



Annual Report 2009



www.merlin.org.uk

Merlin specialises in health, saving lives in times of crisis and helping to rebuild shattered health services.

How we work

Merlin works within existing health systems to realise everyone's right to accessible, appropriate, affordable health care.

What we stand for

We are committed to helping build lasting health services that are used and championed by everyone.

We are specialists in both rapid medical response and health service rebuilding, effectively taking countries from emergency to recovery.

We are undaunted by the challenges of providing health care to vulnerable people living in the most difficult, forgotten corners of the world.

We are determined to campaign to make health a global priority; giving people caught up in conflict, disaster and health system collapse the chance to lead healthy lives.

We care for people at risk, for the lives we hope to save, for the safety of our staff. We care about being accountable to our patients, partners, supporters and donors. And we care about keeping our promise: to stay on, beyond the crisis, for as long as we are needed.



Introduction from Carolyn Miller, Merlin's Chief Executive

2009 was the first year of Merlin's new three year strategy. It has been well received by partners, supporters and staff alike, and sets out goals to increase both the scale and depth of our health work, develop new ways of responding to emergencies, and to increase our policy and advocacy work on improving health services.

Among many crises, one in particular stands out: our major emergency response to provide health and nutrition services to over 500,000 people displaced by military conflict in the Swat valley, Pakistan. We also responded to a number of other health crises, including that affecting internally displaced people in Kalma camp, Darfur, Sudan, where we now provide health care to 100,000 people.

No less important were our responses to disease outbreaks such as measles and diarrhoea in Afghanistan, and our work to reduce the impact of crises through disaster preparedness. In Myanmar, alongside our training programmes for community health workers, we have undertaken further disaster risk reduction work, setting up early warning systems and helping communities collaborate with local authorities to ensure they have clear plans for when catastrophe strikes.

We also increased the scale and impact of our work to help build national health services in countries making the transition from emergency to longer-term development. To this end we expanded our programme in the Democratic Republic of Congo to be able to serve nearly 2.8 million people, and intensified our work there on nutrition and sexual and reproductive health.

And true to our promise to reach the most difficult and remote areas, we now have mobile clinics bringing health care to areas such as Ferfer in Ethiopia and Badakhshan in Afghanistan – places with critical health needs but which were virtually cut off from health services. One of our challenges going forward is to make sure that the rising need for health care in urban areas is not neglected.

Last year I visited Zimbabwe and saw how we made the transition from providing emergency support to running an established programme. This is typical of Merlin in action. Our response to the cholera outbreak helped save many lives. By working so closely and effectively with existing local structures we are recognised as a valuable partner, and are now considered to be a key health



Non-Governmental Organisation in the country. This gives us the potential to work at a greater scale and to address other serious health needs. Zimbabwe has one of the most alarming rates of newborn deaths in the world.

I was really pleased with the support we gained on the publication of our *All Mothers Matter* report in March, and the boost this gave to our Hands up for Health Workers campaign. This is only the start, and we hope to get further endorsement of our campaign aims closer to the UN Millennium Development Goals summit in September 2010.

This is one of the many goals for the coming year that we are working hard to achieve. Our plans for 2010 and beyond will now be boosted by an investment agreed by trustees.

Carolyn Miller

Carolyn Miller
30th July 2010

“Our response to the cholera outbreak in Zimbabwe helped save many lives.”

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31 December 2009

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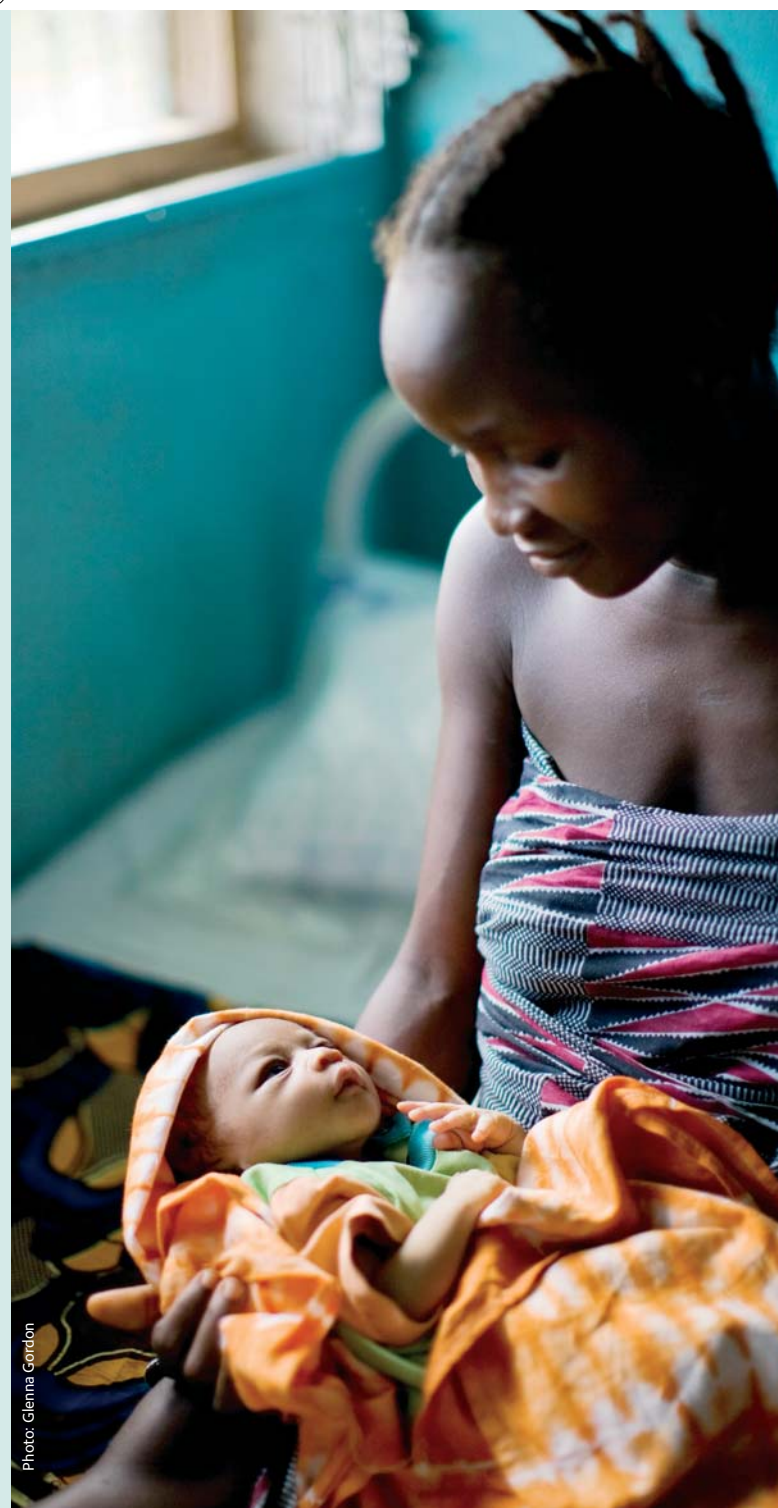


Photo: Glenna Gordon

“In 2010 we will focus on increasing our number of supporters to enable us to respond even more rapidly to worsening health situations as they arise.”

Message from Lord Jay, Merlin's Chair

2009 has been another successful year for Merlin.

I had the opportunity to see the effectiveness of our work first hand in Liberia, which I visited with our Chief Executive, Carolyn Miller, in September 2009. In the 13 years in which we have worked in Liberia, we have moved from service delivery to an emphasis on supporting national and county teams to run health services themselves in six counties, equipping them with the expertise and skills to do so long after Merlin has left. I was able to reflect on this with the Minister of Health and the President herself, both of whom shared their delight with Merlin's contribution to Liberian health care.

However, what perhaps made the greatest impression on me was travelling to the remote area of Zwedru to see the new midwifery school that Merlin is supporting. I was particularly moved by the commitment and dedication of the trainee midwives (men and women) who, upon the completion of their course, will return to their local communities and provide much needed midwifery services.

Merlin has been able to achieve all this and more as a result of the backing of a wide range of supporters and partners, from large institutional donors such as the Department for International Development, the European Union and the United States Agency for International Development, to the private trusts and foundations and the individuals who so generously donate money to us. We could do so much more if we had stronger and more flexible funding of our own. For this reason, in 2010 we will focus on increasing our number of supporters to enable us to respond even more rapidly to worsening health situations as they arise.



People are at the heart of all we do, and none of our progress would have been possible without the hard work and dedication of our staff, and our partners in the Ministries of Health and local organisations across the globe. I would like to take this opportunity to thank them for all their continuing hard work and determination to improve the lives of people in some of the most challenging environments in the world.

Michael Jay

Lord Jay
30th July 2010

“What perhaps made the greatest impression on me was travelling to the remote area of Zwedru to see the new midwifery school that Merlin is supporting.”

Trustees Report

Country headlines at a glance

In 2009 Merlin helped over 20 million people access health care.



1. Liberia

We now support a total of 58 health facilities in Liberia providing services to 524,753 people. We started working in a sixth county, Grand Kru, one of the areas of greatest need, where we successfully trialled a collaborative way of working. It has been so well received that, with the direct support of the Deputy Minister for Health, it is now being replicated across the country.

2. Ivory Coast

Merlin's nutrition programmes in Mankono Health District directly targeted children up to five years old through five outpatient therapeutic feeding centres and one stabilisation centre. 740 children benefited directly from this programme. This is in addition to all those who benefited from our construction programme.

3. Central African Republic

We have been providing primary health care and nutrition services to a total of 14 health facilities in Nana Gribizi and Nana Mambere Districts serving a population of over 300,000 people.

4. Democratic Republic of Congo

We expanded our programme, now serving a population of nearly 2.8 million people, covering 255 health facilities in 21 health zones in Maniema and North Kivu Provinces. As a result of our work in Maniema, births attended by a skilled professional have risen from 20% to 60% (based on locally collated figures).

5. Zimbabwe

In addition to our continuing cholera crisis response, Merlin trained approximately 1,800 community health volunteers in cholera awareness, prevention and preparedness.

