

Annual Report 2010



MEDICAL EXPERTS ON THE FRONTLINE




Our mission

To be on the frontline of global emergencies; to deliver medical aid and revive health systems in some of the world's toughest places.

We work to end the needless loss of life caused by a lack of effective health care. We help some of the world's most vulnerable communities set up and run medical services for the long-term, including hospitals, clinics, surgeries, health centres. And we train hundreds and thousands of health workers every year to ensure the skills needed to save lives are available and expert.

We do whatever it takes and we stay for as long as it takes.



"...Your organisation is the very first one to have reached the area [Swat] providing medical care – a very great contribution... thank you and your team for this humanitarian support in difficult times. I have seen your teams walking kilometres of distance on foot to reach the needy people."

Jafar Shah, Government Minister of Swat, Pakistan
in response to Merlin's work during the floods of 2010

Front cover: ©Jeroen Oerlemans

Message from Carolyn Miller, Chief Executive

2010 was a year of many firsts for Merlin.

Our Haiti response was the first time we comprehensively combined orthopaedic and plastic surgery. We were the only international organisation to have the expert skills needed to salvage limbs. Many of our patients were referred to us with complications caused by hasty, and sometimes unnecessary, amputations. This epitomises the Merlin approach of which I'm so proud; always putting patient needs at its heart, inventive and adaptable.

Our response to the terrible floods in Pakistan demonstrated equal adaptability, with our established programme adding vital sanitation components. Our medical experts devised and implemented the national emergency malaria strategy. All the time, our team was treating over 5,000 patients a day at the height of the crisis. This tireless dedication which remained undimmed even during the fasting month of Ramadan was certainly not new in Merlin.

I was fortunate too to travel to Liberia with Professor Kumar, President of the Royal Society of Medicine to mark Merlin's first official collaboration with this renowned institution. Esther McVey MP joined us and we were honoured to meet with the country's President, Ellen Johnson Sirleaf. I left the visit full of optimism for the country and the remarkable progress it has made. It was encouraging too to hear how Merlin's fifteen years there have helped shape a stronger, more effective health system.

Another first was Merlin's contribution to the United Nations Millennium Development Goals Summit. I was incredibly proud to be a part of the high-level discussion, championing the need for more health workers in crisis countries. But it was Merlin's Safaa, a health worker from North Sudan, who really brought the message home, handing our petition to Ministers of Health from Malawi and Cameroon with an impassioned plea for them, and other world leaders, to put health workers at the heart of development.

But our ongoing work is just as important as these new areas. Our teams worked with determined dedication everywhere to ensure the world's most vulnerable people could reach qualified care when they needed it. Meeting them, hearing of their successes and talking to those who support us is always the most rewarding part of my job. Thank you to every supporter of Merlin who allowed this work to continue and every team member who made it happen.



Carolyn (left) pictured with Professor Parveen Kumar, President of the RSM (right)

Carolyn Miller



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Message from Lord Jay, Merlin's Chair

I cannot remember a year quite so disastrous as 2010. It opened with the Haiti earthquake and then devastating floods swept through Pakistan in the summer. While these humanitarian crises rightfully made headlines all around the world, other lesser-known disasters struck in the Democratic Republic of Congo, Sudan, Somalia and Afghanistan, to name just a few. I am proud, as ever, to say that Merlin responded to all of them, either scaling up our existing programmes to meet the needs or, as with Haiti, deploying a full medical and clinical team within 72 hours of the earthquake.

These responses highlight what is best about Merlin: our ability to pull together at a time of crisis and save lives in some of the most challenging environments in the world. Just as crucially, we are still there and still saving lives by helping to rebuild these shattered health systems.

Alongside our emergency responses, Merlin's long-term work continues and our teams are working around the world to help people build their own lasting and effective health care. This year I had the opportunity to meet with a number of Merlin's Country Directors when they visited our Head Office in London. These people are the backbone of our organisation, the life-force behind our work and to hear their stories of triumph and challenge was humbling.

As a result of the economic downturn, this year has not been an easy one for charities. However we have taken this opportunity to review how we can work even more efficiently to ensure that Merlin is able to respond when and where we are needed. We have also taken the step of creating the Merlin Emergency Fund (MERF) to allow us to respond immediately and save lives as soon as the next emergency strikes.

Merlin continues to make a real difference in some of the world's toughest places. Unfortunately the need for Merlin's support will not go away, and Merlin has a vital role to play in helping to rebuild shattered health systems. However I am proud to say that our teams working on the frontline will continue undaunted and will stay where they are needed for as long as it takes. I would like to take this opportunity to thank all our staff around the world for their hard work and dedication.

Finally I must thank all those who have supported us this year, be it institutional donors, private trusts and foundations, or those individuals who continue to support us so generously. Without your support none of what we achieved in 2010 would have been possible.

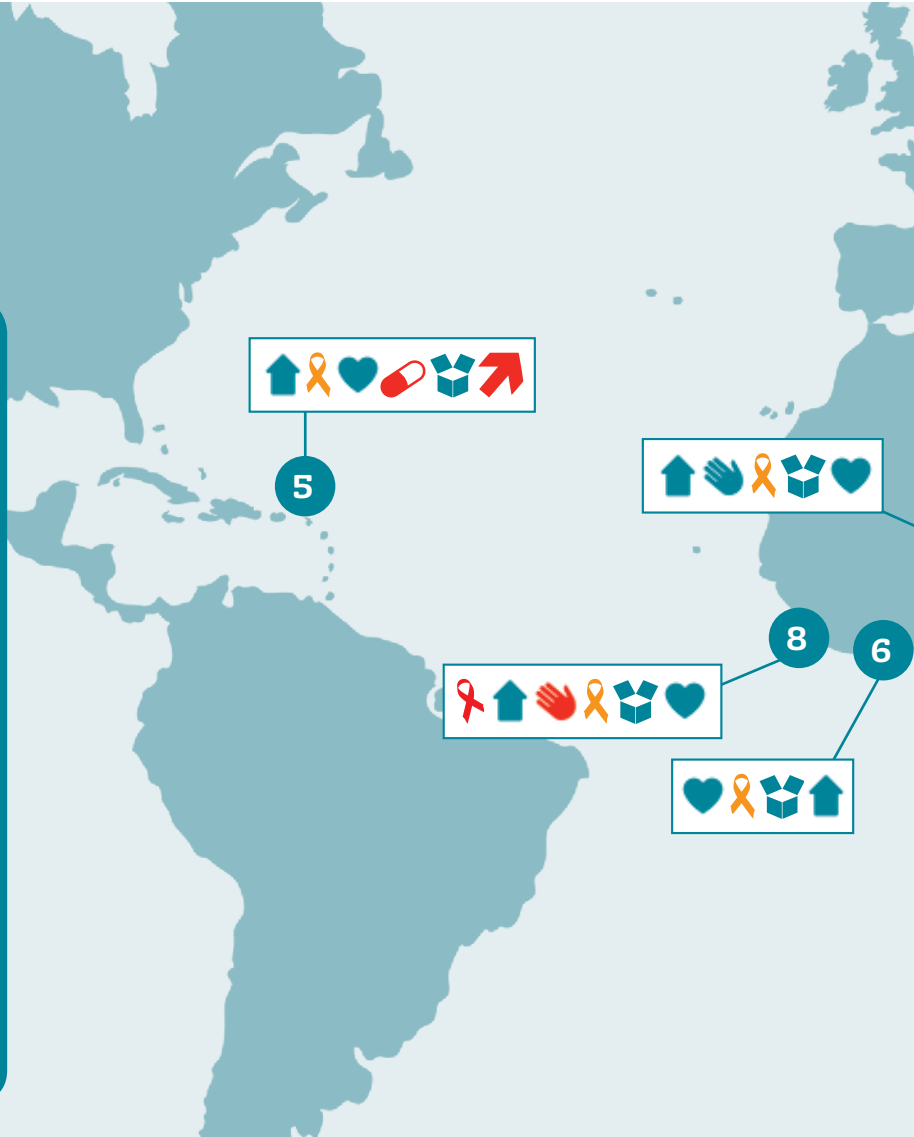
Michael Jay.



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Where we work

1. Afghanistan
2. Central African Republic
3. Democratic Republic of Congo
4. Ethiopia
5. Haiti
6. Ivory Coast
7. Kenya
8. Liberia
9. Myanmar (Burma)
10. Nepal
11. Pakistan
12. Philippines
13. Somalia
14. Sudan
15. Zimbabwe



Key achievements around the globe in 2010

Working in 15 countries, we treated a total of 9.5 million people.

1. Afghanistan: Alongside our existing health facilities, we ran 13 mobile health teams in Badakhshan province, up from three in 2008. We also piloted Mobile Nutrition Teams for the first time in Afghanistan, and are now running 12 mobile teams across Badakhshan.

2. CAR: Merlin supported 19 facilities providing health and nutrition services as well as four clinics providing dedicated nutrition support.

3. DRC: Merlin is supporting 243 health centres across 18 health zones, providing access to health care for 2,170,000 people. In 2010 nine hospitals were rehabilitated and in North Kivu alone over 590 staff were trained.

4. Ethiopia: Responding to the nutrition and health crises in remote regions, we served 760,835 people. We continued to deliver health care to vulnerable communities affected by the drought in Gode region, where we are the sole remaining health provider for nearly 110,000 people.

5. Haiti: Provided emergency surgical response immediately post earthquake. Since then we've established 16 mobile clinics and launched a response to the cholera epidemic, building

11 cholera treatment units, four cholera treatment centres and 14 oral rehydration points.

6. Ivory Coast: We expanded our coverage in 2010, supporting 16 health clinics and two nutrition stabilisation units.

7. Kenya: In Turkana we support 23 health facilities and 41 outreach sites reaching 288,963. In Kisii Merlin is running 35 health facilities and HIV/AIDS treatment sites as well as 35 outreach sites. 56% increase in the number of consultations since 2009.

