark | 5,241 | 6,301 |
| Hong Kong | 2,301 | 3,134 |
| India | 2,829 | 2,695 |
| Switzerland | 3,205 | 2,652 |

## Programme expenditure by location




Total expenditure was €623 million, €62 million (11 per cent) more than the previous year. Excluding the impact of exchange rate movements, underlying expenditure grew by €90 million. Most of the growth was in programme expenditure, spread across most programme areas. The biggest increases in expenditure were due to the malaria prevention programmes in Africa, provision of food aid, and response to the food crises and drought in the Sahel and Horn of Africa.

**Do you want more information?**
You can get more financial information from our Combined Financial Statements.
A copy is in the pocket at the back of this review or available on our website plan-international.org/annualreview

## Expenditure by activity

| | 2011 €000 | 2012 €000 |
|---|---|---|
| **Early childhood care and development** | 70,868 | **96,814** |
| **Sexual and reproductive health** | 11,904 | **14,616** |
| **Education** | 80,819 | **79,114** |
| **Water and sanitation** | 44,274 | **47,071** |
| **Economic security** | 39,554 | **38,841** |
| **Child protection** | 16,221 | **28,217** |
| **Child participation** | 56,541 | **70,981** |
| **Disaster risk management** | 45,788 | **59,646** |
| Sponsorship communications | 51,696 | **52,245** |
| Programme expenditure | 417,665 | **487,545** |
| Fundraising costs | 73,707 | **90,927** |
| Other operating costs | 49,583 | **52,607** |
| | 540,995 | **631,079** |
| Trading expenditure | 3,491 | **2,934** |
| Net losses / gains on foreign exchange | 16,773 | **(10,867)** |
| **Total expenditure** | 561,219 | **623,146** |

# Achievements and awards in 2012

© Plan

## Plan Europe urges EU: invest in children

The European Union provides over half of all development assistance worldwide. When the first budget proposal for development assistance (a multi-annual budget for 2014-2020) was released, it had removed key items relating to children – particularly health and quality education. Plan built a Europe-wide campaign to lobby European governments on behalf of children's rights and gender. The new draft position has reinstated assistance services for children into the budget.

The centrepiece of Plan's campaign is a short video spelling out why children must be visible in the EU development budget. Plan EU will keep up the pressure until the final budget is released next year.

© Plan

## PLAN BRAZIL HEADS NATIONAL CHILD RIGHTS FORUM

Plan Brazil has been awarded the presidency of Brazil's National Forum on the Rights of Children and Adolescents for 2012-2013. The forum, established in 1988, is a permanent non-governmental consortium of 57 organisations focused on defending the rights of children and adolescents. Its mission is to ensure that their rights are realised, through campaigning, working in partnerships, monitoring public policies and inspiring public commitment to build a free, just and caring society. Plan Brazil has been a member since 2005.

## Plan Germany's exhibition about girls draws crowds in Switzerland

At the Political Forum of the Swiss government, 14,000 people visited an interactive exhibition called 'Because We Are Girls', exploring the lives of adolescent girls in Mali, India and Ecuador. Produced by Plan Germany in 2006, the exhibition toured many German cities before arriving in Bern, Switzerland, where its stay was extended due to popular demand.

Films formed part of the interactive exhibition to raise awareness on issues facing girls, opened by leading Swiss Senator, Anita Fetz (pictured below). One teacher, visiting with her class commented, **"My students were very interested and deeply moved – even the boys! Now they understand how unfair the world is for girls and that everyone has to fight to change this."**

© Peter Mosimann

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## PLAN UGANDA RECEIVES COMMONWEALTH EDUCATION AWARD

Plan Uganda's Community-Led Action for Children project (see page 19) won the Commonwealth Education Good Practice Award. The project demonstrated that universal primary education can be realised through the collaborative partnership of everyone who has a stake in education – at the household, community, district and national levels. The project works with disadvantaged children from high-poverty communities and provides holistic early childhood care and development support to children under eight. The judges said that the project addressed significant gaps in the lives of marginal and excluded children.

The Commonwealth Education Good Practice Awards are held every three years, to celebrate and promote new and innovative education projects across the Commonwealth.

**TWICE NAMED "BEST EMPLOYER"**
Plan Zimbabwe was awarded Best Employer for 2011 for the second year running due to the high level of engagement among staff. The team beat major industry players in taking the accolade, including Ernst & Young and Schweppes Zimbabwe.

© Plan

## Plan awarded plaque by Sri Lankan Government

Plan Sri Lanka recently celebrated 30 years of working with children, families and communities at a national ceremony in Colombo. Plan's Country Director, Ned Espey, received a plaque from the Advisor to the Minister of Child Development and Women's Affairs, in recognition of Plan's dedication and commitment to improving the lives of children and families in Sri Lanka.

© Plan

© Plan

## Plan Guatemala wins first grant from IDB to improve nutrition for vulnerable children

Plan will receive €1.2 million from the Inter-American Development Bank (IDB) to improve nutrition and food security for vulnerable indigenous communities in Guatemala. The project will support children and women from 1,925 families in 77 indigenous communities in the Department of Baja Verapaz. The area has seen an increase in cases of acute malnutrition among children under five, due to unstable food and income sources and a lack of diversity in the diet. The project has four main aims: increasing agricultural production and income generation, increasing knowledge of food and nutritional security, strengthening the primary healthcare system and strengthening community organisations.

Debora Cobar, Country Director of Plan Guatemala, said: "We feel very excited because this will allow us to improve the lives of children that suffer from chronic malnutrition in one of the poorest areas in Guatemala.

"This is the first time Plan Guatemala will have the opportunity to partner with the Inter-American Development Bank – a big achievement considering that more than 1,800 proposals were submitted."

# Welcoming the seven billionth baby: it's a girl!

When a little girl named Nargis was born in October in one of India's poorest, most tradition-bound states, her parents rejoiced, and so did Plan. To demographers, Nargis symbolises the moment when the world's population reached seven billion. To Plan, she represents our campaign against female foeticide, *Let Girls Be Born*, which we launched in 2011 in six Indian states to galvanise action to end the practice.

To mark the event, seven eminent Indian women will sponsor seven newborn girls from Nargis's community for seven years – the key period for survival and childhood development. Plan will report on the girls' progress at regular intervals.

© Plan

# Achievements and awards in 2012

## Paraguay bank launches products for village women

Plan has convinced a leading commercial bank, Financiera El Comercio, to add new financial services and products for clients never before reached by a mainstream bank: poor, often illiterate village women. The new products will be based on Plan's village banking methodology. The project has been so successful that the bank's new services now extend to clients in areas beyond Plan's project communities. **"This is the type of influence and advocacy we encourage,"** says Delores McLaughlin, Plan's Senior Policy Advisor for Economic Security.

© Plan

## Plan Haiti youth club member addresses United Nations

Rose-Camille, aged 19, a member of one of Plan Haiti's youth clubs, spoke on behalf of the Haitian youth delegation at the United Nations during the High Level Meeting on Youth in July 2011.

© Plan

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## PLAN'S CAMPAIGN WINS SUPPORT OF THAI PREMIER

**In Thailand, the launch of Plan's *Because I am a Girl* report had a very special guest of honour: the first female prime minister, Yingluck Shinawatra. Addressing the gathering, Ms Shinawatra declared that gender equality is a key priority for her government and said that Thailand will be a strong supporter of better welfare and well-being for girls and women and a good partner to organisations such as Plan.**

## ADVOCACY AND INCLUSION IN ACTION IN TIMOR-LESTE

In Timor-Leste, Plan helped establish an NGO Coalition on Children's Rights and helped develop a national disability policy, which was formally launched in July 2012. The rights of disabled children and children in general will be strengthened as a result both of the increased NGO action in this field and the new policy, which these organisations can use to bolster their initiatives.

## Plan sets ambitious goal to reach 325,000 Tanzanian children

Plan has partnered with international NGOs, Jhpiego and Africare, to support Tanzania's Ministry of Health and Social Welfare in achieving Millennium Development Goals 4 and 5, to reduce mortality among children aged under five and maternal mortality in four districts.

With support from the Canadian International Development Agency (CIDA), the project will increase local involvement and expand the use of cost-effective best practices. It will directly benefit more than 300,000 women of childbearing age, 80,000 men and 325,000 children. It will also build the capacity of more than 1,000 government health workers in 199 health facilities and support around 5,160 community volunteers in 516 villages.

© Plan / Rene Gonzalez

# Contact us

## Programme Countries

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|---|---|
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| Bolivia | +591-2277-1610 |
| Brazil | +55-11-3568-2081 |
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| Cameroon | +237-2221-5458 |
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| Egypt | +202-236-57357 |
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| Zimbabwe | +263-772-124124 |

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All activities in this review have been taken from the Country Programme Progress Reports for 2012. For more information about these unpublished documents, please contact info@plan-international.org.

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Design and artwork: nim design

# Plan International Worldwide Combined Financial Statements

for the year ended 30 June 2012

## Contents



## Key abbreviations:

Throughout this report, the organisations comprising Plan are referred to as follows:

| | |
|---|---|
| **Plan** | - Plan International Worldwide, including Plan International, Inc. and its subsidiaries (including Plan Limited) and Plan National Organisations combined |
| **PI Inc** | - Plan International, Inc. |
| **Plan Ltd** | - Plan Limited |
| **NO** | - National Organisation and voting member of PI Inc |

The year ended 30 June 2012 is referred to as 2012 throughout this report and similarly for prior years.

# Directors' report

The directors of PI Inc present their directors' report and the audited combined financial statements in respect of Plan for the year ended 30 June 2012.

## 1. Activities

Plan is an international humanitarian, child centred development organisation with no religious, political or governmental affiliations. Plan implements programmes to create a better future for children who live in developing countries and whose quality of life and ability to fulfil their potential is affected by extreme poverty, the failure of care by adults, discrimination and exclusion by society, or catastrophic events such as conflict or disasters. Plan's work assists more than 90,000 communities covering a population of more than 84 million children. 1.5 million children are enrolled in Plan's sponsorship programme.

Plan's aim is to achieve sustainable development: a better world for children now and in the long-term. This means working with children, their families, communities, governments and civil society organisations across Asia, Africa and Latin America and campaigning at national and international levels, to bring about sustainable change. Plan's work is founded on support from individuals through child sponsorship which connects children and families in developing countries with supporters of social justice for children around the world.

Through direct grassroots work, Plan supports the efforts of children, communities and local organisations to enable children to access their rights to education, health, a safe environment, clean water and sanitation, secure family income and participation in decision-making. Plan works to protect children at special risk; for example, child labourers, children vulnerable to trafficking, those who have lost parents to HIV/AIDS and those impacted by natural or economic disasters. Plan strives to ensure that children's rights are recognised, through influencing policy decisions at local, national and international levels and through our global campaigns for universal birth registration (UBR), violence-free school environments (*Learn Without Fear*) and equality for girls (*Because I am a Girl*).

Plan's work is the result of partnerships with local people and organisations, based on mutual understanding and a shared commitment to programmes which will benefit children for years to come. At a local level, Plan works directly with groups in a community to identify the priority issues affecting children. Plan actively encourages children to analyse their own situations, and raises their awareness of the fundamental rights to which they are entitled. Plan then supports the community to build the skills and access the resources it needs to implement projects that will lead to positive changes in children's lives.

To help them realise their potential, Plan campaigns for children to become aware of their rights and creates and encourages opportunities for children to speak out on their own behalf and to participate in decision-making that affects their own development.

Programmes mainly take place in countries where Plan-sponsored children and their communities live. The amount spent in each country depends on the number of children and communities that will benefit from the programme, the extent of poverty, educational and health challenges as well as the cost of operating in the country. Environmental factors and unforeseen events in the countries in which Plan operates may disrupt spending plans or result in programmes to address the impact of a natural disaster.

## 2. Membership and structure

PI Inc supervises the allocation, distribution and use of funds raised by Plan National Organisations, which are members of PI Inc, for work in developing countries. Plan's twenty NOs carry out fundraising, development education and advocacy and those in India and Colombia also carry out development programmes in their respective countries.

Each NO is a separate legal entity in its own country, with objectives, purposes and constitutions which are substantially similar to those of PI Inc. The NOs fully control PI Inc. Each NO has agreed to comply with the standards of operation set out in the By-laws of PI Inc.

PI Inc is registered in New York State as a not-for-profit corporation with its principal office in Rhode Island, USA. PI Inc operates in 50 programme countries, coordinated through 4 regional offices. PI Inc registered a fundraising entity in Italy, Plan Italia Onlus, during 2012 with operations commencing from 1 July. Plan's International Headquarters is located in the United Kingdom. Plan has four advocacy liaison offices. These include an office in New York, to liaise with the United Nations delegations, an office in Brussels operating as Plan Europe to liaise with the European Union, an office in Geneva to liaise with the United Nations and in Ethiopia to liaise with the African Union.