6. North Sudan

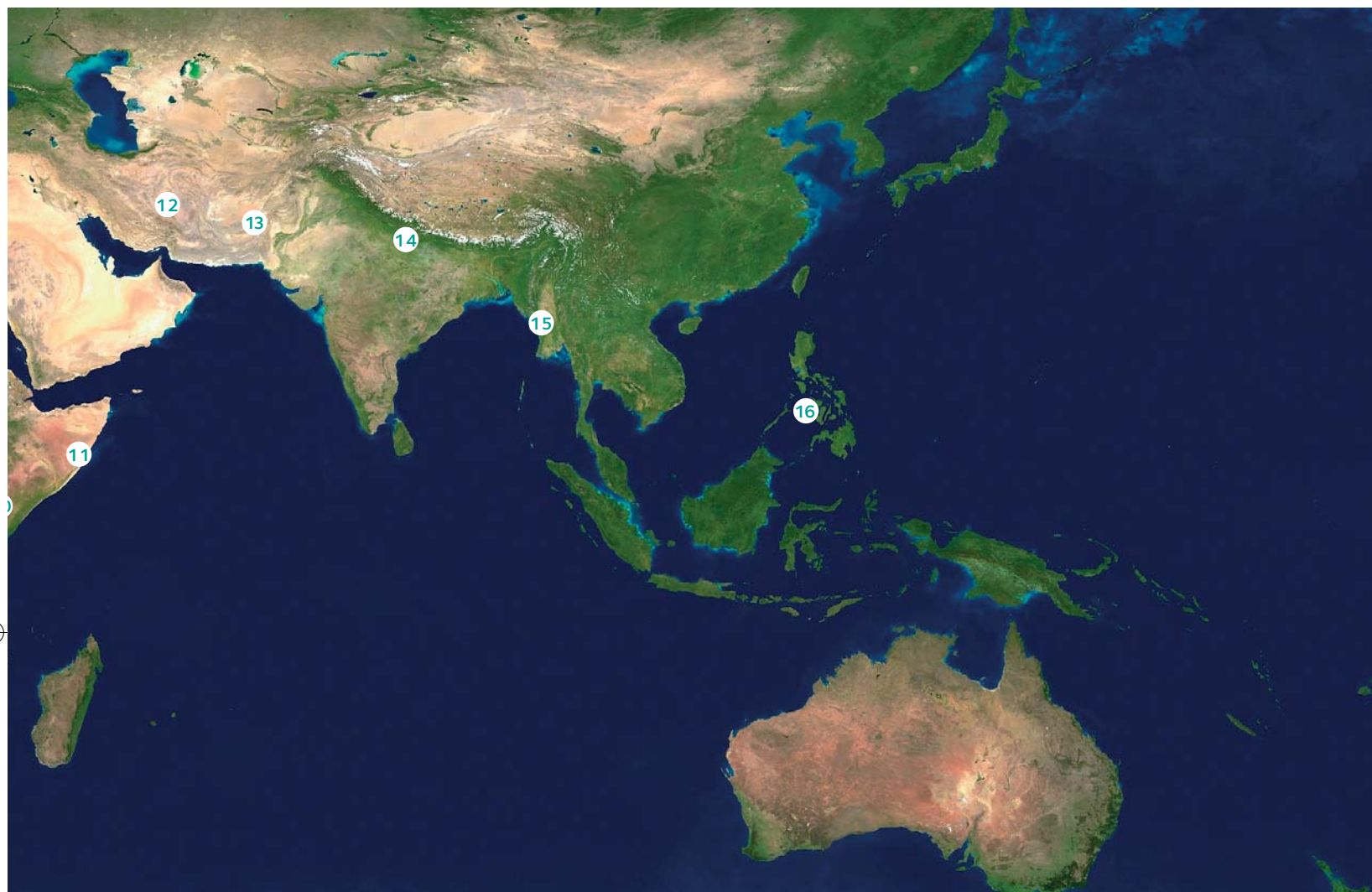
Following the expulsion of 13 humanitarian organisations from Darfur in March, Merlin rapidly undertook an analysis of the unmet health needs and quickly set up health and nutrition services for 100,000 people in Kalma Camp.

7. South Sudan

In addition to primary health care services in Eastern Equatoria State, we continued to support the 170-bed hospital in Nimule and the 70-bed hospital in remote Boma, Jonglei State. Critically, we also improved the skills of staff at the only unit in the country treating sleeping sickness. Our services are providing access to health care for over 600,000 people.

8. Palestinian Territories

Merlin continued working in the West Bank and, at the beginning of 2009, started new activities in the Gaza Strip. This included life-saving emergency support to blood banks in partnership with the Ministry of Health and the local blood bank service. In total 224,577 people benefited directly from our services in the Palestinian Territories.



9. Ethiopia

In addition to expanding services into Ferfer, one of the most isolated and deprived areas of the country, our programme includes support to Gode District Hospital, the only secondary level care centre in the whole of Gode Zone, serving a population of more than 460,000 people.

10. Kenya

In Nyanza we have expanded our HIV/AIDS, TB and malaria programmes and are now providing services to 14,800 people affected by HIV/AIDS. In drought-affected Turkana and Wajir Districts we reached more than 30,000 malnourished children. In total 234,478 people benefited directly from our services.

11. Somalia

We worked in all three regions of Somalia, South-Central Somalia, Somaliland and Puntland, providing a range of nutrition and essential health care services, including emergency health and nutrition activities in Ceel-Bur in the South-Central Somalia Region, and TB and HIV/AIDS care in Puntland.

12. Afghanistan

By 2009 Merlin had trained a total of 135 community midwives who return to their communities to provide much-needed midwifery services to women in an area facing some of the worst maternal and newborn indicators in the world. In total we provided services to 975,711 people.

13. Pakistan

Our Pakistan country team launched and sustained a huge emergency response to the health and nutrition needs of some of the three million internally displaced people in the North Western Frontier Province. This has resulted in the total number of people we have supported in Pakistan rising from 292,136 in 2008 to 1,809,767 in 2009.

14. Nepal

We provided health services to 52,084 people in Rolpa and Pyuthan Districts – two of the most isolated and remote areas of the country.

15. Myanmar

Merlin is providing community-based health interventions to over 390,000 people in 743 villages across Laputta District, Chin State and Sagaing Division. In remote Chin State and Sagaing Division, we operated seven mobile medical clinics, serving 100 villages that have no doctor, and provided primary health care services and malaria prevention and control programmes.

16. Philippines

Following the cyclone in September 2009, Merlin worked with local communities to improve disease surveillance and outbreak prevention, re-equip health clinics and train nearly 200 health workers and midwives in health promotion, and 28 midwives in health management.

Improving fragile health systems

Improving fragile health systems

A functioning health system is vital for delivering essential health care and tackling serious health problems such as diarrhoea, respiratory infections, malaria and malnutrition, as well as the key causes of maternal mortality.

Natural disasters, conflict and lack of investment weaken health systems and prevent governments from providing essential health services in the countries in which we work. As a result, levels of death and illness are disproportionately high: a third of all maternal deaths occur in fragile states and 50 percent of all children who die before their fifth birthday are born in fragile states. Merlin works with national Ministries of Health and local partners to strengthen service delivery, supporting essential training of health workers, as well as supporting policy development and advocacy.

How have we done?

In 2009 Merlin not only worked within country programmes to strengthen health systems, we also actively contributed to the global health policy debates, helping to improve understanding of health system strengthening within the international community.

Supporting ministries at a national level

During 2009 we worked closely with Ministries of Health, helping develop and roll out various aspects of national health strategies.

In **Liberia**, for example, Merlin supported the Ministry of Health to develop new health policies and to continue to deliver health services. This included providing specialist support to the national debate on health financing, and to the development of a reproductive health policy within the Ministry of Health.

Building skills and empowering communities

In 2009 Merlin worked across all country programmes to increase the skills of health workers and to ensure that community members were involved in decisions about their local services – and that they were using those services.

In **Nepal**, Merlin worked closely with local health management committees, community members and community health volunteers to deliver effective mother and child health care. We trained female community health volunteers in reproductive health, including ante-natal care. Merlin developed partnerships with government agencies, national and international Non-Governmental Organisations, as well as mothers' groups, user committees, school teachers and youth clubs, all of which helped to tailor health care to local needs.



All together, our work in **Nepal** provided essential health education to more than 19,000 people, trained 255 health workers and 287 female community health volunteers, and supported the construction of more than 450 sanitation points.

Meanwhile, in the **Democratic Republic of Congo**, we supported 255 health facilities, serving a population of nearly 2.8 million in North Kivu and Maniema Provinces. We trained community health workers to run vaccination campaigns, monitor malnutrition and post-natal care, and raise public awareness about sanitation, food hygiene and sexual and gender-based violence.

"We didn't think we could afford to help Esther, but Kabuo told us the treatment was free and how to get it. Without this, our child would be dead." Hakisimana Sebuhaanda describes the impact of the help given by Merlin community health worker Kabuo Nuamutera to his severely malnourished daughter, Esther.

In **Ethiopia** we supported the roll-out of 'outpatient therapeutic' care in Oromiya Province, training community health workers to treat acute malnutrition in children under the age of five. Community health workers were also central to our strategy in **Myanmar**, where, in 2009, we trained 455 community health workers who provided over 185,000 consultations.

In **Kenya** we trained 1,500 community health workers in essential health service provision in Nyanza, while our Wajir and Turkana health and nutrition programmes trained outreach volunteers to run health, nutrition and disease prevention and control programmes.

In south Darfur, **North Sudan**, in addition to providing primary health care and nutrition services in our four project areas, we also strengthened community participation by supporting health committees in rural communities.

"All together, our work in Nepal provided health education to more than 19,000 people, trained 255 health workers and 287 female community health volunteers, and supported the construction of more than 450 sanitation points."



On February 2nd 2009, Channel 4's Dispatches travelled to DR Congo with Merlin at the height of an outbreak of violence, which saw close to 200,000 displaced from their homes. They followed our emergency response to deliver vital aid and care into the heart of the conflict zone.

Improving fragile health systems



Trained health workers are key to the success of any health system, but in the countries where we work, there are still insufficient numbers of them.

Increasing access to services

In addition to working to strengthen health systems, Merlin has continued to provide essential health services.

In Badakhshan province, **Afghanistan**, a country where one in every 63 women dies in childbirth (it is fewer than one in 15,000 in the UK), our mobile health teams provided reproductive health care to around 66,000 women. To tackle this critical national situation Merlin has also continued our programme of community midwife education and training in Kunduz and Takhar Provinces. In Kunduz, we provided 830,000 people with health care services, while the World Health Organization helped us establish 25 malaria laboratories in Badakhshan and Kunduz Provinces.

In **South Sudan**, Merlin supported seven health facilities in Torit and helped improve the quality of services in Boma and Nimule hospitals, including starting HIV/AIDS screening and treatment at both. Critically, we also strengthened the skills of staff at the only unit in the country treating sleeping sickness.

In the **Palestinian Territories** we trained doctors, nurses, health educators and community volunteers, reaching communities cut off by the conflict. In Gaza we supported primary health services through mobile and static health clinics, serving 400 people a week in Rafah, and 240 patients a week in Jabalia, including specialist services such as orthopaedic care. In the West Bank, 170,631 people benefited from our primary health care programme.

Merlin also began work with HelpAge International, supported by the World Health Organization, to strengthen community-based public health care in Gaza, with a special focus on chronic diseases and the needs of elderly people.

Challenges

Ensuring the effectiveness of our work to strengthen health systems is critical. It is a long-term process and measuring success can be challenging. To support this, Merlin is developing a new monitoring tool to help measure progress. It is based on our research to date and will be implemented in 2010.

Trained health workers are key to the success of any health system, but in the countries where we work, there are still insufficient numbers of them. Merlin will continue to campaign to address this, and will support Ministries of Health to train and recruit more health workers.



Photo: Glenn Gordon

Liberia: strengthening health systems

In 2009, Merlin helped improve reproductive health services for over 400,000 Liberian women in Grand Bassa, Montserrado, Grand Gedeh and Maryland Counties.

Merlin's support to reproductive health includes a midwifery training programme, which builds on the learning from Merlin's successful Community Midwife Education programme in Afghanistan.

The Midwifery Training School, based in Grand Gedeh, is providing a long-term solution to the country's lack of health workers by recruiting and training the next generation of community midwives from their home counties – areas where health workers are most needed. The 18-month, full-time course provides free training, uniforms and study materials to 40 trainees. The first intake of trainees is almost ready to graduate, committing to serve for at least three years in their home communities. By 2010, these new health workers will be providing pregnant women in isolated communities with critical (and potentially life-saving) health care services.

Evelyn Nuah attended regular recommended check ups run by the Liberian Ministry of Health and Merlin at the maternity ward in her local hospital. A trained midwife

helped Evelyn through labour – telling her when to push and when to rest, to breathe deeply and to wait for the baby. Evelyn eventually gave birth to a healthy, 2.8kg baby girl.

"At the hospital, they tell you what to do," said Evelyn. "If you don't go, you don't know these things." Evelyn knows to feed her daughter breast milk exclusively, and makes sure she sleeps under a mosquito net to avoid malaria.

"Now, it is a privilege to come to school – it has made my dream come true, my desire to become a midwife. Midwives are important because they save lives of mothers and children." George Seakor, 34, one of eight men at the Midwifery Training Programme – the first male midwifery students in Liberia's history.

"Now, it is a privilege to come to school – it has made my dream come true, my desire to become a midwife."

Increasing our contribution to lasting health care

Increasing our contribution to lasting health care

Many of the countries in which we work are making the transition from crisis situation to longer term development, meaning the support we offer is evolving too. In these 'transitional', often fragile, states we take a longer term approach, working systematically to strengthen existing health care provision, and expanding our work to include a broader range of services for more people.

How have we done?