8. Liberia: Treating 665,123 people, our teams supported 81 health facilities including five hospitals, 10 health centres and 66 clinics in six out of 15 districts in the country.

9. Myanmar: In Sagaing region - Merlin is running nine mobile medical teams and in 2010 delivered 57,469 medical consultations through these mobile teams, treating 12,069 patients with malaria. We also provided essential health services to 560 villages in Laputta.

10. Nepal: We operated 49 medical camps reaching a total of 28,973 people. Covering 18 village development committees, these camps provide health services for communities caught up in conflict. Merlin



also trained 113 health workers in 2010.

11. Pakistan: We tripled the number of health facilities we supported as a result of the floods, reaching a total of 2.7 million people through 124 health units, an increase of 300% on 2009.

12. Philippines: We re-established 29 health facilities, treating a total of 46,000 people. Merlin also provided regular health training to over 200 public health workers.

13. Somalia: Supporting six health facilities, we provided health care for over 54,000 people. We also trained 448 health workers from across Somalia on malaria case management.

14. North Sudan: Merlin is supporting 18 health centres and treated a total of 264,330 patients. 13,453 pregnant women attended a Merlin clinic for antenatal care and a total of 4,491 severely malnourished children were treated in nutrition programmes.

14. South Sudan: Merlin is supporting two hospitals and nine primary health care facilities providing treatment for a total of 120,970 people.

15. Zimbabwe: We have a team of 46 focusing on reducing the threat of disease, responding to measles and cholera outbreaks. We support 24 cholera treatment units and oral rehydration points and trained 1,210 village health workers on oral rehydration.

How we help



Malaria



HIV/AIDS



Strengthening health systems



Sexual and gender based violence



Training health workers



Water and sanitation



Disease prevention



Neglected diseases



Malnutrition



Maternal and child health



Conflict



Emergency



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Whatever the crisis, Merlin's teams mobilised immediately

2010 was one of the worst years on record for humanitarian disasters, starting with a catastrophic earthquake in Haiti and continuing with devastating floods in Pakistan. The Disasters Emergency Committee (DEC) launched immediate appeals in the UK for both of these crises. Merlin is a proud member of the DEC and very much valued the opportunity to better resource our emergency responses.

Merlin's emergency response to both these crises was immediate and targeted, saving lives and protecting the health of the millions of people affected.

Our Pakistan team massively scaled up our existing programme while our Merlin Response Team scrambled to save lives in Haiti, starting a significant programme from scratch.

All the while our medical experts from Afghanistan to Zimbabwe continued to train health workers, contain

disease outbreaks, deliver babies, run ante natal clinics, vaccinate children and ensure that some of the world's most vulnerable people could reach expert medical care when they needed it most. Working alongside Ministries of Health in all our countries, whatever we did – whether responding to crises or delivering life-saving health care – we aimed always to ensure health systems were strengthened and supported.

January 2010: a devastating earthquake strikes Haiti

Our emergency response

When a 7.0-magnitude earthquake struck Haiti on 12 January 2010, Merlin responded immediately, arriving in the country's capital, Port-au-Prince, within 72 hours.

The earthquake devastated an already fragile health system, destroying eight hospitals, nine health centres, 10 Ministry of Health buildings and 19 university and training institutes. Remaining health facilities were stretched well beyond capacity and swamped by the soaring number of casualties.

Surgical unit

The first phase of Merlin's emergency response was to set up a surgical hospital. This fully functional, tented facility was established on an abandoned tennis court in the country's capital. Named "Wimbledon", it ran 24/7 for 11 weeks, carrying out 392 operations and treating 7,861 outpatients.

RESPONDING AS THE EMERGENCY EVOLVES

In addition to ensuring lives and limbs could be saved, our team looked to the future rebuilding of Haiti's shattered health system. Working out how best to support the long-term recovery of the health sector as well as address immediate needs is a key part of every Merlin emergency response.

In Haiti, the situation very quickly became critical as the devastation wrought by the earthquake forced families to live in unsanitary, cramped conditions without access to safe water, where infectious diseases can spread rapidly.

Saving lives and livelihoods

As the only organisation to combine orthopaedic and plastic surgery, we focused on performing reconstructive surgery on crushed limbs, saving lives and livelihoods.

We also undertook more complicated surgical interventions where follow up or staged operations were required. As well as the surgical theatre a recovery ward ensured that patients were able to receive around-the-clock post-operative care.

An expert surgical team

Under the direction of leading plastic and orthopaedic surgeons from the UK, the hospital was staffed by

approximately 72 expert surgical team members, primarily from the NHS, who worked on a two-to-three-week rolling rota.

We also worked alongside an emergency surgical team who were dispatched by UK-Med International Emergency Trauma Register in the initial stages of the emergency.

Alongside the expert surgery, we ran a fully-fledged out-patients unit, treating patients, including pregnant women, children and the elderly. Our teams treated and prevented a range of conditions including diarrhoea and vomiting, chest complaints, fever and malaria.

Reaching 81,660 isolated people through mobile clinics

The second phase of Merlin's response, which ran alongside our tented hospital, was to develop a network of 16 mobile clinics to deliver vital health care for earthquake-affected communities, people living in camps as well as isolated rural villagers.

Our teams travelled directly to communities predominantly treating acute respiratory infections, skin infections, diarrhoeal and gastric problems, sexually transmitted infections and malaria.

Each team carried essential medical equipment and acted as a referral unit for patients with complications, especially pregnant women. They also ran vital on-the-job training for national doctors and nurses who were part of the mobile team.

Coping with cholera: the next emergency

At the end of 2010, Haiti was hit by a cholera outbreak, which our team responded to immediately with both preventative and curative treatments, working closely with the Ministry of Health. As well as opening cholera treatment centres and units and oral rehydration points, we scaled up training and community education to ensure knowledge and preparedness for future outbreaks.

CONTAINING THE SPREAD OF CHOLERA

- 850,000 aquatabs and 18,000 bars of soap distributed to approximately 3,500 households.
- More than 2,000 patients treated.
- Four cholera treatment centres built as well as 11 cholera treatment units and 12 oral rehydration points.
- 300 national staff trained in cholera prevention.
- Ongoing community education and institutional training provided to prepare for future outbreaks.

June 2010: responding to mass displacement in DRC

An upsurge in fighting in the conflict-affected North Kivu province of DR Congo led to a significant emergency response from our well-established team in the country.

By the end of July 2010, the previously stable Beni area had been engulfed in fighting, leading to the displacement of over 90,000 men, women and children. Merlin's response was swift and effective with our teams crossing the frontline of the conflict to deliver aid.

Jo Reid, Merlin's Logistic Officer in DRC, was part of the emergency response team and captured her impressions for a blog which featured on our website:

"It is impossible to overestimate the passion of Merlin's emergency response team have for their work, from Emergency Medical Officer Kambale Kivasigha, to logistician Patient Bavuka to driver Alain Kambale, who have all worked tirelessly in difficult and dangerous conditions to ensure people in the affected areas can access health care.

But it is the often unreported and behind the scenes work of those in the affected communities that I want to share here.

I spent time talking to staff at Tenambo health centre about the impact the conflict was having on their lives.

Of the three nurses I spoke to, two of them were themselves displaced. These health workers had fled the insecure areas and now volunteered their skills in the health centres of their new host communities.

I asked Zawadi Kahindo Mislekero, a nurse from Eringeti health centre, an area now in the heart of the conflict, why she came to work at Tenambo health centre.

She replied: "To help people."

It is not just the work of those who choose to be humanitarians that makes a difference, but the combined will of all, including those who now find themselves in a humanitarian situation.

Here in Beni, the spirit, generosity and dedication of all these groups working together has meant thousands of people have access to quality health care and to a dignity of life."

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July 2010: a fifth of Pakistan lies underwater

MERLIN'S FLOOD RESPONSE

Merlin responded immediately and over the course of 2010 increased the scale of our programme in Pakistan three-fold.

Within three months, our network of static and mobile clinics treated nearly 500,000 patients, focusing on the most vulnerable.

By the end of the year, we were supporting a total of 124 health facilities, including 98 static primary health care facilities, 17 mobile health units, eight diarrhoea treatment centres and one nutritional stabilisation centre.

Merlin health teams ensured well over 2.3 million people had access to health care and we continue to do so.

Scaling up within days

Merlin has been working in Pakistan's conflict-affected areas since our emergency response to the Kashmir earthquake in 2005.

As a result, our team was in an excellent position to massively scale up the programme to meet the enormous health needs of people affected by July's flooding.

The sheer geographic spread of the flood from the Hindu Kush to the coast at Sindh meant launching into new, vast provinces and establishing new bases and relationships with provincial governments and health officials.

Saving lives within hours

Within hours, medical teams were dispatched to some of the worst-affected areas in the North West Frontier Province, carrying enough medical supplies to last for a month given the very real risk that our teams could be cut off by the continuing avalanche of water.

"Merlin has trained over 2,000 health staff working in approximately 300 health facilities. Our malaria programme unites the expertise of epidemiologists, medical technicians, clinical and public health experts and entomologists with rigorous malaria control strategies for improved case management, evidence-based vector control, efficient surveillance systems and effective outbreak response."

Merlin's expert Malaria Coordinator in Pakistan, Naeem Durrani

A comprehensive and complicated logistics programme was launched to ensure medical supplies and equipment were sufficient, effective and appropriate to the ever-changing health needs on the ground. As our medical and health teams expanded into new areas of operation, our logistics team in Pakistan trebled in size to meet the demands.

Floods damaged or destroyed an estimated 558 health facilities and impacted one third of the nation's 100,000 lady health workers, who are crucial to providing much-needed health care to Pakistan's rural mothers and women.