## 3. Members' Assembly

The Members' Assembly is the highest decision-making body of PI Inc and is responsible for setting high-level strategy and approving the budget and financial statements for the organisation. In June 2011, the Members' Assembly approved the Global Strategy to 2015 and in June 2012 the Members' Assembly approved a business operating model reform programme required to implement the Global Strategy. The Global Strategy is available on Plan's website www.plan-international.org. The Members' Assembly elects the Board of PI Inc and ratifies the appointment of the Chief Executive Officer of PI Inc. Each NO is entitled to a minimum of one delegate and one vote. Entitlement to further delegates and votes is determined by the level of funds transferred to PI Inc or to PI Inc approved programmes.

## 4. Directors

The Board of PI Inc ("International Board") directs the activities of PI Inc and is responsible for ensuring that the management of the organisation is consistent with the By-laws and with the strategic goals of the organisation as determined by the Members' Assembly to whom it is accountable. The International Board is comprised entirely of non-executives. None of its members are paid by PI Inc.

The By-laws prescribe a maximum number of 11 directors, who are elected by the Members' Assembly. As at 30 June 2012 there were 11 directors on the International Board including 7 directors who also sit on the Board of an NO, 2 directors who come from developing countries and 2 further directors who are independent of the NOs. All directors have fiduciary duties to act in the interests of PI Inc. Members of the International Board are nominated on the basis that they provide a range of skills and experience of most importance to PI Inc according to criteria defined by the Members' Assembly. International Board directors hold office for a term of three years, upon completion of which they are eligible for re-election for up to two further consecutive terms. The Chair of the Members' Assembly is also Chair of the International Board and may serve up to two consecutive terms of three years as Chair.

The responsibilities and powers of the International Board are prescribed by the By-laws and include the following: the management of PI Inc's affairs in a manner consistent with the By-laws; the preparation of recommendations to the Members' Assembly; implementing the vision, mission and overall strategic goals and policies set by the Members' Assembly; overseeing the development and implementation of budgets and long-term financial plans approved by the Members' Assembly; the selection and evaluation of the performance of the Chief Executive Officer; measurement and evaluation of PI Inc's programme, financial and other performance; and assuring the financial integrity of PI Inc including reporting the results of assurance activities to the Members' Assembly.

The International Board of Directors as at 30 June 2012 comprised:

**Ellen Løj** - Chair of the Members' Assembly and International Board. Ellen is Plan International Inc.'s first female chair and comes to Plan after serving four years in Liberia as the Special Representative of the Secretary-General of the United Nations Mission in Liberia and Coordinator of United Nations Operations. With a distinguished career as a diplomat, she has worked within the UN and the Danish government, including representing her country in the Security Council and the EU. She is also a Board member of Plan Denmark.

**Dorota Keverian** - Vice Chair of the International Board. Dorota has extensive international experience in talent management, organisational change, strategy and performance improvement. She is currently a Director at William J. Clinton Foundation's Climate Initiative overseeing carbon capture, utilization and storage projects in the US. Former Global Director of Consultant Human Resources, Boston Consulting Group. Former Arthur D Little Director and Vice President, responsible for Global Oil Practice P&L and people development. She is also a Board member of Plan USA.

**Peter Gross** – Treasurer of the International Board. A corporate and media/entertainment lawyer, he was on the executive team of Home Box Office, founder of a television production company in China and a concert producer. In addition to his experience in children's work, in non-violence and in art and culture, Peter is also a Plan sponsor, through family from childhood and as an adult. He is a former Chair of Plan USA.

**Pierre Bardon** - Pierre is the Chairman of BAI, venture capital company in telco and internet business. He is also a member of various Boards in telecommunication and web business. In addition to this, Pierre is involved in non profit activities, as chairman of ACE (coaching for unemployed people seeking work) and a Board member of Plan France.

**Stan Bartholomeeussen** - Stan has worked as an Independent Consultant and Director of ACE Europe and has key credentials in strategic planning and capacity building of NGOs, processes of change within NGOs, public administration and European legislation. He is also a Board member of Plan Belgium.

**Werner Bauch** - Werner's most recent position was as Managing Partner of MasterMedia Gmbh and former Assistant Professor at the University of FU Berlin. He has also acted as Board member of Manning, Solvago and Lee Inc as well as Chairman of Plan Germany and the Foundation in Germany.

**Lydie Boka-Mene** - Lydie is the manager of StrategiCo., which specialises in risk analysis in Africa and has over 20 years professional experience in financial analysis, project finance and development aid programme design, implementation and management in Africa, part of the Middle East and Europe. Previous employers include the United States Agency for International Development (USAID), the International Finance Corporation, and the African Development Bank. Her background is in international economics and finance. She was born in Côte d'Ivoire, West Africa and graduated in Austria.

**Martin Hoyos** - Martin began his career with KPMG in Munich. He worked as an audit partner of KPMG Austria and Germany; for 2 years he was the regional CEO of KMPG in the EMA region. After retiring from KPMG in September 2007 he joined the boards of two family-owned businesses as a non-executive director and is a member of the supervisory boards of KPMG in Germany as well as two listed companies in Holland and Germany.

**Joshua Liswood** - Joshua is currently Partner at Miller Thomson LLP. His practice has been dedicated to the health field as counsel and in an advisory capacity. Notably, Joshua has a number of major publications and articles related to the above. Joshua is currently Vice Chair at Plan International Canada.

**Reema Nanavaty** - Reema has worked intensively for over 25 years on Women's economic empowerment and children's rights. She is a member of several key committees at an international, national and state level and has significantly contributed to policy changes. Reema is an Executive Director at the Self Employed Women's Association (SEWA) coordinating the Economic and Rural Development efforts of the organisation and overseeing the organising of women, girls and children in Afghanistan, Sri Lanka, Nepal and Pakistan, to support their livelihood security. She is a specialist on women's economic security, trade integration and the economic rehabilitation of women and children in riots, conflicts and disasters.

**Anne Skipper** - Anne has more than 25 years experience as a company director in the not-for-profit government and private sector. Anne is a corporate governance specialist and is currently a facilitator with the Australian Institute of Company Directors in Australia and internationally. She is currently Chair of Plan International Australia and a director of Plan International Hong Kong.

Reema Nanavaty was appointed to act as director on 18 November 2011. In accordance with the By-laws, Paul Arlman and Ezra Mbogori retired on 19 November 2011 and on the same date Ellen Løj was appointed as Chair of the International Board and Members' Assembly.

The average number of board directors during the year was 11.

## 5. Management team

In addition to the International Board, key management in Plan includes the Senior Management of the International Organisation (PI Inc) and the National Directors of the NOs. Members of these groups at 30 June 2012 are listed below:

### International Senior Management

| Director | Role |
|---|---|
| Nigel Chapman | Chief Executive Officer |
| Tjipke Bergsma | Deputy Chief Executive Officer |
| Mark Banbury | Chief Information Officer and Acting Director of Marketing and Communications |
| Tara Camm | General Counsel and Company Secretary |
| Harriet Dodd | Director of People and Culture |
| Ann Firth | Chief Operating Officer and Director of Finance |
| Gary Mitchell | Director of Global Assurance |
| Roger Yates | Director of Disaster Risk Management |
| Roland Angerer | Americas Regional Director |
| Adama Coulibaly | West Africa Regional Director |
| Gezahegn Kebede | East and Southern Africa Regional Director |
| Mark Pierce | Asia Regional Director |

### National Directors

| Director | National Organisation |
|---|---|
| Ian Wishart | Australia |
| Dirk van Maele | Belgium |
| Rosemary McCarney | Canada |
| Gabriela Bucher | Colombia |
| Gwen Wisti | Denmark |
| Riitta Weiste | Finland |
| Alain Caudrelier-Bénac | France |
| Maike Röttger | Germany |
| James Murray | Hong Kong |
| Bhagyashri Dengle | India |
| David Dalton | Ireland |
| Gabriel Kazuo Tsurumi | Japan |
| Sang-Joo Lee | Korea |
| Monique van't Hek | Netherlands |
| Helen Bjørnøy | Norway |
| Concha López | Spain |
| Anna Hägg-Sjöquist | Sweden |
| Andreas Herbst | Switzerland |
| Marie Staunton | United Kingdom |
| Tessie San Martin | United States |

Plan Italy is a fundraising office of PI Inc and Tiziana Fattori was appointed National Director on 1 July 2012.

The average number of members of key management during the year was 34, in addition to the 11 members of the International Board.

## 6. Statement on internal control

The International Board of PI Inc and the Boards of the National Organisations are accountable for the internal controls within the entities which they govern. Management of the organisations are responsible for maintaining a sound system of internal control, including risk management that supports the achievement of Plan's mission and objectives, safeguards the donations received and assets and resources, including staff.

The controls over financial reporting include policies and procedures relating to the maintenance of records, authorisation of transactions and reporting standards. Control processes provide for the prevention or timely detection of unauthorised transactions that could have a material effect on the financial statements. These include a Global Assurance function which reports directly to the Financial Audit Committee of the International Board and conducts audits of financial and other operating areas within PI Inc and where requested by National Organisations.

Global Assurance completed 48 audits during 2012 covering either financial or other operational functions within PI Inc, as well as 13 follow up visits to test the effectiveness of controls implemented following an initial audit. A new audit approach using a COSO framework has also been trialled during the year and 2 audits have been carried out using this holistic approach. The audits completed during the year indicate that there is a reasonable level of control across the activities reviewed.

Plan's intent is to raise the standard of its internal controls and accordingly will apply operational procedures and standards more consistently and strengthen monitoring and reporting. The implementation of an integrated financial, grants and projects tracking system scheduled to begin in the year to 30 June 2012, will now commence in 2013.

## 7. Risk management

The International Board has overall responsibility for PI Inc's system of risk management. The system is designed to identify key risks and provide assurance that these risks are fully understood and managed and is in accordance with ISO 31000. It is supported by a risk management policy and strategy which are communicated throughout the organisation. The International Board has delegated the responsibility for reviewing the effectiveness of this system and monitoring the management of significant risks to its Financial Audit Committee. Each NO is responsible for ensuring that it has policies for identifying, monitoring and managing its own risks.

Plan is affected by a number of risks and uncertainties, not all of which are in its control, but which impact on the delivery of its objectives. A global risk register is maintained by management, which seeks to capture the most significant risks facing the organisation, the senior management owner responsible for monitoring and evaluating the risk and the mitigation strategies. A formal review of the global risk register is undertaken by the Financial Audit Committee on a quarterly basis.

The principal risks identified on the risk register and actively managed during 2012 included risks inherent in the nature and geography of Plan's operations: risks to the security of staff and operations and of a child protection incident or fraud occurring. The other key operational and strategic risks managed during the year related to Plan's business operating model. This was reviewed during the year and recommendations made by management and accepted by the Members' Assembly, which are designed to address these risks in 2013 and 2014. Economic pressures in the Eurozone have the potential to have a major impact on Plan's income sources and on the security of funds deposited with banks. Developments have been monitored during the year and steps taken to mitigate these risks.

## 8. Environmental Reporting

Plan has introduced environmental reporting in 2012, covering the direct operations of all field offices, International Headquarters and the National Organisations. Environmental Key Performance Indicators have been measured, which conform to the Global Reporting Initiative (GRI). These have also been converted into carbon emission equivalents.

Plan recognises that reporting is not yet reliable as the methodology does not include any automated measurement, the process is a new area for Plan and there are variations in results between offices which are not explained. Variations may be expected in future years which will be attributable to improved data quality rather than underlying changes in environmental impact.

Noting these limitations in the available data, Plan's environmental impact based on this information is equivalent to an estimated 18,000 tonnes of carbon dioxide emissions per year, arising from the sources listed below:

| Environmental impact in tonnes of Carbon Dioxide equivalent | | | |
|---|---|---|---|
| | **FY11** | **FY12** | **% change** |
| Air Travel | 4,886 | 5,632 | 15% |
| Vehicle Travel | 5,008 | 5,325 | 6% |
| Electricity use | 3,197 | 3,733 | 17% |
| Office Diesel use | 2,025 | 2,132 | 5% |
| Natural gas use | 183 | 209 | 14% |
| Paper | 449 | 485 | 8% |
| Water | 221 | 227 | 3% |
| **Total** | **15,969** | **17,743** | **11%** |

The reported impact has increased year on year driven by greater accuracy in reporting and growth in operations, represented by 16% expenditure growth in FY12.

During 2013, the Board will consider mechanisms to improve the quality of reporting and steps to adopt to improve management of Plan's environmental impact.

## 9. Financial overview

### 9a Summary

In 2012 Plan's Worldwide income increased by 7% compared to 2011. Total expenditure rose by 11% year on year, including currency impacts, and by 16% excluding foreign exchange gains and losses.