During 2009, Merlin worked in 16 countries,* often under challenging conditions. In the face of this, we secured some dramatic advances in a number of countries, increasing health care access for people in some of the most remote and underserved areas, where unmet need is immense.

Increasing the scale and range of our work

In the **Democratic Republic of Congo**, our work expanded after conflict in North Kivu abated, taking on a long-term community approach and tackling issues such as malnutrition, and sexual and gender-based violence. All together we served a population of nearly 2.8 million in North Kivu and Maniema.

Our work in North Kivu provided health care for over 400,000 conflict-affected people in 83 health facilities. In total, 6,704 pregnant women benefited from at least two ante-natal clinic visits supported by Merlin, and 5,688 women had their babies delivered at health facilities supported by Merlin, assisted by a midwife, nurse or other trained professional.

In Maniema our work in 136 health facilities and in Kindu Hospital supported a population of one million people across 10 health zones, and saw the percentage of deliveries attended by a skilled professional rise from 20% to 60% (local data). In a country where 235 out of every 1,000 babies die before they reach one year, giving a baby a better start to life in this way is crucial.

"I am committed to my centre because there's nothing quite like discharging a healthy baby, and too few women are doing this job." Gertrude Kasungu, Head of

Kindu General Hospital's Merlin-supported Therapeutic Feeding Centre.

In the **Palestinian Territories** six mobile teams provided essential primary health care services to 19 villages in Qalqilya and Salfit, two of the West Bank's most isolated districts. Services included paediatric and gynaecological care, and management and prevention of chronic illnesses.

Together with our local partner, we supported the early detection of childhood diseases, as well as providing health education to mothers and kindergarten teachers. By the end of May 2009, our teams had screened almost 9,000 children. In total, our work in the **Palestinian Territories** expanded to reach 224,577 people.

In **Kenya** we scaled-up our TB and HIV/AIDS work by training and mentoring more than 800 health workers, and expanding the coverage of our HIV/AIDS and TB programme from three to five districts. This doubled the number of health facilities offering HIV care and treatment and increased the total number of people receiving care to 14,800. In addition, the total number of HIV/AIDS patients receiving anti-retroviral treatment rose to 6,350.

Adapting our work to meet changing needs

In more stable countries we have adapted how we work to make sure it's the most appropriate way to bring about lasting improvements.

In **Liberia** we are supporting 54 primary health clinics, four hospitals and three youth centres and are now working in six counties, having expanded our work to include Grand Kru County. Here we piloted a new 'counterpart approach', working closely in shared offices at county level,

* During the year we established a country programme in Zimbabwe, following our emergency response in 2008. At the end of the year we initiated on-going activities in the Philippines, however, due to the timing and scale of our work during this period, the financial impact is not significant enough to appear in the accounts



supporting county health teams to develop their capacity to provide health services. This brought a major shift in the way Merlin works in Liberia, moving from a focus on direct service delivery to a partnership approach, providing technical assistance to enable the Ministry of Health itself to provide the range and quality of health services required. The Liberian Ministry of Health has been so impressed with this collaborative approach that it hopes to replicate it in other parts of the country.

As **Myanmar** continued recovering from Cyclone Nargis, Merlin helped develop a health recovery strategy in the affected area. We also worked on a comprehensive 'continuum of care package' to support Myanmar in meeting its health objectives, by bringing together and co-ordinating existing and new programmes. Merlin expects to be the first international non-governmental organisation in Myanmar to implement this programme in 2010.

Bringing health care to isolated areas

Ensuring that services are available to all, especially those in greatest need, is central to Merlin's work. So, in 2009 we introduced new services to some of the most isolated areas.

In the Palestinian Territories six mobile teams provided essential primary health care services to 19 villages in Qalqilya and Salfit, two of the West Bank's most isolated districts.

Increasing our contribution to lasting health care



In **Afghanistan** (above) we brought basic health services to the most remote communities in Badakhshan – previously people had to walk for up to 20 days to reach a health facility. Our mobile services, with a special focus on reproductive health, now come to villages on set days and stay for up to five days.

In **Myanmar** (above right) we worked to provide community-based health interventions to over 390,000 people in 743 villages in Laputta District, Chin State and Sagaing Division. In remote Chin State and Sagaing Division we additionally operate seven mobile medical clinics in 100 villages that currently have no doctor, and provide primary health care services and malaria prevention and control programmes.

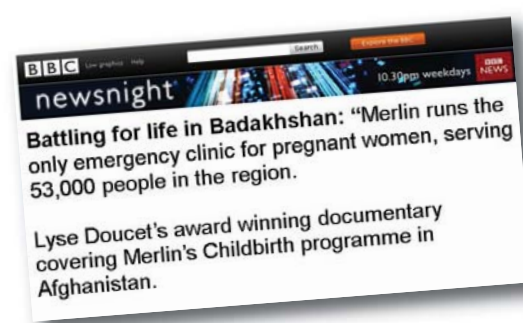
In May 2009 we supported one static and five mobile clinics in Ferfer, **Ethiopia** – an isolated area with some of the country's worst health conditions. Our work in conjunction with our partners in the Ministry of Health has contributed to reducing the incidence of malaria in Bale, meaning it is no longer one of the top ten causes of illness in this area.

Challenges

Commitments to fighting neglected diseases, for example sleeping sickness, have been hampered by lack of funding, as were our plans to establish a programme in Sierra Leone. Similarly, due to the limited levels of donor funding for the neglected crisis in the Central African Republic, we have not been able to address the significant health needs here.



In Myanmar we worked to provide community-based health interventions to over 390,000 people in 743 villages in Laputta District, Chin State and Sagaing Division.



Award winning journalist Lyse Doucet, travelled with BBC's Newsnight to Afghanistan on October 27th 2009. She reported from the remote Badakhshan region, where Merlin's vital emergency obstetric work and support to the only district hospital helps save the lives of countless mothers and babies.



Photo: Frédéric Courbet

Democratic Republic of Congo: increasing the depth of our work through specialist services

Merlin is working hard in North Kivu to provide emergency health care to people caught up in civil violence. Women and girls are particularly vulnerable – sexual violence is endemic and the impact on women's health is huge.

Merlin increased the availability of health services for women following the rising insecurity, and has worked with communities to improve awareness and reduce the stigma surrounding sexual violence.

"We've had 60 to 70 rape cases per month during this programme in Kayna Health Zone alone," says Adolf Mitande, Merlin's Assistant Medical Officer. "Our programme increased the limited access these women had to getting treatment within 72 hours, which is crucial for preventing HIV infection and pregnancy. For this, we trained selected health workers in how to manage rape cases properly and ensured that there were supplies of post-exposure prophylaxis kits available in each clinic."

Telling women about the newly available service was a priority, as was fighting the myths and stigma surrounding sexual violence. To this end, over 200 community education sessions were conducted by Merlin health workers.

Patricia, who was attacked in November 2009 by three uniformed men while on her small plot of land, came to Luofu Health Centre in Kayna Province for treatment. With three children to support, Patricia is worried about her future. But like the countless women Merlin has helped, one less worry is that she and her family will continue to have free primary health care.

Women like Patricia who have suffered immensely are now able to advise others in similar circumstances: "Now, if I met another woman that had a similar experience, I would go with her to the health centre immediately to get treatment. I would know what advice to give."

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Expanding our emergency response

Expanding our emergency response

Merlin plays our part in protecting the health of people caught up in crisis. We respond to emergencies of all kinds, from earthquakes to floods, conflict to epidemics.

But it isn't just our immediate response that protects lives. This year we continued to build 'disaster risk reduction' (DRR) activities into all our work with local organisations and communities, ensuring they are better prepared for future emergencies. We also worked with other international organisations and local health services, strengthening their ability to pull together and respond well during crises.

How have we done?

In 2009 Merlin responded to a number of acute and chronic emergencies.

Acute responses

Pakistan was home to the largest humanitarian crisis of 2009. As a result of military action, three million people were displaced from their homes in the North West Frontier Province, followed by another mass exodus of internally displaced people from South Waziristan in Autumn 2009. These events resulted in huge unmet health needs, but Merlin was able to respond rapidly, significantly scaling up our work (see case study page 15).

This year we also responded to high levels of acute malnutrition in the drought-hit Turkana and Wajir Districts of **Kenya**, reaching more than 30,000 severely or moderately malnourished children and 12,000 malnourished pregnant and breast-feeding women. We also supported district health authorities in their response to a cholera outbreak in Turkana.

In **Afghanistan**, we responded to a number of communicable disease outbreaks, including measles and diarrhoea. We also helped more than 1,000 women and

children affected by floods in Drayeem and Kishem. This year also saw our emergency surgical response team helping those affected by an earthquake in **Indonesia**, providing orthopaedic support and limb-saving plastic surgery.

We also responded when floods hit the **Philippines**, re-equipping affected health facilities, providing mobile health clinics, distributing hygiene kits and training health staff to prevent and treat communicable diseases.

Meanwhile, in Darfur, **North Sudan**, the situation continued to be tense, and most international Non-Governmental Organisations were expelled, leaving critical gaps in health care provision. However, through careful negotiations, we secured permission to meet the health and nutrition needs of 100,000 internally displaced people in Kalma Camp.

And in the **Gaza Strip** we supported the Ministry of Health and the Central Blood Bank Society in safeguarding blood supplies. Recent violence had increased the demand for blood supplies, so Merlin installed an uninterrupted power supply, while our community nurses conducted health education activities in five communities.

Coping with chronic emergencies

In South-Central **Somalia**, our emergency health and nutrition activities in Ceel-Bur continued, alongside our TB, HIV/AIDS and basic health care projects in Puntland. Meanwhile, in **Ivory Coast**, nutrition work reached malnourished children up to the age of five through five outpatient therapeutic feeding centres and one stabilisation centre.

"It's very difficult for us to see our people suffering, but that's why we are working in the camp. I am proud to be part of Merlin."

Reducing the risk of emergencies

Reducing the risk of disaster and increasing people's readiness to deal with it are both essential to lessening the impact of disasters on the community.

A strong example of our disaster risk reduction work during 2009 followed Cyclone Nargis in **Myanmar**. Merlin worked with over 9,000 households in 60 villages in Laputta, raising awareness about the risks faced, and getting the community better prepared for future emergencies. This involved setting up early warning systems involving loudspeaker alerts and radio broadcasts about weather patterns, and drawing up community plans for what to do in an emergency.

Merlin also continued to play a leading role in co-ordinating local recovery efforts in Myanmar, providing community-based and mobile health services to 273,000 people in Laputta.

In **Zimbabwe** we provided clinics with cholera preparedness kits, and helped set up oral rehydration points in Harare and northern districts of Zimbabwe. In addition, Merlin provided emergency outreach services to resettled populations in two provinces, and revitalised the village health worker system in three districts. We trained 142 health workers to serve 21,300 people, and around 1,800 community health volunteers were trained in cholera awareness, prevention and preparedness.

In May 2009 The Independent reported on Merlin's rapid response to the health needs of internally displaced people in Pakistan.



Pakistan: responding to emergencies

In Spring 2009, government military action in North West Frontier Province, Pakistan, triggered the mass movement of over three million people. Merlin's country team quickly launched an emergency response and has since been providing health and nutrition services to over 500,000 people living in eight camps, local houses and rented accommodation.

To do this, Merlin's team expanded from 50 to 350, and by July we were treating up to 2,000 people a day with our static clinics operating 24 hours a day, seven days a week. Merlin now supports eight static health clinics in camps, and eight mobile clinics travelling throughout the region, bringing health care to those hosting displaced families.

Zahoor and Sabazed are two of Merlin's community mobilisers in the camps for internally displaced people (IDPs). Being IDPs themselves, they are committed to promoting health to other IDPs. Zahoor and Sabazed became community mobilisers just two days after arriving in Mardan's Sheik Shahzad Camp with their families, having fled their homes and walked for days to reach the camp.

"The conditions are really hard. A lot of displaced people are really angry and refuse to talk with us, but when they discover that we are also IDPs they start to accept us and listen," said Sabazed.