Merlin's 18 mobile health units (MHUs) were able to travel by car or on foot to reach inaccessible areas, where isolated communities would not otherwise have access to health care services.

In addition to our mobile health teams, we also rapidly rebuilt a network of static clinics which not only treated patients but also operated a comprehensive disease surveillance system to ensure any spikes in infectious diseases could be fed into the national system and dealt with swiftly.

Given the almost complete devastation of safe water sources in the worst-affected areas, we planned and mobilised for diarrhoea outbreaks, establishing diarrhoea treatment units (DTUs) throughout the country.

Still working to rebuild health services

Since the floods Merlin's teams have been seeing on average 7,700 new patients a day across our different facilities, with an ongoing emphasis on waterborne diseases, malaria and malnutrition.

An ongoing emergency: the threat of malaria

The overwhelming volume of standing floodwater dramatically increased the risk of malaria across severely affected areas of Pakistan. The malaria season – predicted to kick in three months after the first floods – was front of mind for our malaria control experts, who already ran a vast malaria control and case-management programme in 19 districts throughout Pakistan.

Working closely with the WHO and the Ministry of Health, Merlin devised the emergency malaria strategy for the country. At the same time, we expanded our malaria response programme, entering new provinces to control the threat of malaria.

In all Merlin screened over 160,000 people with suspected malaria. Of these 26,266 were confirmed to be affected and were treated accordingly.



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Strengthening our range of responses

Merlin is at the forefront of the international community's efforts to respond to the increasing number, complexity and diversity of health crises. From disease outbreaks and acute malnutrition to conflict-fuelled displacement and health systems shattered by natural disasters, our response to any emergency is tailored to the context and the needs on the ground.

Throughout 2010, we built on our capacity to respond in a number of important ways, including strengthening and expanding Merlin's Response Team (MRT) and increasing the capability of our country teams to prepare and plan for emergencies.

Thanks to this work, we can ensure that when disaster strikes our response is targeted and immediate.

Building a solid team of emergency experts

In 2010 Merlin invested in expanding the capacity of the Merlin Response Team (MRT), pulling together programme, health and logistic specialists who are able to mount and lead effective responses to a range of emergencies.

The team has also been supporting our country programmes in disaster preparedness and risk reduction.

Meet some of the MRT

Sarah Ireland: Funding Coordinator

Sarah responded to Cyclone Nargis in Myanmar in May 2008 as a logistician with Save the Children UK, and then worked with their emergency team in London. Moving back to the field, she joined Action Against Hunger as a Logistics and Administration Coordinator in Syria working with Iraqi refugees, and as a Head of Region in Karamoja, the north-eastern region of Uganda.

Tom Ogwal: Health Coordinator

Before joining Merlin, Tom was working with Management Sciences for Health as District Health Advisor in the Strengthening HIV and TB Response in Eastern Uganda. Before that, he worked with the International Federation of the Red Cross and Red Crescent Societies as Health Coordinator in Sudan and also spent two years in the Eastern Africa Zonal Office in Nairobi.

Anna Walton: Emergency Response Programme Manager

Having worked in the humanitarian sector for almost six years for a variety of organisations, Anna was a key part of our Emergency Response Team in Pakistan following the floods in July 2010.

David Sims: Logistics Manager

David is home-grown talent, having started his career in international development as a logistics intern with Merlin in 2007 before working for us in Liberia as a Field Logistics Officer.

Merlin's in-country responses

Strong country teams with the capacity and skills to respond to disasters are an essential part of Merlin's emergency response and a number of our country programmes led in-country responses to emergencies in 2010. Here is just a selection:

May 2010 in the Central African Republic

Our teams ran emergency health and nutrition services in the south west of the country in response to the influx of Congolese refugees escaping ethnic fighting.

Shortly after, they launched another emergency response in the south east of the country for displaced people following an attack by the Lord's Resistance Army in October 2010.

October 2010 in Myanmar

Our teams in Myanmar were also able to mount a significant emergency response following the devastation wrought by Cyclone Giri. As with so many of Merlin's in-country emergency responses, the response involved expanding into a new area to ensure vulnerable communities had access to vital health care.

Background: Category 4 cyclone claimed the lives of 157 people and left 70,000 homeless.

Merlin's teams targeted 26 of the worst-affected communities in Myebon township, in the state of Rakhine.

We delivered 23,750 bottles of "Wateguard" household water treatment, ensuring that every home could purify water for drinking for the entire duration of the dry season.

We delivered 1,509 household rainwater harvesting kits and 635,300 litres of treated water.

We constructed a total of 20 water sources to serve 10,629 people, and restored seven damaged school toilets – providing sanitation for around 2,000 school children.

Effective preparation for disasters

Merlin's focus on preparedness planning ensures that efficient strategies are in place to respond to future crises.

South Sudan: preparedness planning in action

Preparedness planning differs from country to country, taking into account particular risks and circumstances. For example, ahead of the 2011 referendum for independence in South Sudan, our teams prepared to respond to any medical emergency. Merlin collaborated with partners on the ground, as well as the health and nutrition clusters, to ensure any gaps in medical needs at this time of significant change could be plugged. We also stockpiled medicines, devised emergency plans and strategies for handling mass displacement and disease outbreaks.

North Sudan: Identifying risk and preparing for crises

Merlin's teams in North Sudan worked hard to lessen the impact of disasters on local communities. We established a network of community volunteers trained to identify possible risk or threat of an emergency. Our teams also implemented an Early Warning and Reporting System (EWARS) in all project sites. This system allows us to monitor certain categories of outbreak-prone diseases on a daily basis, preventing significant loss of life.

Given the volatile nature of security in North Sudan, Merlin also prepositioned three months worth of medical supplies for each health facility we support, should they be cut off due to rising violence. The supplies include cholera kits and trauma kits as well as essential medical equipment and medicines to ensure that health workers can continue to provide health care and lives aren't lost as violence unfolds.

We were also actively engaged in the discussion on effective response to disaster in health and nutrition.

NEPAL: PREPARING CITIES AT RISK

2008 saw the number of people living in cities outweigh those living in rural areas for the first time in history. By 2050, roughly two thirds of the world's population – around six billion people – will be living in cities compared to just 29% in 1950.

Such rapid urbanisation inevitably increases the risks of disasters striking in heavily populated, built-up areas. Haiti's experience is one many believe will be repeated, with Kathmandu in Nepal flagged as another city at risk.

Improving humanitarian responses, and ensuring countries have emergency preparedness plans, has never been more vital and that's exactly what our Nepal team focused on in 2010.

We are working closely with Nepal's Ministry of Health to devise and implement national policies designed to minimise the impact on their health system and population should a disaster strike.

In the districts where Merlin works, we have already ensured general and health-specific disaster preparedness and response mechanisms are in place.

We became the lead agency for Rolpa and Pyuthan Districts, providing technical support to the District Disaster Relief Committees (DDRC).



Working together to save lives

Merlin works in partnership with local, national and international non-governmental organisations, institutions and the private sector. Working in partnership means that our approach capitalises on expertise, minimises replication and is more sustainable.

By working this way, when the time comes, national Ministries of Health should be in a better position to run their health services once Merlin leaves.

The 'cluster approach'

Crucially, Merlin works closely with partner organisations in all our country programmes and it's especially vital during times of emergency. This 'cluster approach' ensures a coordinated response from agencies. Merlin is a key member of the global clusters for health and nutrition, and co-lead for health in Myanmar, DR Congo, the Central African Republic and Somalia (Puntland).

Linda Doull, Merlin's Director of Health and Policy is also Co-Chair of the IASC Cluster Task Team. This team was established in April 2010 to ensure a focus on policy issues when working within the cluster approach, which will in turn strengthen the effectiveness of the approach. The task team put together an inter-agency Management Response Plan (MRP) and are now implementing the recommendations made, which will improve cluster operations and humanitarian responses.

Improving humanitarian responses: Assessment Capacities Project (ACAPS)

Merlin was central in the creation of the Assessment Capacities Project (ACAPS) with HelpAge International and the Norwegian Refugee Council.

The consortium supports and strengthens global capacities to carry out better multi-sector assessments before, during and after crises.

Training is an essential element in ACAPS' work towards strengthening the capacity of the humanitarian sector to carry out multi-sectoral assessments.

Merlin specifically supports the training component of the project, with the ACAPS Training Coordinator located in the London head office.

In collaboration with the Needs Assessment Task Force, ACAPS led two training courses on needs assessment in 2010 for more than 50 experienced humanitarian aid workers with far-reaching experience of managing medium to large scale complex emergency operations.

Assessment experts were deployed in the two major crises of 2010: the Haiti earthquake and the Pakistan floods. Statistics from "One Response" showed that the final report of the Rapid Interagency Needs Assessment in Haiti was one of the most accessed documents from the site. The assessment report on Pakistan directly informed the revision of the Flash Appeal.



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Our holistic approach to strengthening health systems

For Merlin, strengthening the health system includes delivering health services, supporting and training health workers, supporting national health policy development and influencing change through advocacy and campaigning.

In some of our more established country programmes, such as Liberia, the Democratic Republic of Congo and South Sudan, we have adapted our programme and approach to allow for stronger ministry involvement, developing appropriate technical and policy guidance.

Building strong relationships with local communities

Merlin works closely with local communities to ensure they can play an active role in improving access to their health services. Years of experience means we know that by improving relationships with local communities, the demand for access to health services increases. With the community fully involved, we are better able to understand barriers to access and design appropriate programmes.

Haiti: strong community relationships in practice

In Haiti, Merlin staff met with communities and committees through the clinics and in formal meetings. Decision-making on developing clinics was shared with and approved by communities. In sites where Merlin intends to build health centres, regular meetings are held with community committees to ensure their involvement in the planning and building of the clinics. Communities regularly contact Merlin staff to discuss issues or request meetings. Merlin has also developed a complaints mechanism for communities to feed back, replicating an initiative we also ran in Pakistan during the floods emergency.