In the year to 30 June 2012 Plan raised income of €634 million, which was €42 million or 7% more than the previous year. Excluding the impact of currency appreciation versus the Euro, income grew by 5% or €31 million. Total expenditure was €623 million, which was €62 million or 11% more than the previous year. Total currency impacts on year on year expenditure amounted to an additional effective benefit of €26 million. This included a €28 million year on year positive variation in foreign exchange gains and losses and a €2 million negative effect from the appreciation of some non-Euro currencies. Excluding these currency effects, underlying expenditure grew by €88 million or 16%.

The Plan Worldwide surplus in the year of €11 million consists mainly of a gain on foreign exchange amounting to €11 million. The surplus is €19 million lower than the 2011 surplus of €30 million as expenditure increased significantly in line with plans.

As the combined results represent the aggregation of PI Inc and the NOs, the resulting income and expenditure profile and ratios are not necessarily applicable to any of the individual entities.

**9b Income**

Plan mainly raises funds in Europe, the Americas and the Asia-Pacific region. Income in both 2011 and 2012 was impacted by favourable exchange rates movements compared to the Euro in most fundraising markets.

57% of Plan's income is derived from regular giving through child sponsorship, which increased by 3% to €363 million in the year due to the effects of currency appreciation against the Euro and a small underlying increase. Underlying child sponsorship income increased in some markets, with particularly strong growth in Canada, Germany, Korea and Norway and also in Hong Kong which commenced operations in 2009. These offset decreases in Netherlands and Sweden. The growth in sponsorship income reflects successful marketing programmes and is encouraging given the current weak economic environment.

Grants income grew by €14 million to €153 million in the year. 2012 included total income of €7 million from the Global Fund compared to €26 million in 2011. This income reflects the timing of projects and covers new malaria prevention programmes in Liberia and Senegal, in addition to the programmes in Togo, Burkina Faso and Cameroon that started in 2011, as well as the continuing HIV prevention and support project in Benin. The decrease in Global Fund income was more than offset by higher grant income in most geographies, especially in Netherlands and Sweden (both of which benefited from new framework agreements) and in Australia, Canada, Germany and Colombia.

Gifts in kind totalled €27 million in 2012 compared with €15 million in 2011. Gifts in kind included food aid from the World Food Programme for Zimbabwe, Rwanda, Niger, Sierra Leone and El Salvador in both 2012 and 2011 and in 2012 also for Cambodia, Pakistan, Philippines and South Sudan. Gifts in kind also included medicines for various countries, principally El Salvador in 2012 and Pakistan in 2011, and pro bono consultancy for the business operating model reform programme required to implement the Global Strategy.

Other contributions, including disaster and other appeals, increased by €7 million to €85 million in the year. The growth came from successfully targeted marketing, especially in Australia, Canada and Sweden, whilst in Japan other contributions have decreased as donors reprioritise their support following the tsunami in 2011. Investment income remained at almost €3 million, as higher interest income offset lower gains on sales of investments. Trading income of €3 million was less than 2011.

**9c Expenditure**

Total Plan Worldwide expenditure before foreign exchange gains and losses increased by €90 million compared to 2011, to €634 million. Total programme expenditure was €488 million in the year to 30 June 2012, which was an increase of €70 million or 17% over 2011. This represents all costs directly related to delivering programmes including field staff and associated office and equipment spend, the cost of facilitating communications between sponsored children and sponsors and activities to raise awareness of development issues.

The regional profile of expenditure in 2012 is relatively unchanged compared to 2011. Africa continues to be the region accounting for most expenditure, representing 34% of total expenditure excluding net gains on foreign exchange, compared to 31% in 2011. Expenditure in Asia represented 22% of total expenditure in 2012 compared to 24% in 2011. Central and South America accounted for 15% of total expenditure excluding net gains on foreign exchange, compared to 19% the previous year, as expenditure in Haiti reduced following the earthquake in 2010. The balance was in Europe and North America.

Programme expenditure in Africa of €216 million represents 44% of total programme expenditure. Expenditure in Asia was €109 million or 22% of programme expenditure and a further 19% of expenditure or €92 million was applied to programmes in Central and South America. Field programme expenditure also includes Interact worldwide expenditure which accounted for €4 million spend in 2012 and €3 million in 2011. The remaining €67 million of programme expenditure is in Plan donor countries and the International Headquarters.

Expenditure is categorised into the distinct areas in which Plan works in accordance with Plan's programme framework as implemented in 2010.

Expenditure on a Healthy start in life, which covers support to primary health care programmes, pre school infrastructure and the Universal Birth Registration campaign, increased by 37% compared to the prior year. This is the programme area with the highest expenditure at €97 million in 2012 or 20% of total programme expenditure. Half of the increase was due to the timing of malaria prevention activities that were funded by grants from The Global Fund in Burkina Faso, Cameroon, Liberia, Senegal and Togo. Expenditure in 2012 in Togo included the distribution of malaria nets that were received in 2011 but their distribution was delayed pending availability of all nets for other Global Fund partners. Expenditure increased in Sierra Leone for food aid targeted at programmes for school and under five's feeding and in Bolivia, El Salvador, Kenya and Tanzania due to wider coverage by Plan.

Expenditure on sexual and reproductive health covers costs related to family planning, HIV/AIDS and sex education. This expenditure represents 3%, or €15 million of total programme expenditure. It is higher than 2011 as the HIV prevention and support programme ramped up in Benin and there were smaller increases in many other countries. Conversely expenditure decreased in Kenya due to the government taking over through community health workers.

Education accounted for 16% or €79 million in 2012, compared to €81 million in 2011. Education programme costs comprise costs related to teacher training, school infrastructure improvements and advocacy for education policy improvements including the *Learn Without Fear* campaign. Expenditure in Burkina Faso declined as the Bright grant comes towards its end, but this was offset by grant funded projects, including school construction, in Cameroon, Guinea, Mali, Pakistan and Zimbabwe.

Water and sanitation expenditure of €47 million, increased by 6% compared to 2011, primarily due to higher spending in Burkina Faso for family latrines and boreholes and in Pakistan in flood affected areas. Conversely expenditure in Ethiopia, Guatemala and Vietnam is lower due to a greater focus on prevention and education rather than construction and rehabilitation of water systems. This programme area, representing 10% of total programme expenditure, covers community infrastructure such as water systems, latrines and housing including assisting communities with achieving provision from local authorities.

Economic security which covers costs relating to microfinance and natural resource management, fell by 2% over 2011 and represents €39 million or 8% of programme expenditure. Grant funded projects finished in Pakistan and Zambia, whilst expenditure increased in Cambodia due to targeting more communes and beneficiaries. Otherwise there were no significant country movements from the previous year.

Programmes to protect children from exploitation, neglect, abuse and violence represent €28 million or 6% of total programme costs. These costs increased by €12 million compared to 2011 with new grant funded programmes commencing in Bangladesh, Haiti, Malawi and Sudan plus smaller increases across most countries. Expenditure in this programme area relates to training of children and human rights and capacity building at local and national level.

Spending on participation programmes amounted to €71 million, an increase of 26%. Participation programmes include development education work through child media, life skills training and the '*Because I am a Girl*' (BIAAG) campaign, which aims to fight gender inequality and promote girls' rights. There were new grant funded programmes in Bangladesh, Malawi, Vietnam and Zambia and in Honduras an increased focus on socio-political awareness and participation. Additionally, there was increased expenditure on the BIAAG campaign ahead of the global launch on 11 October 2012, coinciding with the first UN International Day of the Girl-Child.

Expenditure relating to disaster risk management includes costs related to disaster risk reduction and relief activities ranging from food and medicine distribution to child psychosocial support and protection. These costs were €60 million compared with €46 million in 2011. Higher costs relating to the food crises and drought in the Sahel and the Horn of Africa were incurred in South Sudan, Ethiopia and Kenya and for typhoon responses in El Salvador and Philippines. These were offset by reduced expenditure in Niger and Zimbabwe and in Haiti, as programmes there moved from immediate disaster response to longer term recovery.

Sponsorship communications comprises costs associated with communication between sponsors and sponsored children. These costs have increased by 1% globally to €52 million.

Fundraising costs increased by 23% compared to the previous year, to €91 million. These costs increased in most NOs, with significant growth in Australia, UK and USA due to a range of investments in building fundraising capacity and additionally investment in the UK to raise general awareness of the Plan brand. Also, in Germany there was a one off payment of €6 million as described in note 13 to the financial statements. Other operating costs of €53 million represent an increase of €3 million over the previous year, with higher costs in most NOs. Trading activities remain a minor activity, representing less than 1% of income and expenditure in both years.

Gains on foreign exchange of €11 million in 2012 and losses of €17 million in 2011 represent the revaluation of non-Euro balances and primarily reflect the movements of the Euro relative to the USD in each year.

**9d Fund balances**

Fund balances held at 30 June 2012 of €313 million, were €22 million higher than at 30 June 2011. This reflects a €11 million surplus for the year and a €11 million translation gain from the revaluation of non Euro net assets. The increase in fund balances is represented by a €24 million increase in cash and investments, an €8 million decrease in inventory plus an €6 million increase in other net assets. The decrease in inventory mainly comprises lower inventory arising from anti-malaria bed nets in Togo that were distributed to beneficiaries during 2012.

Of the €313 million reserves at 30 June 2012, €33 million is represented by property, plant, equipment and intangibles and €15 million is permanently restricted. The remaining €265 million cash reserves globally includes €129 million of donations designated for specific projects by donors and funds received from sponsors in advance that together equate to over 2 months' global expenditure.

Fund balances held in the NOs account for €123 million of total reserves, whilst PI Inc holds the balance of €190 million. PI Inc reserves of €190 million are €15 million higher than required by the reserves policy set by the International Board (explained in note 1f to the combined financial statements). €12m has been designated for investments over 2013 and 2014, which will contribute to delivery of the Global Strategic Plan to 2015. These include €6 million allocated for fundraising investments, €4 million for taking specific programmes to scale and €2 million for a business operating model reform programme. The remaining €3 million represents net timing differences in spending on individual country sponsorship programmes.

## 10. Statement of directors' responsibilities in relation to the combined financial statements

The directors of PI Inc are responsible for the preparation of this annual report and the combined financial statements in respect of Plan.

The directors have chosen to prepare combined financial statements for each financial year in accordance with the basis of preparation as set out in note 1 of the combined financial statements. They are responsible for ensuring that the combined financial statements present fairly, in all material respects, the combined financial position of Plan and also its combined results of operations, combined comprehensive income, combined cash flows and combined changes in fund balances.

In preparing the combined financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state that the combined financial statements comply with the basis of preparation set out in Note 1 of the combined financial statements; and prepare the combined financial statements on a going concern basis, unless it is inappropriate to presume that PI Inc and the NOs will continue in business. The directors of PI Inc confirm that they have complied with the above requirements in preparing the combined financial statements.

The directors of PI Inc, together with the directors of the NOs, are responsible for keeping proper accounting records that are sufficient to show and explain Plan's transactions and disclose with reasonable accuracy at any time the combined financial position of Plan, and enable the directors of PI Inc to prepare combined financial statements that comply with the basis of preparation set out in Note 1 of the combined financial statements. They are also responsible for safeguarding Plan's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors of Plan Ltd are responsible for the maintenance and integrity of Plan's website, www.plan-international.org on behalf of PI Inc. Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

The directors of PI Inc confirm that, in the case of each director in office at the date the directors' report is approved, so far as the director is aware there is no relevant audit information of which the company's auditors are unaware; and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Approved by the International Board and signed on its behalf by**

Ellen Møj Løj

**Ellen Løj**
**Chair**
**17 October 2012**

# Independent auditors' report to the Board of Directors of Plan International, Inc.

We have audited the accompanying combined financial statements of Plan International Worldwide which comprise the combined statement of financial position of the entities set out in Note 1 of the combined financial statements as at 30 June 2012, and the related combined income statement, the combined statement of comprehensive income and expenditure, the combined statement of cash flows and the combined statement of changes in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibilities for the combined financial statements

The directors are responsible for the preparation and fair presentation of these combined financial statements in accordance with the basis of preparation set out in Note 1 of the combined financial statements, for determining that the basis of presentation is acceptable in the circumstances and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

## Opinion

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the entities set out in Note 1 of the combined financial statements, comprising Plan International Worldwide as at 30 June 2012, and the combined results of its operations and its combined cash flows for the year then ended in accordance with the basis of preparation set out in Note 1 of the combined financial statements.

## Emphasis of matter

Without modifying our opinion, we draw attention to the fact that, as described in note 1 to the combined financial statements, the entities included in the combined financial statements have not operated as a single entity during the year.