Mobilisers monitor the health of displaced people. By visiting the same families on a daily basis, they get to know them and can identify early signs of diseases such as cholera or acute respiratory infections.

"Some people are isolated in their tents and refuse to speak or eat," says Zahoor. "It's dangerous for them in this heat. It's very difficult for us to see our people suffering, but that's why we are working in the camp. I am very happy with Merlin's work and proud to be part of Merlin."

Expanding our emergency response

Partnership

Partnerships are central to the way we work, both at national and international levels.

Clusters: a coordinated approach to emergencies

This year Merlin continued to play a central role in health and nutrition clusters – groups of national and international organisations working together with a shared goal – to ensure a more timely, predictable and effective response to health and nutrition emergencies. Through stronger partnership and joint action at global and country level, Merlin and other international and national organisations have been able to deliver assistance more effectively to those most in need.

The Health Cluster: At a *global* level alongside the World Health Organization (WHO), Merlin co-chaired the Health Cluster Working Group, which strengthens the leadership and technical capacity of country-level cluster teams to implement an effective response. In addition, Merlin participated in the Policy & Strategy Team, developing a range of policy briefs to help decision-making on key policy issues, such as user fees and civil-military engagement.

At *country* level, Merlin played a prominent co-steward role in the **Democratic Republic of Congo, Somalia, Central African Republic and Myanmar**. In **Myanmar**, a review of the cluster approach and Merlin's role as co-lead was recognised as best practice by WHO, European Commission Humanitarian Office and DFID in their mission report. The Health Cluster was responsible for the development of a comprehensive health recovery strategy for Cyclone Nargis-affected areas, and has now developed into a funded programme which aims to improve mother and child health care in townships affected by the cyclone.

In **Afghanistan**, Merlin became an active member of both the health and nutrition clusters, and was a driving force

in the development of protocols regarding the behaviour of armed groups towards Afghanistan's health facilities. The protocol aims to protect health facilities, patients and health workers, and calls on all armed groups to respect the Geneva Convention, treating health facilities as neutral places serving all Afghans equally, and as places that must not be used for anything other than medical care. Now a notice is pinned in each facility reminding everyone of the principles.

The Nutrition Cluster: At a *global* level Merlin actively participated in the Working Groups on Capacity Development and Assessment, helping develop tools and training materials to enhance cluster performance at country level.

Working with others to achieve our goals

This year we also joined humanitarian response networks including WAHRF (West Africa Humanitarian Relief Fund) and the Consortium of British Humanitarian Agencies (CBHA). A key highlight of 2009 was the signing of a partnership with the Norwegian Refugee Council and HelpAge International to run the Assessment Capacities Project – a two year initiative to improve immediate, rapid, multi sector humanitarian needs assessments during the first 15 days of an emergency. As part of this project Merlin will develop and deliver training for Non-Governmental Organisation staff involved in needs assessment in emergencies, ensuring common standards and practice.

In addition, we also successfully forged a number of technical and operational partnerships including with Mercy Malaysia, German Agro Action (GAA, with whom we started joint work in Zimbabwe), Save the Children and International Rescue Committee.

Challenges

In many countries where we have established programmes, donors are now pooling funds and removing direct humanitarian funding support. This can slow down and complicate our access to funds to help deal with humanitarian crises, but we continue to work closely with donors to ensure their funding mechanisms are appropriate to the demands of the individual crisis in each country.

Ensuring that national and local governments put adequate emphasis on preventing and preparing for emergencies is an ongoing challenge for Merlin. In 2010 we will be stepping up our efforts to instill this practice in fragile states.

One of the key challenges of working with the cluster approach is ensuring sufficient awareness among – and active participation by – the wide range of international and national Non-Governmental Organisations responding to health and nutrition crises. In 2009, Merlin secured funding from European Commission Humanitarian Office to address this identified weakness. The project, aimed at promoting effective Non-Governmental Organisation participation in humanitarian coordination mechanisms, will support a range of lesson learning workshops in 12 countries and will run until mid 2010.



This year we responded to high levels of acute malnutrition in the drought-hit Turkana and Wajir districts of Kenya.

Driving policy change at all levels

Driving policy change at all levels

Merlin's policy and advocacy work helps identify challenges and opportunities for better health care in difficult and fragile environments. We use this information to influence the global debate on health issues, both at national and international levels.

We engage with decision makers in government, international health and humanitarian bodies, and in some cases the private sector, to bring about the changes needed to ensure everyone has access to the health care they need, wherever they need it.

How have we done?

Gathering evidence from our experience of what works – and what doesn't – is key to influencing decision makers and policy makers, both at country and international level.

Influencing policy at a global level

In 2009 Merlin continued reviewing key health sector support approaches in fragile states with a comprehensive review of support to hospital level care. The key findings of the review were presented in *The Lancet* in early 2010, ensuring wide circulation.

In addition to commissioning our own research into how best to support the development of health system capacity in fragile states, Merlin continued to be an active member of the Health and Fragile States Network. During 2009, the network produced the well-received *Health systems strengthening in fragile contexts: a report on good practices and new approaches*, and launched the Health and Fragile States website (www.eldis.org) in collaboration with the Institute for Development Studies.

Merlin also contributed to wider advocacy and policy development in human resources for health by actively participating in the **Health Workforce Advocacy Initiative (HWAi)** meeting in Geneva, contributing to the development of the strategy for the network in the coming years.

In September 2009, Merlin joined other UK agencies in supporting the UN General Assembly's call for improved access to health care in developing countries through the removal of user fees for health services, especially those for mothers and children. At the meeting, the UK government committed to supporting those countries who wished to take forward this important health policy, and subsequently established the Centre for Progressive Financing to provide much needed technical assistance to countries opting in. Liberia, Sierra Leone, Burundi, Ghana, Nepal and Malawi all made significant commitments to support the policy at the UN meeting.

Throughout 2009, Merlin continued to take part in international health community debates, particularly in the areas of health system support, human resources for health, and health financing. Merlin and Save the Children UK jointly produced a user friendly 'how to' guide for country staff supporting health financing activities at country level. This evidence based, practical guide will help staff engage in advocacy work for health financing that prioritises the needs of the poorest people.

Influencing policy at a national level

In **Liberia**, as part of the Health Consortium and Health International Non-Governmental Organisation Forum, we supported the Ministry of Health's 'free health care at the point of access' campaign, which has resulted in the continued suspension of health service user fees.

And in **Myanmar**, in our role as co-lead of the Health Cluster, we successfully advocated for the development of a new programmatic approach to improving access to mother and child health care in areas of the country affected by the 2008 Cyclone Nargis.

In partnership with the Oxford Policy Management Group and Columbia University, we agreed to undertake research that will form the basis of our advocacy work on the national health strategy for the **Democratic Republic of Congo**. And in **Nepal**, we used our experience of responding to disasters to contribute to the country's Emergency Preparedness and Response Plan, reducing the vulnerability of populations to future health shocks.

Meanwhile, in **Zimbabwe**, our Disaster Risk Reduction policy was successfully integrated into the Voluntary Health Worker manual, part of the government's main training package.

Challenges

Our policy and advocacy work is growing both at international and national levels. The challenge is to ensure we have the capacity at all levels to undertake the necessary research and policy engagement, and to advocate on a range of health issues. In 2010 we plan to build on our experience to date to strengthen capacity at national level. To support this, all countries are developing clear objectives for policy and advocacy within their wider programme work.



Photo: Frederic Courbet



'Hands up' ramps up in 2009

Hands Up for Health Workers, our campaign calling for urgent investment in health workers in crisis countries, had great success in 2009. We formed important partnerships with global organisations, including the Global Health Workforce Alliance (under WHO) and their advocacy initiative, the Health Worker Advocacy Initiative (HWAII). We also secured important media coverage for the campaign, including a BBC Newsnight special on our midwife training programme in Afghanistan.

All mothers matter

In May, we released *All Mothers Matter*, a report highlighting the need for urgent investment in skilled birth attendants in fragile countries to ensure that the Millennium Development Goal to reduce maternal deaths by 75% is reached.

Mama Zeena, Merlin's midwife trainer at our midwife training school in Liberia, launched the report at a breakfast briefing in London, attended by key journalists and stakeholders. Her passion secured her a meeting with the Prime Minister's wife Sarah Brown, as well as a much coveted spot on BBC Radio 4's *Woman's Hour*.

This report and the subsequent coverage led to a World Health Organization and UNFPA invitation to their joint expert consultation on the subject in Granada in September, where we reported on our work on sexual and reproductive health (SRH) in Liberia and Afghanistan. The resulting Granada Consensus has since been approved, encouraging a more coherent approach to SRH among humanitarian and development organisations.

Getting the health worker crisis online

To make sure our campaign engages the public as well as policy makers, we overhauled the Hands up for Health Workers website, putting health workers at its heart. This helped supporters and the general public go online and 'put their hand up' for a specific health worker, whether a midwife in Afghanistan, a doctor in Darfur or a nurse in Zimbabwe. By raising a hand, supporters add their names to a petition that Merlin will present to world leaders at the United Nations in September 2010.

To date, more than 3,000 health workers have posted their profiles online. They all talk about the daily challenges of the job they enjoy, and the changes they want to see. Health workers from **South Sudan** walked five kilometres just to hand in their profiles at Merlin's clinic. In the **Democratic Republic of Congo**, community health workers returned time and again to the health centre to pick up more forms to join the campaign – one of the few ways they have to make their voices heard.

Handing it to world leaders

2010 promises to be an even more eventful year. Our campaigning highlight will be in New York in September, where we will present our petition to world leaders and demand that health workers in some of the world's most insecure countries are given the training, support and salaries they need to do their jobs effectively, and save lives. Follow our progress, and raise your hand now at www.handsupforhealthworkers.org.

"2010 promises to be an even more eventful year."

Meeting our mandate to save lives

Meeting our mandate to save lives

Saving lives in times of crisis and rebuilding shattered health services in fragile countries means working to improve Merlin's own internal processes in five key ways. Here's how we did it this year.

1. Improving funding

Against the backdrop of a tough economic climate, 2009 saw Merlin raise higher than expected levels of funding, reaching an annual income of £46.4 m. Funding increases have largely been from institutional funders, some new including the Swedish International Development Cooperation Agency (SIDA), and have mainly been restricted funds. Overall, the proportion of our funds which is unrestricted is low, which affects our flexibility and ability to invest in new areas and initiatives.

We made progress in achieving longer-term funding in some countries, including three year funding in **Democratic Republic of Congo**, and have been successful in working in partnership with others to access new funding sources, such as from the **West Africa Humanitarian Relief Fund**. Our voluntary income sources did not reach the levels we had hoped for, although funds from major donors saw some welcome growth. Our Corporate and Trust sources remained steady – an encouraging sign given the challenging funding environment. In the last quarter of 2009, Merlin finalised some ambitious but achievable plans for growth in voluntary income in 2010 and beyond, particularly income coming from the UK public.

2. Demonstrating impact and accountability

Merlin has a duty to show our impact and demonstrate our accountability. To do this, clear evidence is needed, so this year we continued to undertake a number of evaluations across a range of programmes. In general, these evaluations showed that our work on the ground is addressing great needs and is of a high standard. Recommendations for improvement have been systematically collated, and action to put them into practice has been agreed by all relevant staff. For example, the evaluation of our **Liberia** country programme showed that while we are addressing long-term needs, our structures and systems were focused on short-term relief – a situation we are now putting right.

During 2009 we developed a standard **Health Information System** to improve the way we measure the progress and impact of our work. This will allow us not only to identify need, but also to track improvements in the health of local communities as a result of our work.

We made good progress towards **Humanitarian Accountability Partnership (HAP)** certification – the humanitarian sector's first international self-regulatory body. To do this we measured our work against the Humanitarian Accountability Standard. This confirmed that Merlin has a comprehensive quality management system that promotes accountability to the communities we work with, but in order to be certified we need to improve access to information and feedback for the communities we serve – something we are now working towards.