Community Health Promoters operate in most of the communities where Merlin has mobile clinics in Haiti. The promoters liaise with Merlin and our patients, sharing information about Merlin's activities on the one hand and soliciting feedback and complaints from the communities on the other.

Kenya: putting pastoralists at the heart of our programme

The Kenya team piloted an innovative, anthropological and multi-media research project to better understand the challenges of delivering health care to Turkana's remote, nomadic pastoral community.

The team commissioned a medical anthropologist and photographer to gain an in-depth understanding of the Turkana people and the challenges they face in accessing health care, as well as the health problems brought about by climate change.

A series of short films were created putting pastoralists at their heart. The films, capturing life with drought, how the Turkana people see aid, the challenges of accessing health services as well as the loss of vital live-stock, were given their first screenings in the Turkana communities where they were filmed.

The team will use the film and the research study to implement more intelligent approaches to health programming so that it better fits the unique way of life of the Turkana people.

The films have so far been shown to donors in Turkana and in Nairobi to highlight the unique needs, as well as the chronic underfunding of pastoralist-based programmes.

There are plans in 2011 to better promote this work and drive significant change in the provision of health and nutrition services to pastoralist communities.

Liberia: the counterpart approach

In Liberia, Merlin's teams work closely with their counterparts in the Ministry of Health in newly-developed shared offices. In a progressively decentralised health sector, the "counterpart approach" has enabled us to establish a framework for building the technical and managerial capacity of the County Health Teams (CHT) in Liberia. As a result, Merlin has become a leading partner in the development of national policies on HIV/AIDS, mental health, ambulance referral, reproductive health, and the new 2011-2021 National Health and Social Welfare Policy and Plan. This has led to a major shift in the way we work in Liberia: rather than direct service delivery, Merlin is operating more sustainably as a partner, providing more sustainable health care of a higher quality and increasing the managerial capacity of the County Health Teams.

The counterpart approach has been rolled out in all six Merlin-supported counties across Liberia.

Training Health Workers: the backbone of long-term change

In all Merlin's programmes, we work in close partnership with the Ministry of Health to train and supervise national health workers, community teams, government staff and other NGOs in accordance with national human resource plans.

Ensuring our skills dovetail and strengthen the needs identified by Ministries of Health is a key component of Merlin's approach to strengthening health systems.

Myanmar: Community Health Workers (CHWs)

In Myanmar, training CHWs is integral to every aspect of our programme. In the majority of cases, we have ensured that there is one CHW per village, trained to provide basic health care and give out basic drugs. CHWs are also involved in raising community awareness and providing peer-to-peer education and health promotion sessions.

In 2010 our CHW programme grew from a couple of provinces to a national policy, implemented throughout the country. Through research and pilot programmes, we ensured that the CHW programme became more sustainable, low cost and pro-poor so that it was able to be adopted nationwide.

Merlin currently supports almost 600 CHWs and auxiliary midwives (AMWs) in Laputta and 240 CHWs/AMWs in Chin state and Sagaing region.



Merlin's long-term commitment to

Strengthening weak health systems in fragile states is one of our core mandates. 2010 saw the evolution of many of our programmes away from an "emergency" response into longer-term development.

Philippines: moving from emergency to recovery

In October 2009, Merlin launched an emergency response in the Philippines following tropical storm Ketsana and typhoon Parma. However over the course of 2010 our programme has developed from emergency response to longer-term health system strengthening. By the end of 2010, 29 health facilities that had been affected by the typhoon had been re-established and were fully functioning, reaching 46,000 people.

Merlin's teams also identified a gap in service provision for expectant mothers and as a result constructed and equipped a birthing centre, where an average of 25 deliveries are conducted every month by the 10 midwives that have been trained by Merlin.

Ongoing programmes: an update

In **Ivory Coast**, Merlin handed health services back to the Ministry of Health at the end of 2010. Leading up to the handover, we participated in the implementation of a new national protocol for nutrition and ensured its sustainability by training participants on how to share their skills with future nutrition coordinators. 60 Community Health Workers were also trained to screen and manage malnutrition in their own local communities.

Despite a chronic lack of funding for our programme in the **Central African Republic (CAR)**, we felt compelled to stay on in the country to address the enormous unmet health needs. We are working at national and international levels to raise awareness of the acute health needs in the country and lobby donors and governments to commit the long-term funding needed to set CAR's broken health system on the road to recovery.

In the **Palestinian Territories**, we completed our support to the only blood bank in the Gaza Strip, providing life-saving supplies for the people caught up in one of the world's most protracted conflicts. Dalal Najjir, Merlin's Country Director in the country explained: "Blood banking is hugely important in the Gaza Strip because of the ongoing conflict in the area. The service was seriously compromised by the blockade and Merlin's help was critical to meeting the needs of the thousands of Palestinians who rely on the service."

On completion of the blood bank work, Merlin handed the facilities we supported back to the national

Ministry of Health and exited the territory.

In **Zimbabwe**, we worked in some of the most isolated areas of the country. We improved the quality of health services, training health workers in responding to and preparing for cholera outbreaks. Whilst communication and access to current information remains a problem in many rural areas, we have provided phones to those areas covered by mobile network services and re-established the high frequency radio network to strengthen early warning systems and transfer vital health information ensuring an immediate response.

SOMALIA: BRINGING RELIEF TO INSECURE, DROUGHT-PRONE REGIONS

In **Somalia**, we are working in Ceelbur district, a marginalised area prone to drought and insecurity in Central Galguduud region. The only INGO left after all other INGOs and UN bodies were forced to leave, Merlin's team is providing primary health care, nutrition and water and sanitation services. In 2010 we were able to scale up our work as a result of greater community support. The programme is run entirely by national staff and our medical co-ordinator trains and mentors the nurses through on-the-job training.

By chartering flights from Nairobi, we have been able to supply this remote area with medical equipment and medicines and develop an excellent relationship with local communities. We have also:

- Minimised the risk of mortality and morbidity in under fives and pregnant mothers through providing health services for these vulnerable groups
- Improved disease surveillance and reporting
- Trained local communities in essential hygiene and health promotion to limit the impact of disease outbreaks.

fragile countries

Strengthening our focus across a wider range of health services

As well as expanding our work geographically in existing country programmes to meet ever increasing needs, Merlin's teams are often called on to expand the range of services we offer. To this end, we have been broadening our focus to cover a number of important health areas that form an essential part of our long-term commitment to fragile countries around the world.

Kenya: expanding our nutrition programme

In the Turkana district of Kenya we expanded our nutrition work with an outreach programme. This consists of 35 outreach sites in isolated regions providing nutrition services to 20,832 people in marginalised communities with little access to health services.

Addressing the nutrition crisis in Ethiopia

In 2010 Merlin continued to implement a comprehensive nutrition programme in Borena zone, Ethiopia. Our teams provided out-patient therapeutic feeding to severely malnourished children and mothers, supplementary feeding of moderately malnourished individuals and management of complicated cases at stabilisation centres. Merlin is remaining in Borena Zone into 2011 to continue monitoring the situation as assessments indicate an upsurge in malnutrition following the repeated failure of the rains.

Focus on mental health

2010 saw Merlin expand our organisational remit and health services to include mental health. This is in response to our recognition of the acute unmet need for mental health and psycho-social services for people living in countries caught up in conflict and crises.

"To women in other countries, I say please think about Congolese women because they suffer from sexual violence. To the women of Congo, I say join hands. A lot of us are victims of abuse. We should share our experiences and strive to make things better."

Immaculee Masika Sarambongo, Sexual and Gender-Based Violence Supervisor, DRC

DRC: COMBATING GENDER AND SEXUAL BASED VIOLENCE

As a result of ongoing insecurity in North Kivu in DRC, everyone, but particularly women and children, is at risk of sexual and gender-based violence (SGBV). Rape is endemic in the area with many survivors enduring their fourth, fifth, even sixth assault. The medical and psychological trauma of such widespread brutality is extensive.

As well as ensuring survivors have access to life-saving clinical care, we are working to change attitudes amongst communities in conflict-affected areas, ensuring that sexual violence is no longer tolerated. We are also training health workers in psycho-social counselling to ensure they have both the clinical and psychological skills to treat survivors.

Particular highlights of our work in 2010 include:

- Training on counselling for mental health for all health workers in the facilities we support
- Trained 394 community leaders on SGBV issues
- Installed a SGBV co-ordinator at provincial/project level.



Immaculee, the SGBV coordinator for Rutshuru



Influencing global health policy and practice

Galvanising change when it comes to health in fragile states is a core mandate for Merlin. We are driven to ensure long-term funding and support to health systems is a key aspect of humanitarian aid in crisis countries, to ensure lives can be saved now and in the future.

Our major advocacy and campaigning focus for 2010 was without doubt addressing the chronic health worker crisis in the countries where we work.

2010 was a huge policy and campaigning year for Merlin, as well as the sector as a whole, thanks to the United Nations Summit in September, which focused on progress towards the 2015 Millennium Development Goals.

In such a key milestone year, Merlin seized the opportunity to highlight the acute need for more health workers in fragile states through our highly influential campaign –

www.handsupforhealthworkers.org.

Putting health workers at the heart of development

Merlin calls for an end to undermining weak health systems at the World Health Assembly

Merlin joined other global health actors to support a resolution on the Code of Practice on the international recruitment of health workers at the 2010 World Health Assembly. This was Merlin's first time at the World Health Assembly, a sign of our growing influence on global health issues.

The Code provides a framework to ensure that international recruitment does not undermine health systems in countries where there is a crisis in the health workforce.

The code was passed unanimously at the Assembly and we are now working in partnership with key actors to ensure its adoption and implementation.