## Other matters

This report, including the opinion, has been prepared for and only for the Directors of Plan International, Inc. for reasons of good corporate governance and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**
**Chartered Accountants**
London
United Kingdom
19 October 2012

# Combined income statement

## for the year ended 30 June

| | Notes | 2012 €000 | 2011 €000 |
|---|---|---|---|
| **Income** | | | |
| Child sponsorship income | 2a | **362,996** | 353,368 |
| Grants | 2a | **153,219** | 139,657 |
| Gifts in kind | 2a | **27,088** | 14,615 |
| Other contributions | 2a | **84,553** | 77,366 |
| Investment income | 2a | **2,975** | 2,807 |
| Trading income | 2a | **2,997** | 3,605 |
| **Total income** | 2a,b | **633,828** | 591,418 |
| **Expenditure** | | | |
| Programme expenditure | 3a | **487,545** | 417,665 |
| Fundraising costs | 3a | **90,927** | 73,707 |
| Other operating costs | 3a | **52,607** | 49,583 |
| Trading expenditure | 3a | **2,934** | 3,491 |
| **Total expenditure before foreign exchange** | | **634,013** | 544,446 |
| Net (gains)/losses on foreign exchange | 3a | **(10,867)** | 16,773 |
| **Total expenditure** | 3a,b,c | **623,146** | 561,219 |
| **Excess of income over expenditure** | | **10,682** | 30,199 |

# Combined statement of profit or loss and other comprehensive income and expenditure

## for the year ended 30 June

| | Notes | 2012 €000 | 2011 €000 |
|---|---|---|---|
| **Excess of income over expenditure** | | **10,682** | 30,199 |
| **Other comprehensive income and expenditure** | | | |
| Unrealised (losses) / gains on investments available for sale | | **(244)** | 522 |
| Exchange rate movements | | **11,313** | (6,105) |
| **Total comprehensive income and expenditure** | 6 | **21,751** | **24,616** |

There is no corporation taxation arising on the items set out above as explained in note 1p. to these financial statements.
The notes on pages 15 to 39 form part of these financial statements.

# Combined statement of financial position

at 30 June

| | Notes | 2012 €000 | 2011 €000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7b,e | **280,265** | 245,513 |
| Investments available for sale | 7b,e | **18,229** | 29,774 |
| Investments held to maturity | 7b,e | **2,292** | 314 |
| Other financial assets – interest in trusts | 7f | **-** | 41 |
| Receivables and advances | 7h | **31,541** | 22,632 |
| Prepaid expenses | | **7,001** | 6,207 |
| Inventory | 8 | **2,646** | 11,066 |
| | | **341,974** | 315,547 |
| **Non-current assets** | | | |
| Investments available for sale | 7b,e | **3,727** | 3,055 |
| Investments held to maturity | 7b,e | **30** | 1,704 |
| Other financial assets – interests in trusts | 7f | **807** | 1,129 |
| Property, plant and equipment | 9 | **22,034** | 17,821 |
| Intangible assets | 9 | **11,225** | 7,609 |
| Other receivables | 7h | **1,207** | 952 |
| | | **39,030** | 32,270 |
| **Total assets** | | **381,004** | 347,817 |
| **Current liabilities** | | | |
| Bank overdrafts | 7c | **440** | 156 |
| Accounts payable | 7g | **15,426** | 14,589 |
| Accrued expenses | 7g | **29,843** | 24,575 |
| Accrued termination benefits | | **464** | 349 |
| | | **46,173** | 39,669 |
| **Non-current liabilities** | | | |
| Accrued termination benefits | | **20,271** | 15,759 |
| Pension obligations | 10 | **506** | 348 |
| Provisions for other liabilities and charges | 11 | **1,447** | 1,185 |
| | | **22,224** | 17,292 |
| **Total liabilities** | | **68,397** | 56,961 |
| **Fund balances** | | | |
| Unrestricted fund balances | 6 | **169,260** | 164,021 |
| Temporarily restricted fund balances | 6 | **128,582** | 115,266 |
| Permanently restricted fund balances | 6 | **14,765** | 11,569 |
| | 6 | **312,607** | 290,856 |
| **Total liabilities and fund balances** | | **381,004** | 347,817 |

The notes on pages 15 to 39 form part of these financial statements.

The financial statements on pages 11 to 39 have been approved by the Board of Directors of Plan International, Inc. and were signed on behalf of the Board on 17 October 2012.

Ellen Margrethe Løj — M. Hoyos

**Ellen Løj**
Chair

**Martin Hoyos**
Director

# Combined statement of cash flows

for the year ended 30 June

| | Notes | 2012<br>€000 | 2011<br>€000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Excess of income over expenditure | | **10,682** | 30,199 |
| Depreciation and amortisation | 9 | **9,053** | 8,815 |
| Gain on sale of property, plant and equipment | | **(116)** | (75) |
| Investment income | 2a | **(2,975)** | (2,807) |
| (Increase) in receivables | | **(8,661)** | (4,772) |
| Decrease / (Increase) in inventory | | **8,305** | (10,800) |
| Increase in payables | | **9,744** | 6,488 |
| Effects of exchange rate changes | | **(3,956)** | 7,540 |
| **Net cash inflow from operating activities** | | **22,076** | 34,588 |
| | | | |
| **Cash flows from investing activities** | | | |
| Investment income received | | **3,136** | 1,997 |
| Sale of investments available for sale | | **16,289** | 10,551 |
| Purchase of investments available for sale | | **(8,090)** | (24,385) |
| Sale of investments held to maturity | | **-** | 1,450 |
| Purchase of investments held to maturity | | **(330)** | - |
| Sale of property, plant and equipment | | **408** | 410 |
| Purchase of property, plant and equipment | 9 | **(10,404)** | (7,544) |
| Purchase of intangible assets | 9 | **(5,670)** | (4,179) |
| **Net cash (outflow) from investing activities** | | **(4,661)** | (21,700) |
| | | | |
| **Increase in cash and cash equivalents** | | **17,415** | 12,888 |
| Effect of exchange rate changes | | **17,053** | (9,893) |
| **Net increase in cash and cash equivalents** | | **34,468** | 2,995 |
| **Cash and cash equivalents at beginning of year** | | **245,357** | 242,362 |
| **Cash and cash equivalents at end of year** | | **279,825** | 245,357 |
| | | | |
| Cash and cash equivalents at end of year comprise: | | | |
| Cash and cash equivalents | | **280,265** | 245,513 |
| Bank overdrafts | | **(440)** | (156) |
| | | **279,825** | 245,357 |

# Combined statement of changes in fund balances

| | Unrestricted | Temporarily restricted | Permanently restricted | **Total** |
|---|---|---|---|---|
| | €000 | €000 | €000 | **€000** |
| **Fund balances at 1 July 2010** | 158,936 | 95,032 | 12,272 | **266,240** |
| Excess of income over expenditure | 5,760 | 23,795 | 644 | **30,199** |
| Unrealised gains on investments available for sale | 522 | - | - | **522** |
| Exchange rate movements | (1,197) | (3,561) | (1,347) | **(6,105)** |
| **Total excess of comprehensive income over expenditure** | **5,085** | **20,234** | **(703)** | **24,616** |
| **Fund balances at 1 July 2011** | **164,021** | **115,266** | **11,569** | **290,856** |
| Excess of income over expenditure | 1,989 | 6,977 | 1,716 | **10,682** |
| Unrealised losses on investments available for sale | (244) | - | - | **(244)** |
| Exchange rate movements | 3,494 | 6,339 | 1,480 | **11,313** |
| **Total excess of comprehensive income over expenditure** | **5,239** | **13,316** | **3,196** | **21,751** |
| **Fund balances at 30 June 2012** | **169,260** | **128,582** | **14,765** | **312,607** |

The notes on pages 15 to 39 form part of these financial statements.

# Notes to combined financial statements

## 1. Principal accounting policies

### a. Presentation and functional currency

The directors of PI Inc have concluded that the functional currency of PI Inc is the Euro on the basis that this is the predominant currency affecting PI Inc's operations worldwide. In addition, they have decided to present these combined financial statements in Euros. The functional currency of the NOs and Plan Ltd is their local currency, as this is the predominant currency that affects their operations.

### b. Basis of accounting

The combined financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC Interpretations and under the historical cost convention as modified by the revaluation of certain financial instruments in accordance with IAS 39, Financial Instruments: Recognition and Measurement except for:

- These financial statements have been prepared on a combined basis; and
- The accounting treatment adopted for entities combined for the first time.

The basis of accounting and the accounting policies adopted by Plan in preparing these combined financial statements are consistent with those applied in the year ended 30 June 2011.

The following Amendments and Interpretations of existing standards have been adopted in Plan's combined financial statements for the year ended 30 June 2012, but have not had an impact:

- Amendment to IFRS 1, First time adoption – government loans
- IFRIC 20, Stripping costs in the production phase of a surface mine

Additionally, Plan has adopted in the combined financial statements for the year ended 30 June 2012 the Amendment to IAS 1, Presentation of Financial Statements. This has had a minor impact on the Combined statement of profit or loss and other comprehensive income and expenditure.

The following Standards and amendments to existing standards will be adopted in Plan's combined financial statements for the year ending 30 June 2013 or later years. The impact is being assessed.

- IFRS 9, Financial Instruments
- Additions to IFRS 9 for Financial Liability Accounting
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interests in Other Entities
- IAS 27 Revised, Separate financial statements
- IAS 28 Revised, Associates and joint ventures
- IFRS 13, Fair Value Measurement
- IAS 19 Revised, Employee benefits
- Amendment to IFRS 7, Financial instruments: Disclosures
- IAS 32 Financial instruments: Presentation
- Annual improvements 2011

## c. Basis of combined financial statements

The financial statements of Plan are a combination of the consolidated accounts of the 20 National Organisations (NOs) and the consolidated accounts of Plan International, Inc. (PI Inc). The businesses included in the combined financial statements have not operated as a single entity. There is no legal requirement to prepare these combined financial statements as PI Inc and the NOs are separate legal entities. However, the combined financial statements are prepared voluntarily in order to present the combined financial position, results and cash flows of Plan.

New entities have their consolidated assets and liabilities combined into Plan from the date they become a Member NO or from the date that they start the process of qualifying as Members, unless they are already part of Plan. As entities are combined into these financial statements by becoming Members, there is typically no consideration paid by Plan. Hence, in bringing their consolidated assets and liabilities into the combined financial statements, this results in an amount also recognised in fund balances. This accounting policy is applied consistently to all such transactions.

PI Inc is controlled by its Members, but no one Member NO has the direct or indirect ability to exercise sole control through ownership, contract or otherwise. The NOs are independent entities which control their own subsidiaries. As set out in the Directors' report, each NO has objectives, purposes and constitutions compatible with those of PI Inc. PI Inc has a wholly owned central services subsidiary in the United Kingdom (Plan Limited). In programme countries, PI Inc operates through branches, except in Brazil where it has established a separately incorporated association (Plan International Brasil). During 2012 Plan Italia Onlus commenced operations as a subsidiary of PI Inc and is on the pathway to becoming a Member and NO of PI Inc. All transactions and balances between entities included in the combined financial statements are eliminated.

## d. Accounting for income

i) Most income raised by Plan comprises child sponsorship contributions. In general, these contributions are paid on either a monthly or annual basis. They are accounted for as income when received, including any contributions received in advance. Amounts received in advance are presented within temporarily restricted funds on the combined statement of financial position.

**ii)** Certain contributions receivable by Plan, including the majority of the grants from Government bodies and other NGOs, are designated for specific purposes by the donors. These contributions are recognised when the relevant donor-stipulated requirements for receipt have been met and Plan is entitled to receive the income. Any such contributions which have been recognised in income but remain unspent at the year-end are presented within temporarily restricted funds on the combined statement of financial position.

**iii)** Plan receives contributions from various other sources, including legacies and trusts in which it is named as a beneficiary (but over which it has neither control nor significant influence). These contributions are recognised when Plan has an irrevocable entitlement to receive future economic benefits and the amounts are capable of reliable measurement.

**iv)** Gifts in kind are recognised at fair value when received using the cost of the equivalent goods or services in the country of the ultimate beneficiary, which appropriately reflects the underlying value of Plan's work to the beneficiaries.

**v)** Investment income represents both PI Inc's and the National Organisations' interest and dividend income, all of which is recognised when Plan becomes entitled to the income, and realised gains and losses on the sale of investments. Interest income on debt securities is measured using the effective interest method.

**vi)** Plan benefits from the assistance provided by a large number of volunteers both in NOs and PI Inc. It is not practicable to quantify the benefit attributable to this work, which is therefore excluded from the combined income statement.

## e. Accounting for expenditure

Expenditure is recognised in accordance with the accruals concept. Programme expenditure which does not involve the receipt of goods or services by Plan, including payments to the communities and other NGOs with which Plan works, is recognised either when the cash is paid across to a third party or, if earlier, when an irrevocable commitment is made to pay out funds to a third party.

## f. Accounting for fund balances

Fund balances are identified in three categories:

**i)** Unrestricted funds are those that are available to be spent on any of Plan's activities. Two of these fund reserves may be categorised as accounting reserves, as they arise from the accounting treatment for certain assets and liabilities:
- the net investment of funds in property, plant and equipment and intangible assets
- the unrealised gains/ (losses) on investments available for sale.