We also made progress strengthening our programme management system. Our **Programme Management Cycle** clearly sets out the ways in which we manage our projects, and who is responsible and accountable for each of the steps. The system acts not only as a guide for all Merlin staff, but also as a key monitoring tool to ensure our projects and programmes are managed to a high standard. The system started its pilot phase at the end of the year in **Nepal** and the **Democratic Republic of Congo**.

3. Improving recognition and profile

Securing a strong public profile and reputation is important for Merlin. It strengthens our policy-influencing and advocacy work, and helps attract funding from public and private donors.

We had a successful 2009 in terms of media coverage of both our emergency responses and long-term work, as well as our policy and campaigning initiatives. Interest in our **Hands Up for Health Workers** campaign raised the profile of Merlin's work on the global shortage of health workers and on our work in fragile states more generally. We gained media coverage for the campaign on BBC Radio 4's *Today* programme and *Woman's Hour*, a 12-minute film about maternal mortality in Afghanistan on BBC2's *Newsnight*, plus coverage on Channel 4's *Dispatches* and on the BBC World Service. Merlin's campaign also secured coverage in *The Guardian* and *The Guardian Weekly*, *Metro*, *The Times*, *The British Medical Journal*, *Nursing Times*, *The Lancet* and BBC online among others.

Our role in international networks (see page 16), also continues to bring about greater recognition, which is reinforced by links with key organisations such as the Department for International Development, the European Commission's Humanitarian Office, and the World Health Organisation.

“Our role in international networks continues to bring about greater recognition”

Rising to the digital challenge, Merlin increased its online activity in 2009. We launched a **Hands Up for Health Workers** microsite to recruit supporters to the campaign and developed a strong presence on Facebook, Twitter and YouTube. This increased our overall profile with key audiences, driving traffic to our main website and campaign microsite.

4. Strengthening skills

People are at the heart of our work, be they our own staff, local teams we work with in national Ministries of Health, or members of the communities we work alongside.

In recognition of the need to broaden the range of quality training opportunities available to our staff who work in often remote places, we launched the **Merlin Learning Centre**, an online e- and distance-learning resource. This includes high quality interactive courses from a range of providers, including Harvard and Cornell Universities, and a wide range of learning materials on topics such as leadership and management, IT and language skills.

This year we continued to deliver our successful **internship programme**, involving 23 new interns. The vast majority of these are now working in the sector, most with Merlin. We have however experienced some difficulties in recruiting to some posts and retaining staff for as long as we would like. We aim to address some of these challenges in 2010.

We continued to run a number of sector-recognised courses for professionals both in the UK and overseas, covering topics such as **Public Health in Crisis and Transitional Contexts**, and in partnership with World Health Organisation and the International Rescue Committee, **Analysing Disrupted Health Systems**. We also continued to deliver the **Introduction to Relief & Emergencies** course to the growing number of people wanting to transfer their existing professional skills into the sector.



Photo: Frederic Courbet

5. Strengthening internal processes

Our plans to improve our **Programme Finance Management** system made progress. Once it is up and running across our country programmes, the system will allow us to provide much more accurate and timely financial information. The system is being piloted in our biggest country programme, the **Democratic Republic of Congo**. However, implementation is not moving forward at the pace we would like. Technical barriers have proved a challenge, and we are looking at ways we can adapt our plans to ensure we get the most benefit.

This year we were awarded the **People in Aid ‘Committed’ quality mark**, rewarding our commitment to the People in Aid Code of Good Practice in the management and support of aid personnel.

We continued to focus our internal audit activities on our country programmes, based on organisational risk. These highlighted areas for improvement, which we will continue to address in 2010 as part of our broader plans to improve overall organisational effectiveness.

We have also improved the way we report on annual progress with a new set of **key performance indicators**. In 2010 we aim to further strengthen our planning and monitoring systems.

Looking ahead

Looking ahead: Plans for 2010

Merlin has seen enormous growth over the last five years. We are in demand to bring health care to communities in fragile states, and trustees have recognised that in order to meet this increasing demand, and meet it well, the organisation has to change both its funding mechanisms and its systems and processes.

To rise to this challenge, trustees have decided to make a considerable investment over the next five years.

In 2010 we will lay down the foundations of these changes, whilst continuing to work towards our strategic objectives. Our plans for 2010 include the following:

1. Adopting a more holistic approach to health-system strengthening

In 2010 we will continue to build the capacity of Ministries of Health to strengthen their health systems. In some of our larger country programmes, including **Liberia**, the **Democratic Republic of Congo** and **South Sudan**, we will adapt our structures and approach to enable stronger ministry involvement, and will develop appropriate technical and policy guidance.

2. Increasing the scale and impact of interventions in transitional contexts

We will expand our geographic focus in some countries and deepen the range of our work in others. In particular we will strengthen the focus on reproductive health, nutrition and HIV/AIDS and TB. We will review our portfolio of countries, and expect to set up new programmes and hand over others.

3. Strengthening the range of responses to emergencies

In 2010 we will significantly increase the capacity of the Merlin Response Team, who will lead new emergency responses as well as provide improved support to responses undertaken by our country programmes. We will put greater emphasis throughout our programmes on disaster risk reduction and emergency preparedness to ensure that the impact of disaster is minimised, and that we and our partners are better prepared to deal with emergencies when they happen.

4. Increasing policy engagement and advocacy work

Merlin will continue to engage in global health policy debates, with particular emphasis on human resources for health, and universal access to health care. Our Hands Up for Health Workers campaign will be a central focus. There will be a particular emphasis during the year on building the capacity of country teams to achieve our policy and advocacy objectives both at a national level and, drawing on their country perspective, increase their contribution at an international level.

5. Introducing an enhanced global funding strategy

We will continue to build on our successes at delivering projects funded by institutional donors. We will also aim to secure more contract funding. We will continue to seek support from private donors, and will expand offline and online marketing techniques to increase funding from individuals in the UK. One key aim is to have higher overall levels of unrestricted income.

6. Demonstrating impact and accountability

In 2010 we will continue to evaluate our work proactively. We will expand our Health Information System so that we can more effectively measure the impact of our interventions and more clearly identify needs and gaps in current provision. We aim to strengthen our accountability and to have made further progress towards achieving Humanitarian Accountability Partnership certification.



7. Securing greater recognition and profile

We will build on existing recognition levels and secure greater profile for our work. The Hands Up for Health Workers campaign will be a focus of this, with a particular push around the UN Millennium Development Goals summit in September. In addition we will promote other issues such as Merlin's response to emergencies, and key programme areas such as sexual and gender based violence. During 2010 our main website will be relaunched, with a stronger emphasis on fundraising, and we will also undertake a brand review process.

8. Strengthening skills

A priority for 2010 is to improve recruitment and retention of staff across the organisation. We will introduce enhanced pay and benefits, strengthen the capacity of our human resources team, and further develop policies and systems that enable and support more effective and enhanced recruitment and people management.

9. Processes improvement

A key focus of our plans in 2010 will be major steps to improve our effectiveness, efficiency and our flexibility. We aim to further increase the scale and impact of our operation over the coming five years, and to do so we will need stronger and more robust programme management and funding systems. In 2010 we will put down the foundations to make these advances, particularly focusing on strengthening the annual planning cycle.

The Hands Up for Health Workers campaign will be a focus of this, with a particular push around the UN Millennium Development Goals summit in September.

Programming and Operational Principles

Merlin recognises the need to base our work on agreed best practice and has highlighted below the key instruments, standards and codes, which we systematically apply in our work.

Mandatory instruments, standards and codes

How Merlin will apply these

Red Cross Code of Conduct

Recognising that the Humanitarian Imperative is paramount, Merlin will strive to meet and measure itself against the ten principles of conduct.

National Ministry of Health policies and standards

Merlin's mandate of working within existing health systems to realise everyone's right to accessible, appropriate, affordable health care means we work to specific policies and standards, set out within the national health policy and strategy.

WHO Standards

Where national policies and strategies do not provide a sufficient framework to meet best practice or are absent, Merlin will apply specific WHO policies and standards to its work whilst entering into dialogue with Ministries of Health to support them to develop appropriate policies, strategies and commitments.

Merlin Policies

Merlin will apply and measure itself against specific internal policies that complement its strategic approach and adherence to national and WHO policies, strategies and standards.

SPHERE Guidelines

Merlin will apply and measure against SPHERE standards in its humanitarian responses where refugees and internally displaced people are in spontaneous or formal camp or centre situations.

Under other circumstances, Merlin will use SPHERE as guidance to ensure that it is working with affected communities to define what level of service is appropriate to their needs.

SPHERE 'common standards' will be applied to all our humanitarian work.

Humanitarian Accountability Partnership benchmarks

Merlin is a full member of the Humanitarian Accountability Partnership and will work towards systematically delivering and measuring against the standards as set out in the benchmarks throughout our humanitarian and longer term programming.

People in Aid Standards

Merlin has achieved the Committed Quality Mark which demonstrates our commitment to the continual improvement of our people management practice.

Corporate Governance

In 2009, The Medical Emergency Relief International Charitable Trust had a sole corporate trustee, Merlin Board Limited, a company limited by guarantee. The governors of Merlin are the Directors of Merlin Board Limited (and listed on page 41 of this report). They act as trustees, are known as the 'Board of Trustees' and meet quarterly to agree Merlin's overall policy and direction in all areas of its work. All activities of Merlin are carried out through the charitable trust. In 2010 work is being undertaken to consolidate the company and charitable trust into one entity. Merlin Board Limited has changed its Memorandum and Articles of Association and name to Medical Emergency Relief International. This company is in the process of registering with the Charity Commission.

The Board delegates responsibility to a number of Sub-Committees. These each have specific terms of reference, and are chaired by a member of the Board of Trustees and are as follows:

- **Finance, Risk and Audit Sub-Committee:** this group oversees all aspects of the management of Merlin's finances, risk and internal audit function. This includes scrutinising the budget prior to board approval, monitoring the financial position, managing Merlin's internal and external audit arrangements, annual plans and audit outputs, overseeing Merlin's risk register and reviewing Merlin's Annual Report and Accounts.
- **People and Programmes Sub-Committee:** This group considers the technical and quality approach of the programmes as well as the ongoing management and strategy of the organisation's interventions. Furthermore, the group discusses and considers recruitment and retention issues for staff both in the head office and in the field.

During 2009 the Funding Sub-Committee was disbanded.

As part of good governance, the Finance, Risk and Audit Sub-Committee has reviewed its terms of reference, performance and effectiveness during 2009. The main activities of the Committee are listed below.

- The Committee has continued to monitor the implementation of internal audit recommendations across the country programmes. The internal auditor and

finance team have used visits to country programmes to strengthen the control environment abroad. The implementation of a new finance system has been delayed but once it is introduced it is expected that further enhancement of the control environment will occur, and additional management information will be made available. The Committee welcomed a review carried out by a senior member of staff in Kenya; it identified some issues with internal financial controls but did not identify any fraud loss. A number of recommendations were made and the Committee agreed that a follow-up internal audit visit in 2010 would ensure the recommendations had been implemented.

- The Merlin Board has considered a suite of investment plans designed to ensure Merlin's long-term sustainability and capacity to carry out its vital role. The Committee has focused on establishing methods of monitoring the progress of these investment plans by mapping out the various strands of the investment programme, and developing targets against which success can be monitored. The Committee will regularly monitor progress against these targets in 2010 and beyond, to ensure that the significant investment is delivering results. In addition to monitoring the investment, the Committee has continued to use a series of financial triggers to monitor Merlin's financial position in the current economic climate, in order that mitigation actions can be taken early if necessary. Increasingly, projects require significant funding up front and the Committee uses a system of delegated authorities, based on the risk to which Merlin is exposed, to authorise such pre-funding.
- As an organisation registered in over 16 countries, Merlin requires good oversight of the legal environment in each of these countries and in the UK. This Committee has sought to develop a comprehensive mechanism of monitoring legal compliance following an issue of non-compliance relating to tax regulations in one country of operation. This involves an annual review of all registration and compliance with all legislation and best practice in each country. It has also resulted in changes to the company structure detailed in the corporate governance section of this report.