Lobbying UK Government to invest in health workers

Merlin, together with VSO and AMREF, was instrumental in the creation of a 20+ strong NGO group dedicated to influencing the UK government and wider global community on how to better support human resources for health.

In anticipation of the incoming UK coalition government, the group produced a targeted "call to action" to highlight the vital importance of putting investment in health workers at the heart of the Millennium Development Goals.


We remain a key member of the group and have been instrumental in drafting the national NGO advocacy strategy to address human resources for health.

Campaigning for change with www.handsupforhealthworkers.org

With a comprehensive advocacy and campaign strategy in place, Hands Up For Health Workers really came into its own in 2010. Our aim was to present a 10,000 strong petition to world leaders at the UN Meeting in New York on progress towards the Millennium Development Goals and all activity was geared toward making that happen.

Securing celebrity support for our campaign

In March, Dr Pamela Connolly accompanied Merlin's campaign team on a visit to DR Congo to explore the psycho-social impact of sexual and gender-based violence on national health workers. It became clear from the trip that the need to invest in psycho-



social training for all national health workers was vital to give survivors of the violence a real chance of recovery. As a result, Pamela went on to speak out within the media about Merlin's vital work and the need for longer-term investment.

She also spoke passionately about her experience at a fundraising event Merlin's US team held in New York in September, before an audience of major donors and interested parties including Billy Connolly, Brian Cox and Ghislaine Maxwell.

Pamela has since become Merlin's first ever Campaign Ambassador.

Maximising social media and events

In our bid to get our campaign petition flying, our team worked hard to drum up support through Twitter and Facebook, securing influential tweets from Stephen Fry, Sarah Brown, Annie Lennox and DFID, amongst others, helping to spread the word amongst the millions and millions in the twittersphere.

We also took part in our first ever International Women's Day, taking to the streets in London to champion female health workers in DR Congo, joining Sarah Brown, Annie Lennox and others in a global call to put women at the heart of development.

Promoting our message in our country programmes

In Afghanistan Merlin promoted our Hands Up for Health Workers campaign at the Human Resources for Public Health Fair in Kabul. It was attended by representatives and students from Kabul Medical University, the London School of Hygiene and Tropical Medicine, representatives from the Ministry of Public Health and international donors such as DFID and USAID. Over 200 attendees signed up to the campaign including national health workers.

Liberia too became a key campaign advocate, running a fair at the National Health Convention in the capital where Ministers and health workers signed up to show their support, including Dr Gwenigale, the country's Minister of Health.

Handing it to World Leaders at the United Nations MDG Summit

As a result of all our hard work, by August we'd smashed our petition target with 12,000 people from across the world backing our call for investment in health workers in crisis countries; a figure which helped to double our supporter database in little over six months.

Together with the Global Health Workforce Alliance and members of the UK HRH Advocacy Group, Merlin held a side event – our first – at the United Nations MDG Summit called: "No health workforce; No MDGs". The event had speakers from DFID, Ministers of Health from Malawi and Cameroon, as well as our own Chief Executive Carolyn Miller, who highlighted the acute crisis in fragile states.





The campaign team secured Safaa, an inspirational health worker from North Sudan, to present the petition to Ministers of health from Cameroon and Malawi. Making an impassioned plea for global leaders to act on the health worker crisis, her speech received a chorus of applause from the group.

Merlin influences the debate on health sector challenges

2010 was a busy year for our policy and campaigns teams, when we used Merlin expertise drawn from first-hand experience to influence the debate on health sector challenges and help bring about important changes.

The Grave New World for health workers in crisis countries

As part of our campaign to highlight the challenges faced by health workers in crisis countries, we undertook empirical research into how insecurity affects health workers and the delivery of health services.

Our findings were stark: while attacks on international aid workers make front-page news, attacks on national health workers, while regular and targeted, go hugely under-reported even in their own country. Insecurity is having a devastating effect on health, with 22 of the 34 countries least likely to achieve the MDGs either in the midst of, or emerging from, conflict.

To drive the message home, Merlin's campaigns team staged a stunt on Peace Day 21st September in London, to highlight how the world's lifesavers have become targets in the fight to secure territory, resources and power.

What next?

Securing peace and an end to conflict won't just secure better health for the world's most vulnerable people, it will also have the biggest impact on global poverty. As such, Merlin's campaign team will be championing

the need for peace throughout 2011 working closely with our partners, Peace One Day and John Hopkins University.

Afghanistan: what impact are community midwives having on maternal health?

Merlin has been supporting the training and deployment of community midwives in Afghanistan for over five years. In 2010 we undertook a study to determine how these trained midwives were viewed and used by their community. The report found that women and the broader community find this a good way of providing the vital services they need but also highlights the difficulties of accessing services in isolated contexts.

What next?

We'll be taking forward the information gathered in our research through lobbying both in country and in the UK to ensure access to health services in rural Afghanistan remains central to health interventions.

Learning from emergencies: Haiti


We undertook a review of the humanitarian health response in Haiti. The review highlighted the need for a more coordinated, collaborative approach to disaster response. Merlin's research into the role of national and international health workers signalled a need to rethink how the humanitarian community works with national health systems. Merlin's report stresses how a strong health system can offer vital protection and response to disaster-related risks.

What next?

We will use the recommendations from this report to lobby at the highest levels in 2011 to ensure global humanitarian responses support existing health system and national capacity.

Building the capacity of country teams to lobby for change

2010 saw us place particular emphasis on building the capacity of teams to achieve our policy and advocacy



objectives at country level, through dedicated training and support. Key advocacy themes included emphasis on human resources for health and universal access to health care.

From service delivery to advocacy

In Nepal we have re-orientated our programme from service delivery to a strong advocacy programme providing technical support to partners, grassroot-level organisations and community groups to develop and implement health initiatives in collaboration with health authorities and institutions. We have ensured the participation and ownership of local stakeholders and community groups in all projects, and we have been actively involved in the health cluster as well as the International INGO Network Health Working Group.

Afghanistan: the case for nutrition services

Years of conflict and poverty have resulted in high levels of malnutrition in Afghanistan. Merlin has been central in promoting the inclusion of the management of acute malnutrition in the basic package of primary health services in the country. This has since been endorsed and adopted by the nutrition cluster and the department of public nutrition.

Our clinics and mobile medical teams in some of the most remote provinces provide screening for malnutrition and referral for vulnerable children and pregnant women. We are the biggest provider of these services in the country and we have successfully promoted the lessons from our programmes to the Ministry of Health and other agencies.



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A year of innovation & change in Marketing, Communications and Fundraising

Securing greater recognition and profile

2010 was a hugely busy year for Merlin's small communications team, both for the promotion of our emergency response and our long-term work, as well as sharing our policy and campaigning priorities. As a result, we made significant strides in our organisational drive to become a household name and secure far greater levels of funding.

Media and press

Haiti

Our communications response to our work during the Haiti earthquake resulted in our greatest amount of media coverage since the Asian tsunami in 2004, bolstered significantly by a robust cross-team communications strategy which saw all channels – online and social media, as well as traditional media outlets – maximised.

We successfully embedded key journalists from London's Evening Standard and the Washington Post in the first phase of our response, which helped greatly to generate vital funding for our work thanks to the former's dedicated appeal for Merlin.

In total, we secured 417 media 'hits' for Merlin's work in Haiti, with funding contributing to £106 million raised by the Disasters Emergency Committee (DEC).

Pakistan

The media appetite for Pakistan's floods concentrated greatly on the political challenges, overshadowing the real needs of the people affected and the amazing work done by hundreds and thousands of national staff.

That said, our small communications team managed to secure 86 unique pieces of coverage, as well as hosting The News of the World, Al Jazeera, the BBC, Radio 4 and ITN on various visits to our field operations.

Winning 'The Times' Christmas Appeal 2010

As well as coverage secured throughout the year, we were successful in securing 'The Times' Christmas Appeal in 2010, our fifth appeal in eight years.

- In total, Merlin had 16 articles over the appeal period, including one front page
- Opportunities to see Merlin's name can be more than 10 times the circulation of 'The Times' – so the number of times Merlin could be viewed in one day was over four million
- We raised a total of £220,000 from nearly 2,000 new supporters.

As a result of success during the emergencies and throughout the year in 2010, Merlin was honoured to be nominated as Communications Team of the Year by Third Sector Magazine.

Changing our visual identity to attract new funding

The case for change

In January 2010, Merlin's trustees approved an in-depth strategic review of our brand positioning, the first in our 18-year history. The core driver of this review was the need to attract higher levels of unrestricted funding from the general public.

In order to secure this support, the review concluded that we must better communicate who we are and what we stand for and recommended that we refresh and reinforce our visual identity through some key changes to our look, positioning and brand approach.

Our new look

The key visual elements of our new identity comprise a new typeface and colour palette, and Merlin's new "M" logo. The logo is made up of eight icons representing the breadth and depth of the emergency and longer-term health services provided by Merlin.

Our new positioning

"Medical experts on the frontline" is our new strapline, reinforcing the key role Merlin plays in delivering health services whenever and wherever they are needed.

Merlin's frontline is anywhere we find need – at the forefront of medical services; delivering maternal and child health care; nutrition programmes; the vital strengthening of health systems; and health education and promotion.

Focusing on digital fundraising in 2010

Alongside the refreshing of our corporate identity, we developed an entirely new website with a fundraising focus to meet our unrestricted fundraising targets.

This was part of a programme of investment in Individual Giving fundraising and our commitment to raise our income from the UK public from £1,405,540 in 2009 to £4 million in 2014.

Digitally, our results have been very encouraging and thanks to the new site plus an organisational focus on sharing our work via Social Media sites such as Facebook, Twitter and YouTube we've secured our best results ever.

In 2010, Merlin raised £272,345 online (more than 2007, 2008 and 2009 combined), and there were 446,756 visits to the site – an incredible 94.59% increase from 2009.