The other unrestricted reserves include:
- a grants prefinancing reserve in PI Inc, equivalent to one quarter's expenditure on grants prior to reimbursement by donors
- funds which are available for future expenditure include the operating reserves of the National Organisations, the working capital reserve in PI Inc (which is a maximum of one month's sponsorship expenditure), the PI Inc contingency reserve (also equivalent to one month's sponsorship expenditure) and a disaster risk management fund of €1.5 million which is used to finance disaster risk management work whilst fundraising is underway.

PI Inc has a contingency reserve so that in the event of certain operational and financial risks crystallising, Plan would be able to:
- complete programme work that is already underway
- safeguard staff and secure assets in the event of civil disorder or war
- adjust spending plans in a controlled manner
- restructure field and central operations.

**ii)** Temporarily restricted funds comprise:
- advance payments by sponsors
- unspent funds that have been restricted to specific purposes by donors
- contributions receivable at the year-end, including amounts receivable from legacies and trusts, but excluding any such amounts which are designated as permanently restricted.

**iii)** Permanently restricted funds are those that will not become unrestricted. They include endowment funds restricted by donors and statutory funds that are required in accordance with the statutes of the countries in which some NOs operate.

The PI Inc reserves specified above are defined by the PI Inc reserves policy.

## g. Operating leases

Operating leases, being those leases which do not transfer substantially all the risks and rewards of ownership of the related asset, are included in expenditure on a straight-line basis over the lease term. Lease incentives are recognised on a straight line basis over the life of the lease.

## h. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held with banks which have a maturity date of less than 3 months from the date the deposit was made. They are carried in the combined statement of financial position at cost. For the purposes of the combined statement of cash flows, cash and cash equivalents are stated net of bank overdrafts.

## i. Investments

Investments that Plan has the intent and ability to hold to maturity are classified as held to maturity and are included in either current or non-current assets as appropriate. All other investments held by Plan are designated as available for sale and are included in current assets unless it is anticipated that they will not be sold within twelve months of the balance sheet date.

Investments available for sale are carried at fair value, whilst investments held to maturity are carried at amortised cost. Realised gains and losses arising from changes in the fair value of assets available for sale are included in the combined income statement in the period in which they are realised. Unrealised gains and losses are recorded in a separate category of reserves and the amounts arising in the year are recorded in the combined statement of comprehensive income and expenditure.

Plan assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. In such cases the cumulative loss is removed from reserves and recognised in the combined income statement.

## j. Other financial assets – interests in trusts

Plan is a beneficiary of certain trusts administered and managed by third parties. Plan's interests in these trusts are recorded at fair value and classified as current or non-current assets as appropriate.

## k. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation and amortisation and impairment losses. Intangible assets represent software held for internal use, which is either purchased, donated or developed internally. Costs relating to software developed internally are capitalised when the qualifying project reaches the development stage as defined in IAS 38, Intangible Assets.
The cost of assets received as gifts in kind is determined as set out in note 1d. Depreciation and amortisation are provided under the straight-line method over the following estimated useful lives of the assets:

| | |
|---|---|
| Buildings | 5 - 50 years |
| Equipment | 3 - 10 years |
| Intangible assets: | |
| Purchased software | Lower of 5 years or the period of the licence |
| Other intangibles | 3 - 5 years |

Land is not depreciated. Gains or losses on disposals in the year are included in the combined income statement.

Property, plant and equipment and intangible assets are subject to review for impairment either where there is an indication of a reduction in their recoverable amount or, in the case of intangible assets not yet available for use, on an annual basis. Any impairment is recognised in the combined income statement in the year in which it occurs.

## l. Inventory

Humanitarian supplies are valued at cost with obsolete stock written off and are included in programme expenditure when distributed to beneficiaries. Cost comprises the cost of purchase and is determined using the first-in, first-out method.

The net realisable value of inventory held for trading activities is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

## m. Non-current liabilities – termination benefits and pension obligations

The amount accrued for termination benefits represents Plan's estimated obligation to employees who have an unconditional legal entitlement to termination benefits, either under local statute or their employment contract.

Plan Netherlands and Plan Norway maintain defined benefit pension plans. The amount recognised in respect of these pension plans represents the present value of the pension obligations less the fair value of the plan assets, as adjusted for unrecognised prior service costs/benefits and unrecognised actuarial gains/losses. Pension obligations (and costs) are measured using the projected unit credit method. For individual pension plans, any cumulative actuarial gains/losses that exceed 10% of the greater of the pension obligation or the fair value of the plan assets are spread over the expected average remaining working lives of employees participating in the plan. Past service costs/benefits are spread over the average period until the amended benefits become vested. Any change in the accrual for defined benefit pension plans is charged to the combined income statement.

A number of Plan entities maintain defined contribution pension plans. The amount charged in the combined income statement in respect of such plans comprises the contributions payable by Plan in respect of the year.

## n. Foreign exchange accounting

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction or at average contracted rates. Monetary assets and liabilities denominated in foreign currencies are translated at the year end exchange rates. Exchange differences arising are included in the combined income statement. The income and expenditure of NOs and Plan Ltd are translated at weighted average monthly exchange rates. The assets and liabilities of these entities are translated into Euros at year end exchange rates. The translation differences arising are included in the combined statement of comprehensive income.

## o. Hedging transactions

PI Inc enters into forward foreign exchange contracts to hedge certain of its exposures to exchange rate movements on forecasted expenditure in currencies other than the Euro and Sterling. Unrealised gains or losses on forward foreign exchange contracts are recognised in income and expenditure.

## p. Taxation

As a registered Not for Profit Corporation, PI Inc has no liability for corporation taxation. PI Inc's subsidiary Plan Ltd is liable to UK taxation but donates all taxable profits to Plan International (UK) under a deed of covenant.

## q. Accounting estimates and judgements

The preparation of the combined financial statements requires the use of estimates and judgements in determining the reported amounts of assets, liabilities, income and expenditure and the related disclosures. These estimates and judgements are based on assumptions that are considered reasonable in the circumstances, having regard to historical experience. Actual results may differ from these estimates. Certain accounting policies have been identified as involving particularly complex or subjective judgements or estimates, as follows:

**i)** Income recognition - income is recognised when unconditional entitlement has been demonstrated. In some situations, for example in relation to contributions designated for specific purposes by the donor and income from legacies, judgement is involved in assessing when Plan becomes unconditionally entitled to receive the income.

**ii)** Expenditure recognition - Plan may use third party organisations, such as communities in programme countries and fellow NGOs, to fulfil its aims. Funds spent through such third parties are recognised as expenditure at the earlier of when cash is paid or when an irrevocable commitment is made to pay. Judgement can be required in determining whether the commitments provided to these organisations are irrevocable.

**iii)** Expenditure allocation - expenditure is analysed between certain programme groupings (called programme areas), as set out in note 3 to the combined financial statements. Judgement is sometimes needed in allocating expenditure, for example where a project covers more than one programme area.

**iv)** Termination benefits - in many of the countries in which Plan operates, employees have an unconditional legal entitlement to termination benefits, either under local statute or their employment contract, regardless of the reason for leaving. Estimation is required in quantifying the obligation arising from these entitlements.

## 2. Income

### a. Income by source

| | 2012 €000 | 2011 €000 |
|---|---|---|
| **Child sponsorship income** | **362,996** | 353,368 |
| **Grants** | **153,219** | 139,657 |
| **Gifts in kind** | **27,088** | 14,615 |
| Bequests | **3,488** | 3,280 |
| Project sponsorship and appeals | **81,065** | 74,086 |
| **Other contributions** | **84,553** | 77,366 |
| Interest and dividend income | **2,614** | 2,142 |
| Gain/(loss) on sale of investments | **361** | 665 |
| **Investment income** | **2,975** | 2,807 |
| **Trading income** | **2,997** | 3,605 |
| **Total income** | **633,828** | 591,418 |

## b. Income by location

| | **2012 €000** | 2011 €000 |
|---|---|---|
| Belgium | **12,324** | 12,441 |
| Denmark | **6,301** | 5,241 |
| Finland | **13,737** | 15,510 |
| France | **12,906** | 13,252 |
| Germany | **113,026** | 105,705 |
| Ireland | **8,421** | 8,091 |
| Italy | **420** | - |
| Netherlands | **47,889** | 44,945 |
| Norway | **50,934** | 45,860 |
| Spain | **13,125** | 14,126 |
| Sweden | **33,682** | 26,478 |
| Switzerland | **2,652** | 3,205 |
| United Kingdom | **64,665** | 64,626 |
| **Europe** | **380,082** | 359,480 |
| | | |
| Canada | **111,388** | 84,503 |
| Colombia | **7,387** | 4,550 |
| United States | **44,574** | 63,199 |
| **Americas** | **163,349** | 152,252 |
| | | |
| Australia | **38,238** | 30,456 |
| Hong Kong | **3,134** | 2,301 |
| India | **2,695** | 2,829 |
| Japan | **29,389** | 30,055 |
| Korea | **7,720** | 5,822 |
| **Asia** | **81,176** | 71,463 |
| | | |
| Other | **10,257** | 8,819 |
| Intragroup elimination | **(4,033)** | (4,201) |
| | **630,831** | 587,813 |
| | | |
| **Trading income** | **2,997** | 3,605 |
| **Total income** | **633,828** | 591,418 |

# 3. Expenditure

## a. Expenditure by programme area

| | National Organisations €000 | Field €000 | International Headquarters €000 | Intra-group & exchange €000 | Total 2012 €000 |
|---|---|---|---|---|---|
| Healthy start in life | **1,959** | **92,948** | **1,907** | **-** | **96,814** |
| Sexual and reproductive health | **1,711** | **12,587** | **318** | **-** | **14,616** |
| Education | **4,208** | **72,594** | **2,312** | **-** | **79,114** |
| Water and sanitation | **1,850** | **44,069** | **1,152** | **-** | **47,071** |
| Economic security | **2,128** | **35,706** | **1,007** | **-** | **38,841** |
| Protection | **4,524** | **22,585** | **1,108** | **-** | **28,217** |
| Participate as citizens | **16,036** | **51,519** | **3,426** | **-** | **70,981** |
| Disaster risk management | **3,537** | **53,991** | **2,118** | **-** | **59,646** |
| Sponsorship communications | **14,181** | **35,388** | **2,676** | **-** | **52,245** |
| **Programme expenditure** | **50,134** | **421,387** | **16,024** | **-** | **487,545** |
| **Fundraising costs** | **86,156** | **4,321** | **2,752** | **(2,302)** | **90,927** |
| **Other operating costs** | **43,382** | **-** | **10,955** | **(1,730)** | **52,607** |
| | **179,672** | **425,708** | **29,731** | **(4,032)** | **631,079** |
| **Trading expenditure** | **2,934** | **-** | **-** | **-** | **2,934** |
| **Net gains on foreign exchange** | **-** | **-** | **-** | **(10,867)** | **(10,867)** |
| **Total expenditure** | **182,606** | **425,708** | **29,731** | **(14,899)** | **623,146** |

| | National Organisations €000 | Field €000 | International Headquarters €000 | Intra-group & exchange €000 | Total 2011 €000 |
|---|---|---|---|---|---|
| Healthy start in life | 1,008 | 68,481 | 1,379 | - | 70,868 |
| Sexual and reproductive health | 1,041 | 10,693 | 170 | - | 11,904 |
| Education | 4,539 | 74,357 | 1,923 | - | 80,819 |
| Water and sanitation | 1,005 | 42,391 | 878 | - | 44,274 |
| Economic security | 1,475 | 37,297 | 782 | - | 39,554 |
| Protection | 2,996 | 12,852 | 373 | - | 16,221 |
| Participate as citizens | 13,800 | 40,982 | 1,759 | - | 56,541 |
| Disaster risk management | 2,466 | 41,783 | 1,539 | - | 45,788 |
| Sponsorship communications | 14,416 | 35,183 | 2,097 | - | 51,696 |
| Programme expenditure | 42,746 | 364,019 | 10,900 | - | 417,665 |
| Fundraising costs | 70,038 | 2,876 | 2,558 | (1,765) | 73,707 |
| Other operating costs | 40,964 | - | 11,053 | (2,434) | 49,583 |
| | 153,748 | 366,895 | 24,511 | (4,199) | 540,955 |
| Trading expenditure | 3,491 | - | - | - | 3,491 |
| Net losses on foreign exchange | - | - | - | 16,773 | 16,773 |
| Total expenditure | 157,239 | 366,895 | 24,511 | 12,574 | 561,219 |

Examples of the types of expenditure included within each of the above categories are:

**Healthy start in life:** training health workers, preventative health education, childhood illness prevention, building and equipping pre school infrastructure and clinics, programmes and advocacy for universal birth registration.

**Sexual and reproductive health:** sex education, family planning, HIV/AIDS and SRH programmes.

**Education:** teacher training, building and equipping classrooms, child media, advocacy for educational policy improvements (including the *Learn Without Fear* campaign) and other recreational activities.