The day-to-day management of Merlin is delegated to the Chief Executive and the directors group at the Head Office in London. Close links are maintained between each department in the Head Office and the relevant Sub-Committee.

The appointment and induction of new trustees are overseen by the Board of Trustees with support from the Chief Executive. A needs analysis of the Board's skill base is undertaken at regular intervals. Once a position has been identified, targeted advertising and a thorough interview process are completed to ensure successful recruitment.

The induction process consists of general information relating to the duties of a trustee, as well as a set of customised briefings with the relevant key staff, which cover the particular areas on which the trustee will be expected to focus. As part of their ongoing training and understanding of the organisation and the context of its operations, trustees are expected to visit the field programmes.

The Board of Trustees gives its time and expertise voluntarily and receives no remuneration or any other emoluments from Merlin.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Public Benefit Statement

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, "Charities and Public Benefit".

Merlin's charitable purpose is enshrined in its objects – "relief of poverty, sickness and distress by the provision of emergency support throughout the world". The Trustees ensure that this purpose is carried out for the public benefit through planning and monitoring activities against Merlin's Strategy 2009–2011, which is available on Merlin's website.

The structure of the Annual Report allows the Trustees to report on the progress of implementing the Strategy, explaining activities and achievements during the year and Merlin's plans for 2010.

Related Parties

As Merlin is a member of the Disasters Emergency Committee (DEC), the Chief Executive automatically becomes a Trustee of the DEC. Merlin's Chief Executive does not have a controlling interest in the DEC.

The Chair and Chief Executive are Directors on the Board and of Merlin USA, they have no voting rights on matters relating to Merlin UK and do not hold a majority on the board and therefore do not have a controlling interest.

Appointment of Auditors

Horwath Clark Whitehill were appointed as auditors in 2009 and have indicated their willingness to continue in office. It is proposed that they be re-appointed auditors for the ensuing year.



Lord Jay

On behalf of Merlin Board Limited on:
30th July 2010

Financial review

Merlin receives most of its funds directly from institutional donors, including the UK government, US government, the European Union and United Nations. The grants are typically for programmes in a country or region, and for periods of between six months and two years. Merlin also receives funds, on a significantly smaller but growing scale, from individual donors, private trusts and corporations. The vast majority of the organisation's expenditure is spent directly on its in-country project activities. The remainder is used to ensure that these projects are adequately supported, that the charity is governed appropriately, and that adequate investment is made in the fundraising base.

In 2009, Merlin's total income rose 6 % to £46.3m (2008: £43.8m), despite the fact that we expected a fall in income as a result of the economic environment and the fact our 2008 income included substantial donations for our emergency response to Cyclone Nargis in **Myanmar**. The rise was due to extra funds raised for the continued scaling-up of programmes in the **Democratic Republic of Congo**, the emergency response in North West Frontier Province in **Pakistan** and expanding services in Ferfer, **Ethiopia**, where we also introduced a nutrition programme.

This year, without an appeal on the scale of that for **Myanmar**, direct donations from individual givers saw a slight reduction. However, this reduction is not as significant as initially projected, and direct donations from trusts and corporate partners maintained their 2008 levels – an excellent achievement considering the difficult economic environment. In total, direct donations and legacies decreased to £3.65m (2008: £4.14m) – a reduction of 11.8%.

As major funders of Merlin's emergency work, the Disasters Emergency Committee's (DEC) contributions fluctuate depending on the appeals launched. DEC income in 2009 was down to £1.1m (2008: £2.3m, including donations for the Myanmar Cyclone Appeal).

Merlin is particularly grateful for the continuing support from the UK Department for International Development (DFID), via their Conflict Humanitarian and Security Fund (CHSF). Merlin is very pleased to announce that DFID

have kindly agreed to extend this support through to March 2011.

Charitable expenditure reflects the growth in income and has increased by 13.2% to £44.1m (2008: £38.9m).

Expenditure on charity governance and administration amounted to £0.2m, or less than 0.45% of total expenditure.

The cost of generating funds decreased to £1.4m (2008: £1.65m).

1. Risk and internal control

The trustees systematically review and assess the risks the charity faces, and the potential impact they may have on the organisation. Throughout 2009, Trustees have consistently identified fundraising in a difficult economic environment, lack of capacity and skills, quality programming and remote management as the organisation's main risks, and these issues have been closely monitored and addressed by the directors group.

Merlin continued to enhance its approach to organisational risk in 2009. The senior management team co-owns the organisational risk register, which operates as a working document. The register is formally reviewed each quarter and presented by the directors group to the Finance, Risk and Audit Sub-Committee.

Merlin's Internal Auditor undertakes independent appraisals of the procedures and standards by which the charity's activities in Head Office and the field are managed.

2. Going Concern

After considering the following areas, the Trustees believe Merlin has adequate financial resources to continue its operations for the foreseeable future:

- the 2009 financial performance
- our reserves policy
- our planning process, including budgets for periods to December 2010 and projections to December 2014
- cashflow projections through to December 2010
- the external economic climate and its implications on Merlin's income sources and plans.

The Trustees recognise the importance of Merlin's role in working with existing health systems to realise everyone's right to accessible, appropriate health care, and have therefore undertaken a thorough review of its financial sustainability. The Trustees have recognised that we will need to adapt our existing funding arrangements which currently require ongoing support from unrestricted reserves. It is also recognised that due to Merlin's rapid and successful growth there is a requirement for an investment into systems and process improvements to ensure Merlin can continue to operate at this level successfully. Therefore in January 2010, the Trustees approved a significant investment (approximately £11 million over five years) into altering the balance of Merlin's funding streams and its systems and processes. The investment will be funded from unrestricted reserves and surplus funds generated during the investment period. This investment will remove the major risks, and any uncertainties that the Trustees had in relation to Merlin's ability to continue. Therefore, the accounts have been prepared on the basis that we are a going concern.

3. Reserves

Merlin's total funds as at 31 December 2009 are £9.3m (2008: £8.7 m) of which £1.3m are classified as restricted funds.

Restricted Funds

The majority of Merlin's income comes from donors who require the organisation to use their funds on specific contracts and initiatives. Accordingly, these monies are categorised as restricted funds. Each award is administered separately to ensure accurate allocation and compliance with the donor's requirements.

Unrestricted Funds

The level of income from the unrestricted sources that Merlin received in 2009, as with previous years, is significantly less than restricted income. However, the General Funds as at 31 December 2009 have reduced to £5.8m (2008: £6.1m). This is mainly due to the transfers between designated funds.

The Trustees have undesignated the Strategic Baseline Reserve but as part of the review of the reserves policy they will ensure that there is adequate provision to react to fundamental change in its long-term financing position, that is six months of head office expenditure. The designated reserves funds in 2009 are as follows:

Emergency Response and Assessment Fund: This reserve covers the funding of assessments and initial programming where donor funds have not yet been secured. The reserve, which is recyclable from future unrestricted funds, will be reviewed as the organisation's capacity to undertake emergency responses improves. The balance as at 31 December 2009 is £0.39m.

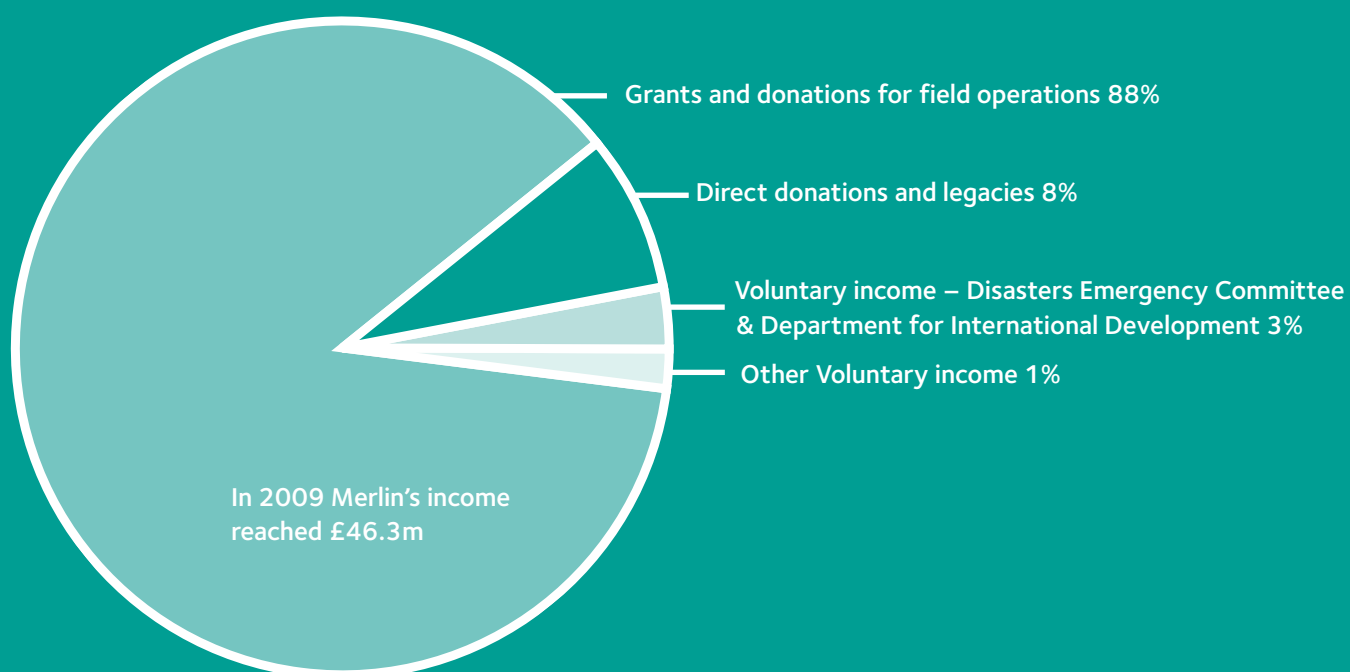
Strategic Development Reserve: This reserve covers the net investment required from reserves for the change programme described above in the going concern section. The net investment of £1.85m will be expended through to December 2011.

Trustees carry out a detailed review of the level of reserves annually, using a risk-based model that assesses the level of risk and the working capital arrangements for each area of Merlin's activities. The main objective of this review is to establish a level of unrestricted reserves that would provide a sustainable platform allowing the organisation to plan more effectively for its strategic needs.