Our emergency e-appeal following the Haitian earthquake also won us "Best use of e-media" award from the Institute of Fundraising.



A joined up approach to funding

In 2010 we looked to join up all funding and innovate integration across all streams of income through the creation of a Global Funding Strategy and Plan. This ensures a consistency of approach and a maximisation of resources in order to achieve global funding targets and efficiency throughout the organisation.

The key drivers of this plan were:

- Diversification of funding ensuring that we have a wide portfolio of sources from both the private and institutional side with a goal of raising £10 million from voluntary sources alone by 2014
- Establishing Merlin's first ever Programme Funding Unit which provides a more professional, robust and strategic approach to programme funding
- Investing in Individual Giving to secure increased levels of unrestricted income to allow flexibility of programmatic delivery and sustained organisational development.

Progress

Merlin's investment in individual giving and securing funding from private trusts, foundations and corporations continued to develop well with our total voluntary income up from £5,505,642 in 2009 to £8,605,329 in 2010.

Some of this growth is due to our supporters' generous response to the Haiti crisis and the Pakistan floods, but it also representative of overall growth in the area, thanks to investment made at the beginning of the year.

We established the Merlin Emergency Response Fund (MERF) to enable us to respond to global emergencies without delay. This fund will also enable us to respond to "hidden emergencies" which go largely ignored by the media, and to access longer-term grants as countries move from emergency to recovery. Many thanks to the Schroder Foundation for providing the initial £25,000 to establish the fund.

Merlin USA has continued to develop well and has provided funding for Merlin UK in 2010, predominately for our responses in Haiti and Pakistan. Merlin UK will work very closely with Merlin USA on major funding applications in 2011.

Overall, Merlin's income levels have continued to outstrip targets and in 2010 we raised

£60 million in total including from a number of new donors.

Challenges

Funding increases in 2010 were largely from our traditional institutional donors and principally involved restricted funds. This restricts our flexibility and ability to invest in new areas and initiatives. Despite our best efforts we were not able to build our Programme Funding Unit as quickly as we would have liked, however a rethinking on the profile of the Unit will assist efforts in 2011.

We were further setback to learn that our 2010 application for an ongoing core fund from DFID was unsuccessful. In 2011, therefore, the drive to deliver unrestricted income will be paramount and involve significant input from across the organisation.



Demonstrating impact and accountability

Evaluating what we do, how well we do it and how we can do it better is central to our work, and a number of evaluations were completed in 2010, including a real time evaluation of Merlin's emergency responses in Haiti and Pakistan. We also undertook in-depth country programme evaluations in South Sudan, Kenya and Somalia, and technical reviews throughout our programmes.

However we remain slow in applying the learning which is coming out of these evaluations. To remedy this, the steps we have taken in 2010 will ensure that we are better able to capture and track the take-up of lessons learned.

Merlin is a full member of the Humanitarian Accountability Partnership (HAP). However we decided to lengthen the time taken to achieve full certification to ensure that we are fully accountable to beneficiaries. Therefore plans to achieve HAP certification for Merlin by the end of 2010 were not realised, and instead this will be prioritised in 2011.

Making our programmes as effective as possible

We created new regional manager-led teams along with more focused support from health, HR, finance and logistics specialists, with a greater focus on regional working.

Weaknesses in global support in logistics have also been addressed through a restructuring of the logistics team. The priority now is to ensure that these expanded regional teams have the right tools to oversee successful programme delivery. An early priority for 2011 is to improve take-up of Merlin's Programme Management Cycle.

The full use of our core financial system has suffered many setbacks. The recent information technology strategy review suggests that replacement of PSF should be considered as an alternative to continued spending on global roll-out. As part of our future plans for technology investment we will be looking at options to bring together logistics and purchase ordering with our core financial systems.

Generating quality data from our programmes

By the end of 2010 Health Information Systems (HIS) had been rolled out in six countries. This system allows us to collect a standardised set of data from across Merlin's country programmes, not only measuring our accountability to beneficiaries but also demonstrating our effectiveness and impact. Although a full roll out of HIS was not possible in 2010, we hope to have all Merlin programmes operating HIS by the end of 2011.

Harnessing and strengthening talent

We delivered the Public Health in Crisis and Transitional Contexts course, and the Analysing Disrupted Health System course in partnership with the World Health Organisation and International Rescue.

We also developed and delivered ECHO-funded Effective Participation in the Cluster Mechanism training in most of our country programmes, and Needs Assessment training as part of our active involvement as partners in the Assessment Capacities Project (ACAPS).

We also continued our highly successful intern programme, with 26 interns joining us throughout the year, many of whom have moved into permanent positions within Merlin programmes.

Recruitment and retention remain a key challenge for Merlin. We completed and implemented a significant review of pay and benefits for staff at both head office and in the field to ensure that we were more competitive and to reward business-critical roles more appropriately. We also started a major review of our recruitment and selection processes.

2010 Summary: a year of growth and investment

2010 has seen an expansion of our programmes particularly as a result of our emergency activities. We have also increased our reach and impact in many of our existing programmes.

This brings its own challenges in terms of supporting the programmes and raising the funding.

By bringing our Country Directors into the UK twice we have been able to both share experience and agree ways to better work together at global level.

This was an important year for bringing the organisation together, jointly agreeing on the priorities and planning each team's role in achieving our objectives.

Looking forward: our focus and aims for 2011

Our overarching aim remains to demonstrably improve the health access and outcomes for the world's most vulnerable people. We aim to do this through effective, timely responses in emergencies and the better delivery of vital health services in crisis-affected communities.

We will be particularly, but not exclusively, targeting mothers and children under five, and helping local people and authorities in the early stages of restoring or building a sustainable health service.

This will include:

Further strengthening our response capacity so that we are able to react quickly to needs in the world's toughest places. We will be able to respond both internationally and locally (in countries where we are already operational), and strongly, to new crises, developing new partnerships with others to target needs.

Consistently revisiting Merlin's portfolio of geographic presence and programmatic activity to ensure:

- continued alignment with needs in changing circumstances and regulatory environments
- enhanced quality built on learning from our own and others' experience in complex operational environments
- deepening contribution to building resilience, rather than dependency, in the communities we serve.

Sharpening and focusing our policy work and further embedding it in all our programmes to effect change on major barriers to effective health care by demonstrating what practical approaches have the best results.

Focusing on priority health themes, in particular:

- reproductive health: We will boost our current programmes to ensure that more mothers experience births supported by appropriately qualified clinical staff and access to quality emergency obstetric care in the event of complications. We will also be prioritising reproductive health in emergency responses
- child mortality and morbidity: to reduce the pattern of unnecessary suffering from preventable disease through response to outbreaks, increasing the number of families able to sleep under impregnated mosquito nets and implementation of immunisation programmes
- physical and mental health for survivors of displacement and gender-based violence

during and following periods of conflict

- designing response into health services to account for the emergence of non-communicable disease as a significant contributor to the disease burden in vulnerable communities.

These plans will lead us towards the agreement of a new strategy for 2012 to 2015, the target year for the MDGs. We will have a clear ten-year vision and four year planning horizon as we look to boost our work both in emergency response and recovery.

Achieving our goals in 2011

To realise our plans in 2011, we must focus investment in three key areas:

Demonstrating results: quality and impact of our work

We will continue to improve the quality of our work to ensure we are achieving the greatest impact. Specific evaluations will take place to complement our regular monitoring and great emphasis will be placed on cross organisational learning. During 2011 we will complete the roll-out of our enhanced Health Information System to all country programmes and use the additional data it generates to more effectively inform and improve our own programme design and delivery and that of others.

We will develop a new results based framework to bring together evidence on our impact.



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Recruitment and retention

In order to support our staff more effectively and increase the skills base at Merlin, we will roll out our new performance management system as well as develop increased line management capability and accountability in country programmes for staff recruitment, selection and development.

To improve awareness of employment opportunities and facilitate a more streamlined, easier approach to recruitment, we will introduce a comprehensive e-recruitment process.

We will also complete the second phase of our enhanced pay and benefits package for international staff.

Securing funding

We will continue to invest in Individual Giving in order to reach our 2014 target of securing £4 million from the UK public. Alongside this we will continue to develop and secure partnerships from Trusts, Foundations and Corporations in the UK as well as supporting the growth of Merlin US and seeking opportunities in other regions.

All activities combined will help us reach our 2014 £10 million voluntary income target.

We will build on progress made in 2010 in developing and strengthening our institutional donor streams. Merlin will develop and expand our relationships with our existing Institutional Donors but will also seek to expand our programme funding portfolio through securing grants from other major international humanitarian and development partners.

The creation of our Programme Funding Unit will ensure tighter co-ordination of Grant Management and will enforce a more strategic approach across the whole of Merlin encompassing all our country operations. It will also ensure that Merlin secures significant levels of flexibilities within the grants in order to successfully direct and manage our country offices and activities.





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

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's work will be measured against a series of internal policies that describe our approach to health focused response, recovery and resilience.

Programmes will complement our commitment to national and international health 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 measure that we are meeting the HAP standard by being certified through independent audit.

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

Following a review of Merlin's legal structure in 2010 Merlin completed its corporate governance changes. Merlin Board Ltd, the corporate Trustee of the charitable Trust (former charity number 1016607) changed its name to Medical Emergency Relief International and was registered with the Charity Commission (charity number 1135111). A uniting direction between this organisation and the charitable Trust was granted by the Charity Commission. Accordingly these financial statements present the results of both organisations as a single entity for the year ended 31 December 2010.

Medical Emergency Relief International is a charitable company limited by guarantee (company number 02823935). The members of the charity are the Trustees (who are also the Directors for the purposes of Company Law). The Memorandum and Articles of Association were adopted on 28th May 1993 and the liability of the members is limited to £1.