**Water and sanitation:** installing latrines and sewer systems, provision of affordable drinking water, hygiene promotion and health education and training.

**Economic security:** farming resources, irrigation system development, microfinance, business development and vocational training and training communities in natural resource management.

**Protection from exploitation, neglect, abuse & violence:** training of children and parents, capacity building of government and civil society organisations in child protection issues, child protection and promotion of child rights.

**Participate as citizens:** Education through child media, life skills training for adolescents, *Because I Am a Girl* campaign, child and youth group activities, activities to increase public knowledge and understanding of poverty and vulnerability issues which prevent children from realising their full potential.

**Disaster risk management:** Disaster risk reduction training, disaster relief activities including food distribution and the provision of shelter facilities, water and sanitation and health activities and psychosocial support for children.

**Sponsorship communications:** organising communications between sponsors and sponsored children including associated logistical costs and cost of software to digitise communication materials.

**Fundraising costs:** marketing costs associated with attracting new sponsors and other donors.

**Other operating costs:** general management, finance, human resource and information technology costs of administrative systems and the cost of handling funds received.

**Trading expenditure:** cost of merchandise and operations associated with on-line shops and service subsidiaries of NOs.

**Net losses / (gains) on foreign exchange:** net losses and gains arising on the retranslation of monetary items denominated in currencies other than the functional currency of the relevant entity. This principally reflects changes in the value of the Euro.

Where applicable, each of the above categories includes salaries, project management and supervision and advocacy. Each category of field expenditure also includes an appropriate allocation of general management and operational support costs.

## 3b. Expenditure by location

**(i) National Organisations**

| | **2012 €000** | 2011 €000 |
|---|---|---|
| Belgium | **4,383** | 3,997 |
| Denmark | **2,189** | 1,799 |
| Finland | **5,838** | 5,992 |
| France | **3,703** | 3,688 |
| Germany | **27,567** | 19,775 |
| Ireland | **1,706** | 1,504 |
| Italy | **89** | - |
| Netherlands | **16,715** | 15,016 |
| Norway | **10,692** | 9,926 |
| Spain | **5,629** | 5,587 |
| Sweden | **8,206** | 7,725 |
| Switzerland | **1,076** | 1,032 |
| United Kingdom | **17,912** | 14,436 |
| **Europe** | **105,705** | 90,477 |
| | | |
| Canada | **28,773** | 25,881 |
| Colombia | **742** | 2,409 |
| United States | **17,176** | 13,559 |
| **Americas** | **46,691** | 41,849 |
| | | |
| Australia | **14,475** | 9,900 |
| Hong Kong | **1,857** | 1,404 |
| India | **897** | 1,838 |
| Japan | **8,161** | 6,761 |
| Korea | **1,886** | 1,519 |
| **Asia** | **27,276** | 21,422 |
| | | |
| **Trading expenditure** | **2,934** | 3,491 |
| **Total National Organisation expenditure** | **182,606** | 157,239 |

## (ii) Field

| | 2012<br>€000 | 2011<br>€000 |
|---|---|---|
| Bangladesh | **10,130** | 6,625 |
| Cambodia | **8,008** | 4,852 |
| China | **4,565** | 5,214 |
| India | **13,233** | 11,968 |
| Indonesia | **9,010** | 10,218 |
| Laos | **2,296** | 1,490 |
| Myanmar | **171** | 468 |
| Nepal | **7,734** | 8,875 |
| Pakistan | **22,226** | 17,289 |
| Philippines | **11,494** | 10,336 |
| Sri Lanka | **4,004** | 4,715 |
| Thailand | **2,323** | 2,531 |
| Timor Leste | **1,615** | 1,714 |
| Vietnam | **9,416** | 9,901 |
| Bangkok regional office | **3,358** | 2,259 |
| **Asia** | **109,583** | 98,455 |
| Bolivia | **9,840** | 8,355 |
| Brazil | **4,100** | 3,971 |
| Colombia | **14,055** | 10,137 |
| Dominican Republic | **5,112** | 5,373 |
| Ecuador | **9,370** | 9,614 |
| El Salvador | **9,893** | 7,222 |
| Guatemala | **8,389** | 8,089 |
| Haiti | **10,326** | 19,776 |
| Honduras | **5,483** | 5,386 |
| Nicaragua | **4,867** | 5,033 |
| Paraguay | **3,836** | 3,694 |
| Peru | **5,340** | 6,074 |
| Panama regional office | **3,334** | 3,355 |
| **Central and South America** | **93,945** | 96,079 |
| Egypt | **6,810** | 6,020 |
| Ethiopia | **9,846** | 5,812 |
| Kenya | **15,253** | 11,105 |
| Malawi | **5,735** | 4,796 |
| Mozambique | **2,111** | 1,974 |
| Rwanda | **4,301** | 3,383 |
| Sudan | **7,692** | 6,083 |
| South Sudan | **7,410** | 2,388 |
| Tanzania | **6,010** | 5,101 |
| Uganda | **9,508** | 6,754 |
| Zambia | **6,186** | 6,312 |
| Zimbabwe | **15,243** | 14,202 |
| Nairobi regional office | **4,730** | 2,463 |
| **Eastern and Southern Africa** | **100,835** | 76,393 |
| Benin | **8,337** | 6,373 |
| Burkina Faso | **17,726** | 22,187 |
| Cameroon | **8,471** | 7,218 |
| Ghana | **9,404** | 7,084 |
| Guinea | **8,447** | 6,943 |
| Guinea Bissau | **3,632** | 3,689 |
| Liberia | **5,087** | 3,162 |
| Mali | **7,228** | 4,032 |
| Niger | **4,222** | 5,984 |
| Senegal | **8,281** | 9,523 |
| Sierra Leone | **13,001** | 7,699 |
| Togo | **18,602** | 5,474 |
| Dakar regional office | **5,024** | 3,800 |
| **West Africa** | **117,462** | 93,168 |
| Interact worldwide expenditure | **3,883** | 2,800 |
| **Total field expenditure** | **425,708** | 366,895 |

Expenditure excludes net losses and gains on foreign exchange.

## 3c. Expenditure by type

| | Note | 2012<br>€000 | 2011<br>€000 |
|---|---|---|---|
| Project payments | | **215,650** | 187,404 |
| Employee salary costs | 4 | **163,473** | 141,748 |
| Other staff costs | | **24,211** | 23,430 |
| Consultants and other professional costs | | **44,178** | 35,884 |
| Marketing and media | | **60,359** | 52,081 |
| Travel and meetings | | **46,110** | 34,617 |
| Communications | | **13,909** | 14,423 |
| Rent and related costs | | **18,224** | 16,306 |
| Depreciation and amortisation | 9 | **9,053** | 8,815 |
| Supplies, vehicles and other costs | | **38,846** | 29,738 |
| Net (gains)/losses on foreign exchange | | **(10,867)** | 16,773 |
| **Total expenditure** | | **623,146** | 561,219 |

## 4. Employee information

| | Average number of employees | | Salary costs | |
|---|---|---|---|---|
| | **2012**<br>**Number** | 2011<br>Number | **2012**<br>**€000** | 2011<br>€000 |
| Field | **8,079** | 7,616 | **98,620** | 86,140 |
| National Organisations | **1,103** | 964 | **54,734** | 47,150 |
| International Headquarters | **148** | 127 | **10,119** | 8,458 |
| | **9,330** | 8,707 | **163,473** | 141,748 |

## 5. Remuneration of key management

The average number of people designated as key management of Plan, including the 20 NOs (2011: 20 NOs), for the year ended 30 June 2012 was 45 (2011: 45). This includes the members of the Board of Directors of PI Inc, who do not receive any remuneration for their services. The remuneration payable to other members of key management was as follows:

| | 2012<br>€000 | 2011<br>€000 |
|---|---|---|
| Salaries and short-term employee benefits | **4,375** | 4,196 |
| Post-employment benefits | **417** | 298 |
| Termination benefits | **49** | 25 |
| | **4,841** | 4,519 |

The post-employment benefits principally comprise contributions payable to defined contribution pension schemes. There are no long-term incentive schemes for key management.

## 6. Fund balances

| | 30 June 2011 €000 | Additions/ (reductions) €000 | Translation differences €000 | **30 June 2012 €000** |
|---|---|---|---|---|
| **Unrestricted fund balances** | | | | |
| Net investment in property, plant and equipment and intangible assets | 25,430 | 6,675 | 1,154 | **33,259** |
| Unrealised gains/(losses) on investments available for sale | 1,157 | (244) | 158 | **1,071** |
| Funds allocated to future expenditure | 114,707 | (13,587) | 2,182 | **103,302** |
| Grants prefinancing reserve | 22,727 | 8,901 | - | **31,628** |
| **Total unrestricted fund balances** | 164,021 | 1,745 | 3,494 | **169,260** |
| **Temporarily restricted fund balances** | | | | |
| Advance payments by sponsors | 15,644 | (220) | 935 | **16,359** |
| Donor-restricted contributions not yet spent | 87,449 | 6,742 | 4,241 | **98,432** |
| Other restricted funds | 12,173 | 455 | 1,163 | **13,791** |
| **Total temporarily restricted fund balances** | 115,266 | 6,977 | 6,339 | **128,582** |
| **Permanently restricted fund balances** | | | | |
| Donor-restricted fund balances | 9,318 | 1,616 | 1,198 | **12,132** |
| Statutory fund balances | 2,251 | 100 | 282 | **2,633** |
| **Total permanently restricted fund balances** | 11,569 | 1,716 | 1,480 | **14,765** |
| **Total fund balances** | 290,856 | 10,438 | 11,313 | **312,607** |
| Cumulative foreign exchange differences included within fund balances | (181) | - | 11,313 | **11,132** |

| | 30 June 2010 €000 | Additions/ (reductions) €000 | Translation differences €000 | 30 June 2011 €000 |
|---|---|---|---|---|
| **Unrestricted fund balances** | | | | |
| Net investment in property, plant and equipment and intangible assets | 23,646 | 2,641 | (857) | 25,430 |
| Unrealised gains on investments available for sale | 777 | 491 | (111) | 1,157 |
| Funds allocated to future expenditure | 120,269 | (5,333) | (229) | 114,707 |
| Grants prefinancing reserve | 14,244 | 8,483 | - | 22,727 |
| **Total unrestricted fund balances** | 158,936 | 6,282 | (1,197) | 164,021 |
| **Temporarily restricted fund balances** | | | | |
| Advance payments by sponsors | 15,530 | 948 | (834) | 15,644 |
| Donor-restricted contributions not yet spent | 75,423 | 14,389 | (2,363) | 87,449 |
| Other restricted funds | 4,079 | 8,458 | (364) | 12,173 |
| **Total temporarily restricted fund balances** | 95,032 | 23,795 | (3,561) | 115,266 |
| **Permanently restricted fund balances** | | | | |
| Donor-restricted fund balances | 9,788 | 718 | (1,188) | 9,318 |
| Statutory fund balances | 2,484 | (74) | (159) | 2,251 |
| **Total permanently restricted fund balances** | 12,272 | 644 | (1,347) | 11,569 |
| **Total fund balances** | 266,240 | 30,721 | (6,105) | 290,856 |
| Cumulative foreign exchange differences included within fund balances | 5,924 | - | (6,105) | (181) |

The fund balances presented in the combined financial statements are not available for distribution.

## 7. Financial risk management

Plan's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Plan seeks to minimise the potential adverse effects of these financial risks. Risk management is carried out under policies approved by PI Inc's International Board. Plan's policy is to be risk averse and not to take speculative positions in foreign exchange contracts or any derivative financial instruments.

### a. Market risk

**(i) Foreign exchange risk**

Plan's NOs receive the majority of their income and incur expenditure in their domestic currency and therefore have a natural hedge against exchange rate fluctuations.

PI Inc faces exchange rate exposure as expenditure is not incurred in the same currencies as income and some income is received in currencies other than the Euro. The purpose of PI Inc's hedging policy is to protect against the risk that there could be a significant change in the funds available for programme expenditure due to exchange rate fluctuations. PI Inc uses natural hedges, principally in the Euro, Sterling and US dollars, which covers around 30% of expenditure. PI Inc also enters into forward foreign exchange contracts to manage certain of its exchange rate exposures. Forward foreign exchange contracts equivalent to 50-80% of the forecast monthly expenditure are entered into where the country of operation is economically and politically stable, where a hedging product is available and where this level of expenditure is equivalent to a marketable forward amount for the relevant currency.

The hedging policy approved by the International Board uses forward foreign exchange contracts with up to 15 months maturity to purchase currencies.