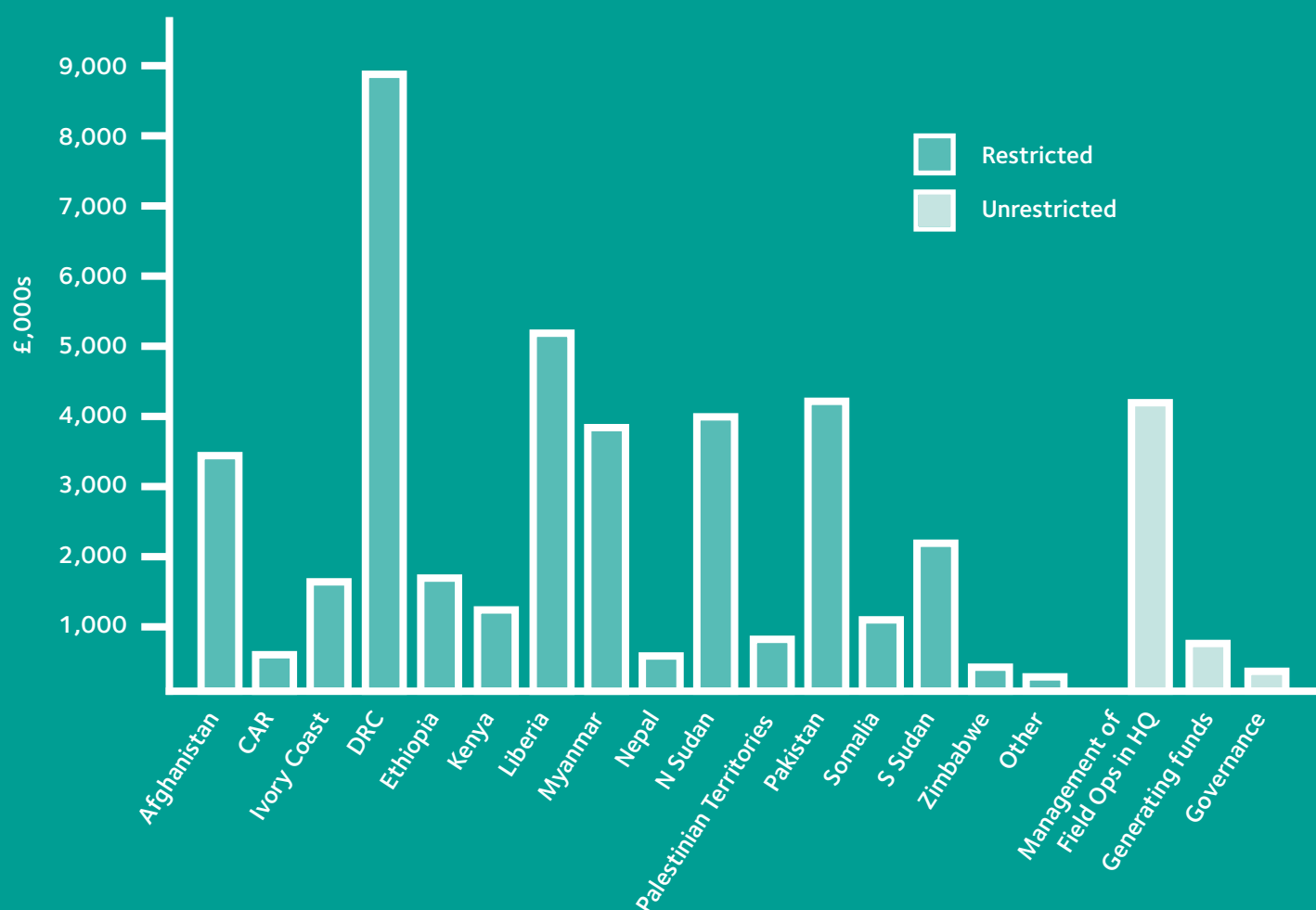
The outcome of the review in 2009 was to establish that Merlin requires a general fund level of between £4.2m and £8.4m during the course of the three-year strategy. The general fund includes a baseline of £1.2m to react to fundamental changes in Merlin's long term financial position. The precise required level fluctuates considerably depending on the risks and working capital requirements at the time, but Trustees felt that a general fund of £5.9m should be the aim and that the general fund would be reviewed if it exceeded £6.5m. The general fund at the end of 2009 is £5.8m. In light of the investments detailed in the going concern section of this report it is considered that this level of reserve is acceptable.

Accounts

What we received:



Where it was spent:



Independent Auditors' Report to the Trustees of Merlin

We have audited the financial statements of Merlin for the year ended 31 December 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 13. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993.

We also report if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Trustees' Annual Report and Message from the Chair. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of opinion

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

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

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Statutory Auditor
London
23rd September 2010

Statement of Financial Accounts

For the year ended 31st December 2009

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £	Total Funds 2008 £
Incoming Resources					
<i>Incoming Resources From Generated Funds</i>					
Direct donations and legacies	2	1,878,889	1,769,147	3,648,036	4,144,295
Government and institutional	2	566,301	1,041,174	1,607,475	3,342,707
Other	2	113,631	136,500	250,131	143,481
<i>Incoming Resources From Charitable Activities</i>					
Field Operations	3	2,919,579	37,891,820	40,811,399	33,605,396
<i>Other incoming resources</i>					
Investment Income		2,551		2,551	132,848
Other incoming resources	4				2,479,780
Total Incoming Resources		5,480,951	40,838,641	46,319,592	43,848,507
Resources Expended					
<i>Cost of Generating Funds</i>					
Costs of Generating Voluntary Income	5	799,346	607,080	1,406,426	1,646,099
<i>Charitable Activities</i>					
Field Operations	5	4,186,325	39,907,527	44,093,852	38,937,044
<i>Governance Costs</i>	5	202,358		202,358	151,035
Total Resources Expended		5,188,029	40,514,607	45,702,636	40,734,178
Net Incoming/(Outgoing) Resources before Other Gains and Losses		292,922	324,034	616,956	3,114,329
Unrealised loss on Investments		(500)		(500)	(11,100)
Net Movement in Charity Funds for the Year		292,422	324,034	616,456	3,103,229
Total funds brought forward at 1st January		7,732,454	989,590	8,722,044	5,618,815
Total funds carried forward at 31st December	13	8,024,876	1,313,624	9,338,500	8,722,044

All of the activities represent continuing activities of the charity.

The statement of financial activities includes all gains and losses recognised in the year.

Accounts

Balance Sheet

As at 31st December 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Tangible fixed assets	8		152,741		260,868
Investments	9		28,000		28,500
			180,741		289,368
Current Assets					
Stock		73,162		61,803	
Debtors	10	14,190,177		12,046,398	
Cash at bank and in hand - HQ		4,349,164		4,822,074	
Cash at bank and in hand - Field		2,662,455		3,237,391	
		21,274,958		20,167,666	
Provisions		(1,876,978)		(1,423,890)	
Creditors: Amounts falling due within one year	11	(10,240,221)		(10,311,100)	
Net Current Assets			9,157,759		8,432,676
Net Assets			9,338,500		8,722,044
Funds					
General fund	13		5,785,162		6,059,775
Designated funds	13				
Emergency Response & Assessment Fund	13		390,714		456,879
Strategic Baseline Reserve	13				1,215,800
Strategic Development Fund	13		1,849,000		
Unrestricted funds	13		8,024,876		7,732,454
Restricted funds	13		1,313,624		989,590
			9,338,500		8,722,044

Approved on behalf of Merlin Board Limited on



Lord Jay
30th July 2010

Cash Flow & Notes

For the year ended 31st December 2009

	Note	2009 £	2008 £
Net Cash Outflow from Operating Activities	a	(858,001)	5,138,052

Returns on Investments and Servicing of Finance

Bank interest received	2,551	132,848
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Capital Expenditure

Payments to acquire tangible fixed assets	(192,396)	(354,615)
Increase/(Decrease) in Cash	(1,047,846)	4,916,285

a) Reconciliation of Excess of Expenditure over Income to Net Cash Inflow from Operating Activities	2009 £	2008 £
Net incoming resources	616,956	3,114,329
Loss on disposal of fixed assets		37,095
Depreciation charges	300,523	301,203
Increase in stock	(11,359)	(28,462)
Increase in debtors	(2,143,779)	(2,130,763)
Decrease in creditors	(70,879)	3,208,830
Increase in provisions	453,088	768,668
Interest received	(2,551)	(132,848)
Net cash outflow from operating activities	(858,001)	5,138,052

b) Analysis of Net Cash Resources	Opening Balance £	Cash Flow £	Closing Balance £
Cash	8,059,465	(1,047,846)	7,011,619

c) Location of Cash Resources	2009 £	2008 £
HQ bank accounts	4,349,164	4,822,074
In-country bank accounts	2,662,455	3,237,391
	7,011,619	8,059,465

Notes to the accounts

Notes to the Accounts

For the year ended 31st December 2009

1. Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, the Charities Act 1993 and 2006, and applicable accounting standards.

b) Fund Accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds that are available for use at the discretion of the trustees in furtherance of the general objects of the Charity and that have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been put aside at the discretion of the trustees for particular purposes. The aim and purpose of each designated fund is shown in the notes to the financial statements.

Restricted funds are funds subject to special conditions imposed by the donor. The aim and purpose of each restricted fund is shown in the notes to the financial statements. Grants include contributions to HQ costs which are shown in the Statement of Financial Activities as Unrestricted income and expenditure.

c) Incoming Resources

Income, including grants, donations, legacies from institutions, corporates, trusts, individuals and investment income is included in the SOFA when Merlin is entitled to the receipt and where the amount can be measured with reasonable certainty.

Grant income from governments, other agencies, corporates and trusts is recognised in line with activity represented by the expenditure incurred according to the conditions of the grant. Entitlement to the grant income only arises as these conditions are met. Expenditure in excess of cash received is included in the balance sheet as a debtor (as accrued income), with cash received in excess of expenditure being included as a creditor (as deferred income).

Investment income and tax reclaims are recorded when it can be measured with sufficient reliability.

Goods, facilities and services donated for the charity's use, where the benefit is quantifiable and the goods or services would have had to be purchased, are recognised in the financial statements, as both income (gifts in kind) and expenditure, at a reasonable estimate of their value in the period in which they are donated.

Gifts in kind received have been recorded in the accounts.

Fixed Assets received as gifts in kind are capitalised in accordance with Policy 1e. No amounts are included in the financial statements for services donated by volunteers: in line with the charity SORP, volunteers' donated services are not counted.

d) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Costs of Generating Voluntary Income

Costs of generating funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support Costs

Support costs include the HQ office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources, and financing. These are apportioned to the three cost categories of charitable expenditure, governance costs and the costs of generating funds on the basis of the most appropriate allocation method for each type of cost.

Governance Costs

Governance costs are the costs associated with the Charity's governance arrangements. They relate to the general running of the Charity as opposed to those costs directly associated with fundraising or charitable activity. Included within this category are only those costs associated with the strategic as opposed to day-to-day management of the charity's activities.

e) Tangible Fixed Assets and Depreciation

All assets costing more than £5,000 (including non recoverable VAT) with an expected useful life of more than 12 months are capitalised.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Leasehold improvements	Over the life of the lease
Computer hardware	3 years
Computer software	3 years
Office furniture and equipment	4 years
Motor vehicles	2 to 3 years dependent on the physical conditions in the country in which the vehicle is operated
Communication equipment	2 years

The accounting policy for fixed assets changed in 2008, with the definition of an asset increasing from £500 to £5,000 and all field assets being treated in the same way. Other tangible assets used in the field are expended immediately.

f) Cash and Bank Balances

Cash and bank balances, whether at Head Office or Field represent actual balances at the balance sheet date.

g) Stocks

Stocks of drugs and other materials are valued at cost.

h) Investment Policy

Investments are included at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

i) Operating Leases

Rentals paid under operating leases are charged to income as incurred.

j) Taxation

The Charity's income is generally exempt from taxation under the provisions of s505 of the ICTA 1998. The Charity is able to recover VAT on material provided to its field programmes and has agreed a partial exemption scheme with HMRC. Irrecoverable VAT is charged to finance costs and included in the apportionment of these costs across other activities. Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

k) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. All differences are accounted for in the Statement of Financial Activities.

l) Pension Scheme

The charity has arranged a defined contribution personal pension scheme for the UK based staff members. As this is a personal pension scheme the assets of the scheme are held separately from those of the charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

For the year ended 31st December 2009

2. Voluntary Income	General Fund £	Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
<i>Direct donations and legacies</i>					
Individual Giving	1,290,852		114,688	1,405,540	1,880,126
Donor Partnerships	546,712	41,325	1,654,459	2,242,496	2,264,169
	1,837,564	41,325	1,769,147	3,648,036	4,144,295
<i>Government and institutional</i>					
DEC	66,301		1,041,174	1,107,475	2,342,707
UK Dept for International Development	500,000			500,000	1,000,000
	566,301		1,041,174	1,607,475	3,342,707
<i>Other</i>					
Training	54,872			54,872	64,105
Other	259		136,500	136,759	
Gift in Kind	58,500			58,500	79,376
	113,631		136,500	250,131	143,481
	2,517,496	41,325	2,946,821	5,505,642	7,630,483