The Board delegates responsibility to two Sub-Committees. Each has specific terms of reference, and is chaired by a member of the Board of Trustees and they 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. 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 will regularly monitor progress against targets 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.

Policy 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.

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. Company 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 company 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 charitable company and of its net outgoing 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 charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Disclosure of Information to Auditors

Insofar as each of the Trustees of the company at the date of approval of this report is aware there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware.

Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 2011.

Related Parties

As Merlin is a member in 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.

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 for periods 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 utilised 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 2010, Merlin's total income increased by 28% to £59.5m (2009: £46.3m). The rise was due to the emergency response to the floods in Pakistan and the earthquake in Haiti, as well as a significant increase in activities in Liberia. Within the overall total we also saw a significant increase in direct donations and legacies (45% to £5.3m), this partly in response to the emergencies, but also to increased contact and liaison with trusts and corporate partners.

Merlin is grateful to all its donors, be they institutional donors, trusts, corporate partners or individuals, and whether the amounts be big or small. We are particularly grateful to those donors who are able to provide ongoing support, as these funds enable us to plan our activities over the longer-term in the countries in which we operate as well as providing a level of reserve that enables us to respond to the emergencies that occur and to which we are able to provide essential medical assistance.

As major funders of Merlin's emergency work, the Disasters Emergency Committee (DEC) contributions fluctuate depending on the appeals launched. DEC income in 2010 increased to £1.9m (2009: £1.1m).

Charitable expenditure partly reflects the growth in income and has increased by 30.2% to £57.4m (2009: £44.1m). However, it has also been deemed prudent to make additional allowance for certain potential liabilities relating to some of our activities overseas and these are reflected in the growth of unrestricted expenditure in this category (58% to £6.6m).

Expenditure on charity governance and administration amounted to £0.2m, or 0.40% of total expenditure.

The cost of generating voluntary income increased to £2.2m (2009: £1.4m).

1. Risk and Internal Control

The trustees regularly review and assess the risks the charity faces, and the potential impact they may have on the organisation. Throughout 2010 and into 2011, the Trustees have consistently identified fundraising in a difficult economic environment, the availability of working capital, lack of capacity and skills, ensuring quality and consistency of 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 2010. 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

Merlin is implementing a substantial portfolio of confirmed donor-funded projects overseas. The very nature of the agreements with these donors requires the organisation to regularly pre-finance much of its overseas charitable work in advance of the receipt of funds from donors. As a result of this, the organisation does call upon an ongoing overdraft facility provided by its UK bankers (see also Note 11, pg 47).

Merlin prepares detailed cash flow forecasts detailing its borrowing requirements in advance and these are presented to the bank on a regular basis. The bank has provided assurance that it will continue to support the working capital requirements of Merlin on the basis of the current cashflow forecasts that have been provided, and the Directors are confident of the continued support of the bank in its ongoing operations.

The Directors have reviewed the latest cash flow forecasts and the assumptions contained therein. They have also reviewed the status of the overdraft facility and consider that the organisation will be able to meet its future liabilities as they fall due for the foreseeable future. They have therefore prepared the financial statements on the going concern basis.

3. Reserves

Merlin's total funds as at 31 December 2010 are £8.9m (2009: £9.3 m) of which £2.1m 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 2010, as with previous years, is significantly less than restricted income. Unrestricted funds in total have reduced to £6.8m in 2010 (2009: £8.0m) as a result of the increase in charitable expenditure referred to previously.

Based on a review of financial capacity and the scale of programmes in countries the Trustees have reduced the Strategic Development Reserve to that which will be required in 2011.

There remains adequate provision to react to fundamental change in Merlin's long-term financing position, that is six months of head office expenditure. The designated reserves funds in 2010 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 increases. The balance as at 31 December 2010 is £0.39m.

Strategic Development Reserve:

This reserve covers the net investment required from reserves for the balance of the change programme initiated by Merlin in January 2010, the intention being that this 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.

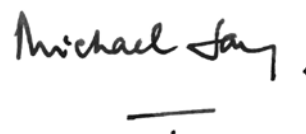
The outcome of the review in 2010 was to establish that Merlin continues to require a level of unrestricted reserves of between £4.2m and £8.4m. Unrestricted reserves may be described as being those reserves freely available for the charity to spend for all or

any of the Charity's purposes, once it has met its commitments and covered its other planned expenditure. In light of the review detailed in the going concern section of this report it is considered that the level of reserves obtained in 2010 is acceptable.

Appointment of Auditors

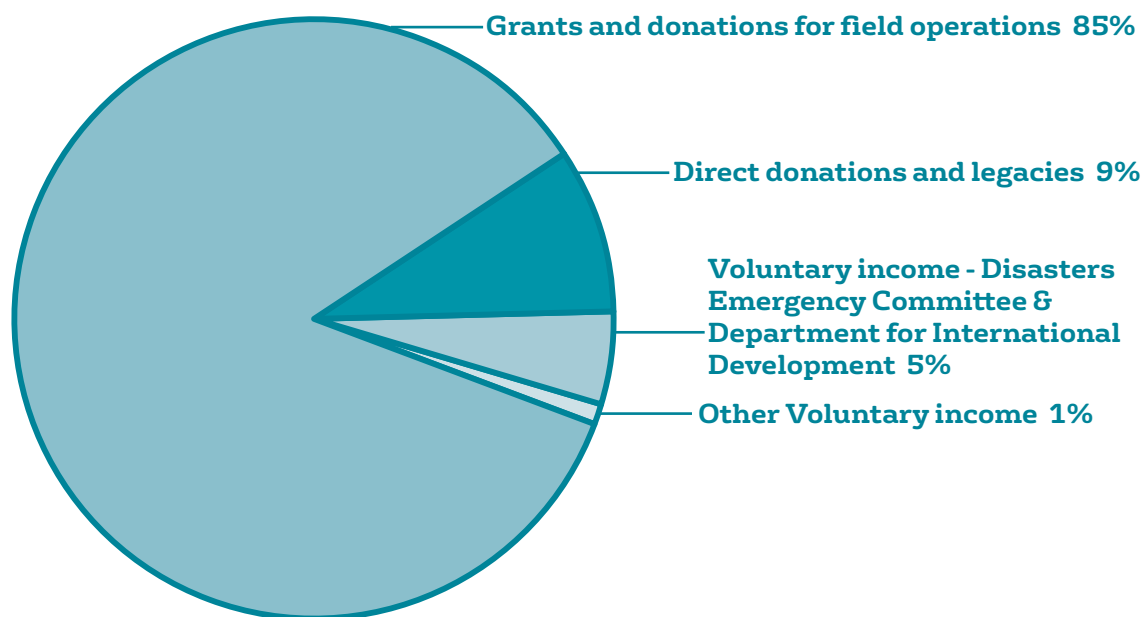
Crowe Clark Whitehill LLP were appointed as auditors in 2010 and have indicated their willingness to continue in office. It is proposed that they be re-appointed auditors for the ensuing year.

This report was approved by the Board and signed on its behalf by

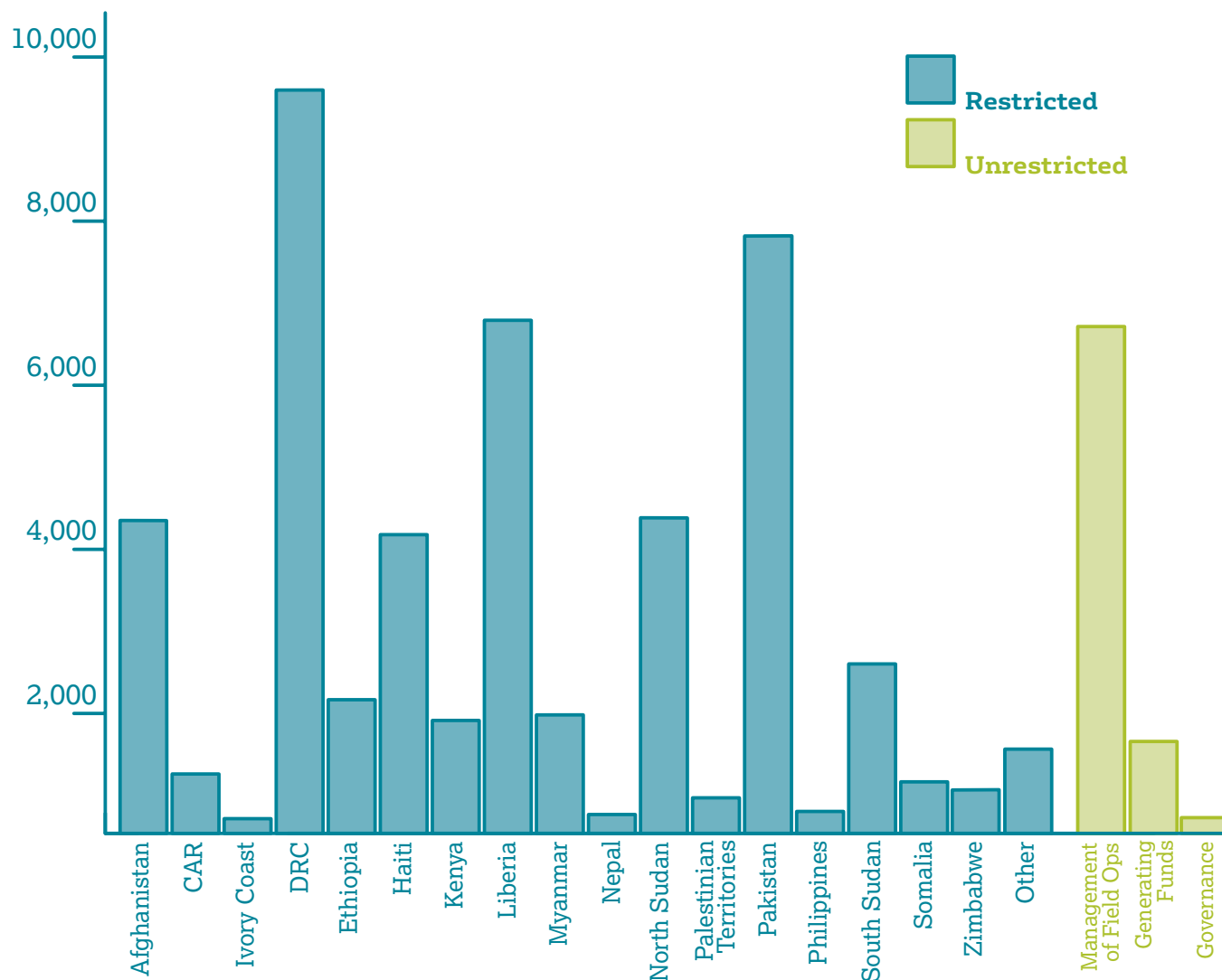


Lord Jay
25th August 2011

What we received



Where it was spent



Independent Auditor's Report to the Members of Medical Emergency Relief International