At 30 June 2012 and 2011 the open forward contracts had settlement dates of up to 12 months. The amounts purchased under these contracts were:

| | **2012** | 2011 |
|---|---|---|
| | **€000** | €000 |
| Purchase of : | | |
| United States dollar | **(17,992)** | (18,034) |
| Kenya shilling | **(11,350)** | (8,222) |
| Vietnam dong | **(7,004)** | (4,698) |
| Tanzania shilling | **(5,532)** | (2,856) |
| India rupee | **(5,460)** | (3,309) |
| Philippine peso | **(5,032)** | (5,096) |
| Ghana cedi | **(4,933)** | (5,392) |
| Indonesia rupiah | **(4,928)** | (5,306) |
| Egypt pound | **(4,451)** | - |
| Thai baht | **(3,318)** | (2,725) |
| Colombia peso | **(2,760)** | (2,267) |
| China yuan | **(2,621)** | (2,784) |
| Peru nuevo sol | **(2,293)** | (2,662) |
| Brazil real | **(2,221)** | (1,589) |
| Mozambique new metical | **(1,386)** | (1,576) |
| Uganda shilling | **-** | (4,804) |
| Ethiopia birr | **-** | (3,342) |
| Sierra Leone leones | **-** | (2,912) |
| Zambia kwacha | **-** | (2,579) |
| Rwanda francs | **-** | (1,189) |
| | **(81,281)** | (81,342) |

Valuing these contracts using appropriate forward rates of exchange at the balance sheet date showed a net unrealised gain of €0.1 million (2011: loss of €1.9 million). The forward foreign exchange contracts are included in the combined financial statements at fair value.
At 30 June 2012, if the Euro had weakened / strengthened against all other currencies by 10% with all other variables held constant, then income and fund balances would have been €14 million higher/lower.

**(ii) Price risk**

Plan is exposed to equity and debt security price risks because of investments held to maturity or investments available for sale. These securities are held in 5 NOs which mitigates the price risk arising from investments. Each NO sets its own investment policy. Assuming that equity indices had increased/decreased by 5% with all other variables held constant and that all Plan's equity investments moved in line with the index, then other comprehensive income and fund balances would have been €0.7 million (2011: €0.6 million) higher /lower.

**(iii) Interest rate risk**

All bank deposits had a maturity date of less than one year and most interest-bearing investments had a maturity date or interest reset date of less than 3 years in the year to 30 June 2012 and the previous year. In view of this and the fact that interest income is small in relation to total income, changes in interest rates do not currently present a material risk to Plan. At 30 June 2012, if interest rates had been 50 basis points higher/lower with all other variables held constant, investment income for the year and fund balances at 30 June 2012 would have been €1.4 million higher/lower. Cash and investments are held in many currencies and yields in the year to 30 June 2012 ranged from 0.001% to 6.00% (2011: from 0.01% to 6.00%).

The maturity profile of bank deposits and interest bearing investments is shown below:

| | 0 – 1 year<br>€000 | 1 – 3 years<br>€000 | Over 3 years<br>€000 | **30 June 2012<br>€000** |
|---|---|---|---|---|
| Cash and cash equivalents | 280,265 | - | - | **280,265** |
| Current asset investments available for sale | 1,608 | 274 | 3,478 | **5,360** |
| Current asset investments held to maturity | 2,292 | - | - | **2,292** |
| Non current asset investments available for sale | - | 2,987 | - | **2,987** |
| Non current asset investments held to maturity | - | - | - | **-** |
| **Total at 30 June 2012** | **284,165** | **3,261** | **3,478** | **290,904** |

| | 0 – 1 year<br>€000 | 1 – 3 years<br>€000 | Over 3 years<br>€000 | 30 June 2011<br>€000 |
|---|---|---|---|---|
| Cash and cash equivalents | 245,513 | - | - | 245,513 |
| Current asset investments available for sale | 13,309 | 2,321 | 3,041 | 18,671 |
| Current asset investments held to maturity | 314 | - | - | 314 |
| Non current asset investments available for sale | - | 867 | 1,727 | 2,594 |
| Non current asset investments held to maturity | - | 1,704 | - | 1,704 |
| Total at 30 June 2011 | 259,136 | 4,892 | 4,768 | 268,796 |

## b. Credit risk

Credit risk arises mainly on cash and cash equivalents. Receivables and advances include small loans advanced under microfinance schemes that sometimes carry a high risk of default, which amounted to €0.6 million (2011: €0.6 million) net of provisions. Other receivables and advances are spread across all the countries in which Plan operates and this minimises the exposure to credit risk. Any large receivables due from individual organisations generally comprise grants receivable from public bodies. The aggregate maximum credit risk at 30 June 2012 was €321 million (2011: €291 million). The table below shows the combined cash balances held by PI Inc, its subsidiaries and the NOs with the five largest bank counterparties at the balance sheet date.

| | **30 June 2012** | | 30 June 2011 | |
|---|---|---|---|---|
| | **Rating** | **Balance** | Rating | Balance |
| | | **€000** | | €000 |
| Counterparty A | A1 | 34,673 | A1 | 32,069 |
| Counterparty B | A1 | 33,100 | A1 | 32,365 |
| Counterparty C | A1 | 31,787 | A1 | - |
| Counterparty D | A1 | 26,373 | A1 | 30,164 |
| Counterparty E | A1 | 21,992 | A1 | 22,654 |

PI Inc's policy is to hold cash and investments with institutions with short term ratings of at least A2 or equivalent, but this is not always possible having regard to the countries in which Plan operates. Investments held to maturity are corporate and government bonds. Cash and investments are analysed below into those held with institutions with short term ratings of A3 or better and those held with other institutions.

| | Bank deposits & cash | Debt securities | Equities | **30 June 2012** |
|---|---|---|---|---|
| | €000 | €000 | €000 | **€000** |
| **Rated A or better** | | | | |
| Cash and cash equivalents | 261,531 | - | - | **261,531** |
| Current asset investments available for sale | - | 4,958 | 11,615 | **16,573** |
| Current asset investments held to maturity | 322 | 1,970 | - | **2,292** |
| Non-current asset investments available for sale | - | 2,987 | - | **2,987** |
| Non-current asset investments held to maturity | - | - | 30 | **30** |
| **Total rated A or better** | **261,853** | **9,915** | **11,645** | **283,413** |
| **Other** | | | | |
| Cash and cash equivalents | 18,734 | - | - | **18,734** |
| Current asset investments available for sale | - | 402 | 1,254 | **1,656** |
| Non-current asset investments available for sale | - | - | 740 | **740** |
| **Total other** | **18,734** | **402** | **1,994** | **21,130** |
| **Total** | | | | |
| Cash and cash equivalents | 280,265 | - | - | **280,265** |
| Current asset investments available for sale | - | 5,360 | 12,869 | **18,229** |
| Current asset investments held to maturity | 322 | 1,970 | - | **2,292** |
| Non-current asset investments available for sale | - | 2,987 | 740 | **3,727** |
| Non-current asset investments held to maturity | - | - | 30 | **30** |
| **Total cash and investments** | **280,587** | **10,317** | **13,639** | **304,543** |

| | Bank deposits & cash €000 | Debt securities €000 | Equities €000 | 30 June 2011 €000 |
|---|---|---|---|---|
| **Rated A or better** | | | | |
| Cash and cash equivalents | 224,707 | - | - | 224,707 |
| Current asset investments available for sale | 7,776 | 10,531 | 9,996 | 28,303 |
| Current asset investments held to maturity | - | 314 | - | 314 |
| Non-current asset investments available for sale | - | 2,594 | 30 | 2,624 |
| Non-current asset investments held to maturity | - | 1,704 | - | 1,704 |
| **Total rated A or better** | 232,483 | 15,143 | 10,026 | 257,652 |
| **Other** | | | | |
| Cash and cash equivalents | 20,806 | - | - | 20,806 |
| Current asset investments available for sale | - | 364 | 1,107 | 1,471 |
| Non-current asset investments available for sale | - | - | 431 | 431 |
| **Total other** | 20,806 | 364 | 1,538 | 22,708 |
| **Total** | | | | |
| Cash and cash equivalents | 245,513 | - | - | 245,513 |
| Current asset investments available for sale | 7,776 | 10,895 | 11,103 | 29,774 |
| Current asset investments held to maturity | - | 314 | - | 314 |
| Non-current asset investments available for sale | - | 2,594 | 461 | 3,055 |
| Non-current asset investments held to maturity | - | 1,704 | - | 1,704 |
| **Total cash and investments** | 253,289 | 15,507 | 11,564 | 280,360 |

## c. Liquidity risk

Plan commits to expenditure only when funds are available and seeks to maintain minimum reserves as set out in note 1f. to these combined financial statements. Therefore liquidity risk is kept to a minimum. This is reflected in the combined statement of financial position where current assets of €342 million are over 7 times larger than current liabilities of €46 million. Plan uses bank overdrafts to meet short term financing requirements. As at 30 June 2012, the aggregate value of these bank overdrafts was €0.4 million (2011: €0.2 million).

## d. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

The following table presents the financial instruments that are measured at fair value at 30 June 2012:

| | Level 1 €000 | Level 2 €000 | Level 3 €000 | **30 June 2012 €000** |
|---|---|---|---|---|
| Financial assets at fair value through income and expenditure: | | | | |
| - Forward foreign exchange contracts | 733 | - | - | **733** |
| Available for sale financial assets: | | | | |
| - Current asset investments | 18,229 | - | - | **18,229** |
| - Non current asset investments | 3,727 | - | - | **3,727** |
| **Total assets** | **22,689** | **-** | **-** | **22,689** |
| Financial liabilities at fair value through income and expenditure: | | | | |
| - Forward foreign exchange contracts | (645) | - | - | **(645)** |
| **Total liabilities** | **(645)** | **-** | **-** | **(645)** |

The following table presents the financial instruments that are measured at fair value at 30 June 2011:

| | Level 1 €000 | Level 2 €000 | Level 3 €000 | 30 June 2011 €000 |
|---|---|---|---|---|
| Financial assets at fair value through income and expenditure: | | | | |
| - Forward foreign exchange contracts | 142 | - | - | 142 |
| Available for sale financial assets: | | | | |
| - Current asset investments | 29,774 | - | - | 29,774 |
| - Non current asset investments | 3,055 | - | - | 3,055 |
| **Total assets** | 32,971 | - | - | 32,971 |
| Financial liabilities at fair value through income and expenditure: | | | | |
| - Forward foreign exchange contracts | (2,089) | - | - | (2,089) |
| **Total liabilities** | (2,089) | - | - | (2,089) |

The fair value of the forward foreign exchange contracts, investments held to maturity and available for sale investments is based on market prices obtained from financial institutions at the balance sheet date.

The fair value of investments held to maturity at 30 June 2012 was €2.3 million (2011: €2.1 million). In 2012 and 2011 there were no realised or unrealised gains or losses on investments held to maturity. On investments available for sale the unrealised gain was €1.1 million (2011: €1.2 million) and the realised gain was €0.6 million (€0.7 million). There were no unrealised losses and realised losses were €0.3 million (2011: nil unrealised loss and nil realised loss).

The fair value of cash and cash equivalents, receivables and advances and accounts payable is in line with their carrying values in the combined financial statements. All cash, investments and other monetary items held in foreign currencies at 30 June were converted to Euros at the spot exchange rate on that date.

## e. Cash and investments

Cash and investments at 30 June 2012 were held in the following currencies:

| | Cash and cash equivalents €000 | Current asset investments available for sale €000 | Current asset investments held to maturity €000 | Non current asset investments available for sale €000 | Non current asset investments held to maturity €000 | **Total €000** |
|---|---|---|---|---|---|---|
| Euro | 68,672 | 697 | - | 1 | - | **69,370** |
| Canadian dollar | 16,387 | 3,774 | - | - | - | **20,161** |
| US dollar | 110,893 | 12,270 | - | 739 | - | **123,902** |
| Yen | 12,765 | 1,488 | 1,970 | 2,987 | - | **19,210** |
| Norwegian kroner | 13,104 | - | - | - | - | **13,104** |
| Swedish kronor | 3,014 | - | - | - | - | **3,014** |
| Australian dollar | 7,460 | - | - | - | - | **7,460** |
| Sterling | 19,238 | - | - | - | - | **19,238** |
| Other | 28,732 | - | 322 | - | 30 | **29,084** |
| | **280,265** | **18,229** | **2,292** | **3,727** | **30** | **304,543** |

Cash and investments at 30 June 2011 were held in the following currencies:

| | Cash and cash equivalents €000 | Current asset investments available for sale €000 | Current asset investments held to maturity €000 | Non current asset investments available for sale €000 | Non current asset investments held to maturity €000 | Total €000 |
|---|---|---|---|---|---|---|
| Euro | 124,368 | 13,653 | - | 1 | - | 138,022 |
| Canadian dollar | 8,238 | 3,202 | - | - | - | 11,440 |
| US dollar | 34,814 | 10,651 | - | 430 | - | 45,895 |
| Yen | 6,727 | 2,268 | - | 2,594 | 1,704 | 13,293 |
| Norwegian kroner | 6,357 | - | - | - | - | 6,357 |
| Swedish kronor | 4,139 | - | - | - | - | 4,139 |
| Australian dollar | 6,837 | - | 314 | - | - | 7,151 |
| Sterling | 19,454 | - | - | - | - | 19,454 |
| Other | 34,579 | - | - | 30 | - | 34,609 |
| | 245,513 | 29,774 | 314 | 3,055 | 1,704 | 280,360 |

There were no impairment provisions on available for sale financial assets in 2012 or 2011.