3. Incoming Resources from Charitable Activities

	Total 2009 £	Total 2008 £
European Union (including ECHO)	13,517,784	11,833,106
UK Department for International Development (DFID)	9,902,441	11,136,601
United Nations (including WHO)	5,080,434	1,610,249
US Agency for International Development (including OFDA)	4,665,760	3,570,919
Global Fund	2,810,041	405,081
Irish Aid	2,061,545	1,738,623
Care	640,229	
Swedish International Development Corporation Agency (SIDA)	350,719	
CHF International	336,196	474,773
World Vision	304,330	
Other	208,395	255,436
Jhpiego	196,595	108,978
Intrahealth	134,907	101,917
Columbia University	133,164	
Global Alliance for Vaccines and Immunisation	115,230	
Mercy Corps	115,089	11,543
Diakonie	78,868	
HelpAge International	48,535	73,119
Academy for Educational Development	45,245	
London School of Hygiene & Tropical Medicine	32,934	
Stichting Vluchteling	30,069	82,603
Gifts in Kind	2,889	1,645,278
Oxfam		172,519
BUZA		156,993
Futures Group		64,181
ICDF		51,607
Raise		49,707
Americare		45,927
Danish Embassy		16,236
Total	40,811,399	33,605,396

Notes to the accounts

3. Incoming Resources from Charitable Activities (continued)

This income funded programmes in the following countries:

	2009 £	2008 £
Democratic Republic of Congo	9,375,968	6,979,966
Liberia	5,066,834	4,956,238
Pakistan	4,769,214	716,727
North Sudan	3,961,762	3,167,127
Afghanistan	3,706,089	3,416,654
Myanmar	3,207,477	4,018,579
South Sudan	2,377,307	2,432,664
Ethiopia	1,943,119	951,633
Ivory Coast	1,865,793	1,042,184
Kenya	1,252,396	2,698,098
Somalia	1,090,477	723,934
Palestinian Territories	811,525	789,461
Nepal	513,865	270,037
Central African Republic	467,603	665,085
Zimbabwe	426,301	19,090
Other	(24,331)	260,061
Georgia		21,949
Bangladesh		34,927
Indonesia		172,519
Sri Lanka		268,463
Total	40,811,399	33,605,396

4. Other Incoming Resources

A foreign exchange loss of £75,347 was made in 2009 and is included in the charitable activities costs.

A gain of £2,479,780 was made in 2008.

5. Total Resources Expended

	Note	Staff Costs £	Other Direct Costs £	Support Costs Allocated £	Total 2009 £	Total 2008 £
Cost of Generating Funds						
Costs of Generating Voluntary Income	6	280,611	447,978	677,837	1,406,426	1,646,099
Charitable Activities						
Field Operations	6	14,002,123	28,105,326	1,986,403	44,093,852	38,937,044
Other	6					
Governance Costs	6			202,358	202,358	151,035
Total Resources Expended		14,282,734	28,553,304	2,866,598	45,702,636	40,734,178

	2009 £	2008 £
Governance Costs includes:		
Salaries	128,869	82,592
Audit - current year	34,000	36,000
Audit - overseas	6,000	950
Audit - reversal of prior year accrual		(13,340)
Trustees' Indemnity Insurance	2,584	2,520
Other	30,905	42,313
	202,358	151,035

6. Allocation of Support Costs

	Human Resources £	Direction £	Finance, IT & Admin £	2009 £	2008 £
Cost of Generating Funds					
Costs of Generating Voluntary Income	8,764	555,299	113,774	677,837	816,274
Charitable Activities					
Field Operations	437,270	137,535	1,411,598	1,986,403	1,276,138
Governance Costs		121,490	80,868	202,358	127,425
Total Resources Expended	446,034	814,324	1,606,240	2,866,598	2,219,837

Costs include irrecoverable VAT of £76,561 (2008: £112,632)

7. Employees and Staff Costs

	Direct Costs £	Support Costs £	2009 £	2008 £
Staff costs:				
Wages and salaries	14,125,891	1,059,016	15,184,907	11,458,764
Social security costs	120,917	96,275	217,192	263,964
Pension costs	35,926	26,372	62,298	65,664
	14,282,734	1,181,663	15,464,397	11,788,392

The number of staff with emoluments (salary and taxable benefits) exceeding £60,000 were as follows

	2009		2008	
	No.	Pension £	No.	Pension £
£90,000-£100,000	1	6,468	1	6,426

The number of employees, analysed by function, was:

	Generating Funds	Charitable Activities	Governance	2009 No.	2008 No.
UK based employees	20	49	4	73	74
Overseas based employees on UK contracts		156		156	180
Overseas based employees on local contracts		3,643		3,643	2,478
	20	3,848	4	3,872	2,732

Trustee's Remuneration

No directors of the Trust received remuneration or reimbursement for expenditure in the year (2008 – none).

Notes to the accounts

8. Tangible Fixed Assets

Cost	Leasehold Improvements £	Computer Hardware £	Computer Software £	Field Motor Vehicle £	Office Furniture and Equipment £	Total £
At 1st January 2009	140,453	14,848	188,921	590,190	26,785	961,197
Additions				169,475	22,921	192,396
At 31st December 2009	140,453	14,848	188,921	759,665	49,706	1,153,593
Depreciation						
At 1st January 2009	140,453	14,848	149,811	374,629	20,588	700,329
Charge for year			39,110	246,144	15,269	300,523
At 31st December 2009	140,453	14,848	188,921	620,773	35,857	1,000,852
Net Book Value						
At 31st December 2009				138,892	13,849	152,741
At 31st December 2008			39,110	215,561	6,197	260,868
Asset split by location						
Unrestricted					13,849	13,849
Restricted				138,892		138,892
Net Book Value				138,892	13,849	152,741

9. Investments

	2009 £	2008 £
Market value at 1st January 2009	28,500	39,600
Unrealised investment gains	(500)	(11,100)
Market value at 31st December 2009	28,000	28,500

All investment assets are held in the UK. These investments were donated in 2001, at which time the market value was £8,500.

10. Current Assets: Debtors

	2009 £	2008 £
Amounts due from donors	8,412,139	6,052,138
Accrued income	5,328,445	5,408,011
Other debtors	23,783	23,713
Other taxes and social security costs		25,586
Prepayments	425,810	536,950
	14,190,177	12,046,398

11. Creditors: Amounts falling due within one year

	2009 £	2008 £
Specific programme creditors	621,436	605,300
Deferred income	8,148,546	8,101,757
Other taxes and social security costs	86,485	76,954
Other creditors	440,622	72,719
Accruals	943,132	1,454,370
	10,240,221	10,311,100

Deferred income occurs when instalments on grants are paid in advance. Movement on deferred income during the year:

	£
Balance brought forward	8,101,757
Released to income	(8,040,772)
Received in year	8,087,561
Balance carried forward	8,148,546

12. Operating Lease Obligations

	2009 £	Other 2008 £	Land and Buildings 2009 £	2008 £
On leases expiring:				
Less than one year				
More than one year and less than two years		1,170	92,059	182,136
Between two and five years	6,637	2,262		
	6,637	3,432	92,059	182,136

13. Funds Statement

	Total Funds £	General Fund £	Total Designated Fund £	Strategic Baseline Reserve £	Emergency Response & Assessment Fund £	Strategic Development Reserve £	Restricted Funds £
Balance brought forward							
1st January 2009	8,722,044	6,059,775	1,672,679	1,215,800	456,879		989,590
Incoming Resources							
Incoming Resources From Generated Funds							
Voluntary Income	5,505,642	2,517,496	41,325		41,325		2,946,821
Activities for Generating Funds							
Investment Income	2,551	2,551					
Incoming Resources From Charitable Activities							
Field Operations	40,811,399	2,919,579					37,891,820
Other incoming resources							
Total Incoming Resources	46,319,592	5,439,626	41,325		41,325		40,838,641
Resources Expended							
Costs of Generating Funds	1,406,426	799,346					607,080
Charitable Activities	44,093,852	4,078,835	107,490		107,490		39,907,527
Governance Costs	202,358	202,358					
(Deficit)/surplus before Transfers	616,956	359,087	(66,165)		(66,165)		324,034
Transfers*		(633,200)	633,200	(1,215,800)		1,849,000	
Unrealised loss on investment	(500)	(500)					
Balance Carried Forward	9,338,500	5,785,162	2,239,714		390,714	1,849,000	1,313,624
Represented by:							
Fixed assets	152,741	13,849					138,892
Net Current Assets	9,185,759	5,771,313	2,239,714		390,714	1,849,000	1,174,732
Total	9,338,500	5,785,162	2,239,714		390,714	1,849,000	1,313,624

* The transfers between unrestricted reserves are explained on page 28 of The Trustees' Report

Notes to the accounts

13. Funds Statement (continued)

	Opening balance 01/01/09 £	Incoming Resources £	Resources Expended £	Transfers between funds* £	Closing balance 31/12/09 £
Restricted Funds					
Afghanistan	23,247	3,538,298	(3,542,153)		19,392
Bangladesh	2,905				2,905
Central African Republic	8,879	590,589	(570,313)		29,155
Ivory Coast		1,742,423	(1,742,396)		27
Democratic Republic of Congo	73,467	9,035,114	(8,937,857)		170,724
Ethiopia	55	1,952,999	(1,816,408)		136,646
Georgia	6,313				6,313
Kenya	33,108	1,227,576	(1,228,620)		32,064
Liberia	69,107	5,152,838	(5,156,220)		65,725
Myanmar	420,074	3,669,279	(3,796,815)		292,538
Nepal	28,964	510,371	(511,366)		27,969
North Sudan	35,003	4,067,173	(4,083,377)		18,799
Palestinian Territories	13,670	916,534	(871,007)		59,197
Pakistan	109,409	4,257,267	(4,295,032)		71,644
SE Asia		178,151	(64,038)		114,113
Somalia	398	1,070,955	(1,070,457)		896
South Sudan	17,782	2,248,611	(2,265,892)		501
Sri Lanka	22,985				22,985
Zimbabwe		433,835	(406,788)		27,047
Other	124,224	246,628	(155,868)		214,984
Total Restricted Funds	989,590	40,838,641	(40,514,607)		1,313,624
Emergency Response & Assessment Fund	456,879	41,325	(107,490)		390,714
Strategic Baseline Reserve	1,215,800			(1,215,800)	
Strategic Development Reserve				1,849,000	1,849,000
General Fund	6,059,775	5,439,626	(5,081,039)	(633,200)	5,785,162
Total Unrestricted Funds	7,732,454	5,480,951	(5,188,529)		8,024,876
Total Funds	8,722,044	46,319,592	(45,703,136)		9,338,500

* The transfers between unrestricted reserves are explained on page 28 of The Trustees' Report

Trustees and Advisers

Auditors Horwath Clark Whitehill
Chartered Accountants
St Bride's House
10 Salisbury Square
London EC4 8EH

Bankers The Cooperative Bank plc
80 Cornhill
London EC3V 3NJ

Barclays Commercial Bank
Level 28
1 Churchill Place
London E14 5HP

"Trustees" (Directors of Merlin Board Limited):

Lord Jay of Ewelme (Chair)		
Dr Christopher Whitty	b	(resigned 29/06/09)
Susan Woodman	a	
James Darcy	b	
Richard Fenning	a,b	(resigned 5/8/09)
Susan Ryan		
Steve Mirfin	a	
Alexis Chapman	a	
Dr David Heymann	b	(appointed 23/06/2009)
Lloyd Shepherd		(appointed 23/06/2009)
Anne Austen	b	(appointed 23/06/2009)
Andrew Nebel	a	(appointed 30/06/2010)
Deborah Bronnert	b	(appointed 30/06/2010)
Keith Bradford	a	(appointed 30/06/2010)

Sub Committee membership is indicated as follows:

Finance, Risk and Audit Sub Committee	a
People & Programmes Sub Committee	b

The Executive officers were as follows:

<i>Chief Executive</i>	Carolyn Miller
<i>Director of New Initiatives & Responses</i>	Pete Sweetnam
<i>Interim International Director</i>	Belinda Coote
<i>Director of Health and Policy</i>	Linda Doull
<i>Director of Human Resources and Development</i>	Bryony Glenn
<i>Director of Fundraising and Communications</i>	Imogen Ward
<i>Director of Finance</i>	Vicky Annis



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Photo: Glenna Gordon