## f. Interests in trusts

Plan has a right to receive future income from certain trusts set up by third party donors. The arrangements vary from trust to trust, but in general Plan has an irrevocable right to participate in the income generated by the trust and/or will receive a share of the capital held by the trust at some future date. Plan's interests in these trusts are recorded at their fair value, based on the discounted value of the expected future cash receipts or the value of the assets held by the trust, as appropriate.  As at 30 June 2012, the fair value of these interests amounted to €0.8 million (2011: €1.2 million).

## g. Financial liabilities

Forward foreign exchange contracts are held at fair value as set out in note 7 a. (i). All other financial liabilities are held at amortised cost.

## h. Receivables and advances

Receivables and advances were held in the following currencies:

| | Current Assets | | Non-current assets | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | **€000** | €000 | **€000** | €000 |
| US dollar | **3,295** | 2,773 | **-** | - |
| Euro | **4,000** | 5,999 | **379** | 195 |
| Sterling | **9,790** | 6,164 | **-** | - |
| Yen | **5** | 83 | **332** | 287 |
| Canadian dollar | **764** | 653 | **-** | - |
| Norwegian kroner | **1,286** | 1,100 | **-** | - |
| Other | **12,401** | 5,860 | **496** | 470 |
| | **31,541** | 22,632 | **1,207** | 952 |

Receivables and advances are stated net of provisions amounting to €2.3 million (2011: €2.0 million).

# 8. Inventory

Inventory is as follows:

| | **2012** | 2011 |
|---|---|---|
| | **€000** | €000 |
| Inventory for trading activities | **266** | 381 |
| Inventory for distribution to beneficiaries | **2,380** | 10,685 |
| **Total inventory** | **2,646** | 11,066 |

The inventory for distribution to beneficiaries mainly comprises gifts in kind received but not distributed to beneficiaries before 30 June.

# 9. Property, plant and equipment and intangible assets

| | Land and buildings €000 | Equipment €000 | Tangible assets €000 | Intangible assets €000 | Total €000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Prior year | | | | | |
| 1 July 2010 | 5,908 | 42,628 | 48,536 | 21,109 | 69,645 |
| Additions | 305 | 7,239 | 7,544 | 4,179 | 11,723 |
| Disposals | (39) | (3,808) | (3,847) | (57) | (3,904) |
| Reclassifications | 37 | (2,596) | (2,559) | 2,559 | - |
| Exchange adjustments | (595) | (620) | (1,215) | (1,349) | (2,564) |
| **30 June 2011** | **5,616** | **42,843** | **48,459** | **26,441** | **74,900** |
| Current year movements | | | | | |
| Additions | 1,279 | 9,125 | 10,404 | 5,670 | 16,074 |
| Disposals | (485) | (3,004) | (3,489) | (46) | (3,535) |
| Reclassifications | (491) | 463 | (28) | 28 | - |
| Exchange adjustments | 457 | 1,012 | 1,469 | 1,977 | 3,446 |
| **30 June 2012** | **6,376** | **50,439** | **56,815** | **34,070** | **90,885** |
| | | | | | |
| **Accumulated depreciation and amortisation** | | | | | |
| Prior year | | | | | |
| 1 July 2010 | 2,475 | 29,043 | 31,518 | 14,481 | 45,999 |
| Charge for the year | 403 | 5,309 | 5,712 | 3,103 | 8,815 |
| Disposals | (20) | (3,483) | (3,503) | (57) | (3,560) |
| Reclassifications | - | (2,373) | (2,373) | 2,373 | - |
| Exchange adjustments | (236) | (480) | (716) | (1,068) | (1,784) |
| **30 June 2011** | **2,622** | **28,016** | **30,638** | **18,832** | **49,470** |
| Current year movements | | | | | |
| Charge for the year | 356 | 6,120 | 6,476 | 2,577 | 9,053 |
| Disposals | (364) | (2,867) | (3,231) | (41) | (3,272) |
| Reclassifications | (214) | 195 | (19) | 19 | - |
| Exchange adjustments | 199 | 718 | 917 | 1,458 | 2,375 |
| **30 June 2012** | **2,599** | **32,182** | **34,781** | **22,845** | **57,626** |
| | | | | | |
| Net book value: | | | | | |
| **30 June 2012** | **3,777** | **18,257** | **22,034** | **11,225** | **33,259** |
| 30 June 2011 | 2,994 | 14,827 | 17,821 | 7,609 | 25,430 |

Included in intangible assets is €4.5 million (2011: €1.4 million) relating to internally generated software for internal use which is in the course of construction.

## 10. Pension plans

PI Inc operates two defined contribution pension plans for its expatriate employees, one for US citizens and one for non-US citizens. In addition, there are a variety of plans for other employees in the 50 developing countries in which PI Inc operates, in the 20 NOs and their subsidiaries and in Plan Ltd. These pension plans are a mixture of defined contribution pension plans with defined benefit pension plans being operated by 2 NOs. In all cases, schemes are governed by local statutory regulations and pension fund assets are held independently of Plan's assets.

Contributions to defined contribution pension plans totalled €4.1 million (2011: €3.3 million).

Funding of the defined benefit pension plans is determined by local pension trustees in accordance with local statutory requirements and local actuarial advice. The trustees of the defined benefit pension plans consider that their plans are adequately funded. The amount recognised on the combined statement of financial position in respect of the defined benefit pension plans has been calculated on the basis described in accounting policy "1m - Non-current liabilities- termination benefits and pension obligations" by independent actuaries.

The amounts recognised in expenditure for defined benefit pension plans are as follows:

| | **2012** | 2011 |
|---|---|---|
| | **€000** | €000 |
| Current service cost | **503** | 570 |
| Interest cost | **448** | 397 |
| Return on scheme assets net of administration cost | **(206)** | (211) |
| Past service cost | **(13)** | (12) |
| Actuarial losses | **1** | 21 |
| Other | **40** | 40 |
| **Total** | **773** | 805 |

The movement in the net liability recognised in the combined statement of financial position for defined benefit pension plans is as follows:

| | **2012** | 2011 |
|---|---|---|
| | **€000** | €000 |
| At 1 July | **(348)** | (113) |
| Total expense (as above) | **(773)** | (805) |
| Contributions paid | **580** | 537 |
| Other | **37** | 34 |
| Currency translation effect | **(2)** | (1) |
| **At 30 June** | **(506)** | (348) |

The movement in the present value of the defined benefit obligation is as follows, all arising in plans that are wholly or partly funded:

| | **2012** | 2011 |
|---|---|---|
| | **€000** | €000 |
| At 1 July | **(8,458)** | (8,850) |
| Current service cost | **(503)** | (570) |
| Interest cost | **(448)** | (397) |
| Expected employee contributions | **(116)** | (112) |
| Actuarial gain/(loss) | **(3,423)** | 1,362 |
| Benefits paid | **141** | 129 |
| Currency translation effect | **(35)** | (20) |
| **At 30 June** | **(12,842)** | (8,458) |

The movements in the defined benefit pension plan assets at fair value are as follows:

| | 2012 €000 | 2011 €000 |
|---|---|---|
| At 1 July | **7,366** | 7,663 |
| Expected return on plan assets | **206** | 211 |
| Actuarial (losses)/gains | **3,419** | (965) |
| Employer contributions | **580** | 537 |
| Employee contributions | **123** | 116 |
| Benefits paid | **(141)** | (129) |
| Management fees | **(88)** | (82) |
| Currency translation effect | **30** | 15 |
| **At 30 June** | **11,495** | 7,366 |
| Actual return on plan assets | **3,537** | (836) |

Amounts recognised in the combined statement of financial position for defined benefit pension plans are as follows:

| | 2012 €000 | 2011 €000 |
|---|---|---|
| Actuarial present value of defined benefit obligation | **(12,842)** | (8,458) |
| Plan assets at fair value | **11,495** | 7,366 |
| Fund deficit | **(1,347)** | (1,092) |
| Unrecognised prior service benefits | **(60)** | (72) |
| Unrecognised actuarial losses | **901** | 816 |
| **Total** | **(506)** | (348) |

The range of assumptions used in the actuarial valuations of the defined benefit pension plans are as follows:

| | 2012 | 2011 |
|---|---|---|
| Weighted average assumed discount rate | **3.2-3.8%** | 5.0-5.3% |
| Weighted average expected long term return on plan assets | **3.2-4.1%** | 5.3-6.0% |
| Weighted average future salary increase | **2.95-3.5%** | 2.95-3.0% |
| Cost of living adjustments for pensions in payment | **0-1.4%** | 1.0-2.5% |
| Number of members | **383** | 344 |

The expected long term return on plan assets has been determined with reference to the long term asset mix and with reference to rates of returns that are expected to be generated on these assets. These rates of return are chosen consistent with the term and the currency of the related obligation. Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each country.

Expected contributions to the plans for the year ending 30 June 2012 are €0.6 million.

Historical information on the defined benefit pension plans is below:

| | 2012 €000 | 2011 €000 | 2010 €000 | 2009 €000 | 2008 €000 |
|---|---|---|---|---|---|
| Defined benefit obligation | **12,842** | 8,458 | 8,850 | 5,583 | 5,618 |
| Fair value of plan assets as at end of year | **11,495** | 7,366 | 7,663 | 5,311 | 4,627 |
| Fund (deficit)/surplus | **(1,347)** | (1,092) | (1,187) | (272) | (991) |

## 11. Provisions for other liabilities and charges

Provisions for other liabilities and charges are as follows:

| | 2012 €000 | 2011 €000 |
|---|---|---|
| Split interest trusts | **204** | 125 |
| Building lease incentive | **1,018** | 611 |
| Other | **225** | 449 |
| **Total provisions for other liabilities and charges** | **1,447** | 1,185 |

| | Split interest trust €000 | Lease incentive €000 | Other €000 | Total €000 |
|---|---|---|---|---|
| At 1 July 2011 | 125 | 611 | 449 | 1,185 |
| Additional provisions | 56 | 526 | 199 | 781 |
| Used during the year | - | (168) | (436) | (604) |
| Currency translation effects | 23 | 49 | 13 | 85 |
| **At 30 June 2012** | **204** | **1,018** | **225** | **1,447** |

The split interest trust is an arrangement whereby a donor contributes assets in exchange for a promise from Plan to pay the donor a fixed amount for a specified period of time and the related liability is shown as a provision. The lease incentive represents property lease incentives that are being released against rental expenditure over the life of the lease.

## 12. Contingencies and commitments

### a. Contingent liabilities

Plan is involved in various legal and taxation disputes, the outcome of which is uncertain. The best current estimation of the maximum potential impact on Plan's financial position is €4.8 million (2011: €2.9 million) in aggregate.

### b. Capital commitments

Contracts for capital expenditure not provided in the financial statements amount to approximately €0.6 million (2011: €0.1 million).

### c. Operating leases

Plan's combined rent expense for the year was €12.0 million (2011: €11.0 million). Plan has non-cancellable operating leases for buildings occupied by several National Organisations, PI Inc and Plan Ltd. Lease terms vary by location. Total future minimum operating lease payments under leases existing as at 30 June are as follows:

| | **At 30 June 2012** | | | At 30 June 2011 | | |
|---|---|---|---|---|---|---|
| | Rent €000 | Other operating leases €000 | **Total €000** | Rent €000 | Other operating leases €000 | Total €000 |
| Within one year | 8,671 | 443 | **9,114** | 7,219 | 486 | 7,705 |
| Between one and five years | 19,919 | 1,224 | **21,143** | 15,225 | 926 | 16,151 |
| After 5 years | 8,977 | 38 | **9,015** | 7,366 | 87 | 7,453 |

## 13. Related parties

Hilfe mit Plan is an independent foundation, registered in Germany, that administers a number of independent non-Plan trusts. As two of its directors are also on the Board of Plan Germany, Hilfe mit Plan is considered to be a related party of Plan Germany. During the year to 30 June 2012 Plan Germany donated €5.8 million to Hilfe mit Plan. In January 2012 Hilfe mit Plan purchased the building that is currently partly occupied by Plan Germany. Once the building has been refurbished, it will be occupied by both Plan Germany and by other tenants so will provide a steady source of future income for Hilfe mit Plan. Plan Germany has secured rent predictability and cost stability for future years through the arrangement. In 2012 Plan Germany paid rental of €0.2 million to Hilfe mit Plan. Also in 2012, Plan Germany received donations of €1.2 million from Hilfe mit Plan and its independent trusts for development programmes. There were no amounts owing to or from Hilfe mit Plan at 30 June 2012 or 30 June 2011.

In the previous financial year there were payments of €0.2 million to related parties.

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