We have audited the financial statements of Medical Emergency Relief International for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial

statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

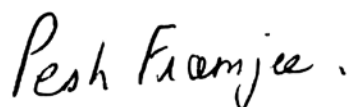
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Pesh Framjee
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Statement of Financial Accounts

Incorporating an income and expenditure account for the year ended 31st December 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming Resources					
<i>Incoming Resources From Generated Funds</i>					
Direct donations and legacies	2	3,075,779	2,199,522	5,275,301	3,648,036
Government and institutional	2	174,722	2,559,468	2,734,190	1,607,475
Other	2	595,837	-	595,837	250,131
<i>Incoming Resources From Charitable Activities</i>					
Field Operations	3	3,120,698	47,771,720	50,892,418	40,811,399
<i>Other incoming resources</i>					
Investment Income		9,451	-	9,451	2,551
Total Incoming Resources		6,976,487	52,530,710	59,507,197	46,319,592
Resources Expended					
<i>Cost of Generating Funds</i>					
Costs of Generating Voluntary Income	5	1,309,423	936,381	2,245,804	1,406,426
<i>Charitable Activities</i>					
Field Operations	5	6,631,634	50,778,687	57,410,321	44,093,852
<i>Governance Costs</i>	5	242,468	-	242,468	202,358
Total Resources Expended		8,183,525	51,715,068	59,898,593	45,702,636
Net Incoming/(Outgoing) Resources before Other Gains and Losses					
		(1,207,038)	815,642	(391,396)	616,956
Unrealised loss on Investments		(3,500)	-	(3,500)	(500)
Net Movement in Charity Funds for the Year		(1,210,538)	815,642	(394,896)	616,456
Total funds brought forward at 1st January		8,024,876	1,313,624	9,338,500	8,722,044
Total funds carried forward at 31st December 14		6,814,338	2,129,266	8,943,604	9,338,500

All of the activities represent continuing activities of the charity.

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

Balance Sheet

As at 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed Assets					
Tangible fixed assets	8		316,701		152,741
Investments	9		24,500		28,000
			341,201		180,741
Current Assets					
Stock		67,196		73,162	
Debtors	10	22,004,650		14,190,177	
Cash at bank and in hand - HQ	11	1,490,337		4,349,164	
Cash at bank and in hand - Field	11	3,961,674		2,662,455	
		27,523,857		21,274,958	
Provisions		(2,399,429)		(1,876,978)	
Creditors: Amounts falling due within one year	12	(16,522,025)		(10,240,221)	
Net Current Assets			8,602,403		9,157,759
Net Assets			8,943,604		9,338,500
Funds					
General fund	14		5,130,624		5,785,162
Designated funds	14				
Emergency Response & Assessment Fund			390,714		390,714
Strategic Development Reserve			1,293,000		1,849,000
Unrestricted funds	14		6,814,338		8,024,876
Restricted funds	14		2,129,266		1,313,624
			8,943,604		9,338,500

Approved on behalf of Medical Emergency Relief International, (company number 02823935),
by Lord Jay



23rd August 2011

Cash Flow & Notes

For the year ended 31st December 2010

	Note	2010 £	2009 £
Net Cash Outflow from Operating Activities	See a below	(1,239,291)	(858,001)
Returns on Investments and Servicing of Finance			
Bank interest received		9,451	2,551
Interest paid		-	-
Capital Expenditure		-	-
Payments to acquire tangible fixed assets		(329,768)	(192,396)
(Increase)/Decrease in Cash		(1,559,608)	(1,047,846)

a) Reconciliation of Excess of Expenditure over	2010	2009
Income to Net Cash Inflow from Operating Activities	£	£
Net outgoing resources	(391,396)	616,956
Loss on disposal of fixed assets	-	-
Depreciation charges	165,807	300,523
Decrease (increase) in stock	5,967	(11,359)
Increase in debtors	(7,814,473)	(2,143,779)
Increase (decrease) in creditors	6,281,804	(70,879)
Increase in provisions	522,451	453,088
Interest paid	-	-
Interest received	(9,451)	(2,551)
Net cash outflow from operating activities	(1,239,291)	(858,001)

b) Analysis of Net Cash Resources

	Opening Balance £	Cash Flow £	Closing Balance £
Cash	7,011,619	(1,559,608)	5,452,011

c) Location of Cash Resources

	2010 £	2009 £
HQ bank accounts	1,490,337	4,349,164
In-country bank accounts	3,961,674	2,662,455
	5,452,011	7,011,619

Notes to the Accounts

For the year ended 31st December 2010

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 Companies Act 2006, and applicable accounting standards.

(b) Going Concern

Merlin is implementing a substantial portfolio of confirmed donor-funded projects overseas. The very nature of the agreements with these donors requires the organisation to regularly pre-finance much of its overseas charitable work in advance of the receipt of funds from donors. As a result of this, the organisation does call upon an ongoing overdraft facility provided by its UK bankers (see also Note 11).

Merlin prepares detailed cash flow forecasts detailing its borrowing requirements in advance and these are presented to the bank on a regular basis. The bank has provided assurance that it will continue to support the working capital requirements of Merlin on the basis of the current cashflow forecasts that have been provided, and the Directors are confident of the continued support of the bank in its ongoing operations.

The Directors have reviewed the latest cash flow forecasts and the assumptions contained therein. They have also reviewed the status of the overdraft facility and consider that the organisation will be able to meet its future liabilities as they fall due for the foreseeable future. They have therefore prepared the financial statements on the going concern basis.

(c) 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 of 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 presented in the financial review section of the Trustees Report.

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.

(d) 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.

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.

(e) 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 in proportion to activity levels and their relative demands on central resources.

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.

(f) 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

(g) Cash and Bank Balances

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

(h) Stocks

Stocks of drugs and other materials are valued at cost.

(i) 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.

(j) Operating Leases

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

(k) Taxation

Merlin is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. 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.

(l) 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.

(m) 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.

2 Voluntary Income	General Fund	Restricted Funds	Total 2010	Total 2009
	£	£	£	£
<i>Direct donations and legacies</i>				
Individual Giving	2,383,916	51,856	2,435,772	1,405,540
Donor Partnerships	691,863	2,147,666	2,839,529	2,242,496
	3,075,779	2,199,522	5,275,301	3,648,036
<i>Government and institutional</i>				
DEC	120,572	1,785,894	1,906,466	1,107,475
UK Dept for International Development	54,150	773,574	827,724	500,000
	174,722	2,559,468	2,734,190	1,607,475
<i>Other</i>				
Training	22,535	-	22,535	54,872
Other	787	-	787	136,759
Gift in Kind	572,515	-	572,515	58,500
	595,837	-	595,837	250,131
	3,846,338	4,758,990	8,605,329	5,505,642
3 Incoming Resources from Charitable Activities		Total 2010	Total 2009	
		£	£	
Academy for Educational Development		123,774	45,245	
Action Aid		4,095	-	
Arbeiter-Samariter-Bund		51,792	-	
BMB Mott MacDonald		764,710	-	
Canadian Government		10,877	-	
Care		426,324	640,229	
Caritas		1,044	-	
CHF International		-	336,196	
Columbia University		432,423	133,164	
Danish Embassy		87,352	-	
Diakonie		454,483	78,868	
Ernst and Young		97,932	-	
European Commission (including ECHO)		16,623,759	13,517,784	
GAVI		137,925	-	
Gifts in Kind		1,203,207	2,889	
Global Alliance for Vaccines and Immunisation		-	115,230	
Global Fund		1,633,032	2,810,041	
GOAC		25,136	-	
Health Net TPO		7,752	-	
HelpAge International		233,076	48,535	
International Rescue Committee		125,844	-	
Intrahealth		188,283	134,907	
Irish Aid		1,351,864	2,061,545	
Jhpiego		204,140	196,595	
London School of Hygiene & Tropical Medicine		44,405	32,934	
McCall MacBain Foundation		677,510	-	
Mercy Corps		-	115,089	
Other		735,827	208,395	
Other Government Funds		1,444,339	-	
Save the Children		540,572	-	
Stichting Vluchteling		62,309	30,069	
Swedish International Development Corporation Agency (SIDA)		1,791,229	350,719	
UK Department for International Development (DFID)		9,879,664	9,902,441	
UNICEF		187,442	-	
United Nations (including WHO)		5,572,523	5,080,434	
US Agency for International Development (including OFDA)		5,518,066	4,665,760	
WFP		36,790	-	
World Vision		212,918	304,330	
Total		50,892,418	40,811,399	

Notes to the Accounts

3 Incoming Resources from Charitable Activities (continued)

This income funded programmes in the following countries:

	2010	2009
	£	£
Afghanistan	4,669,338	3,706,089
CAR	746,314	467,603
Cote d'Ivoire	482,478	1,865,793
Democratic Republic of Congo	10,247,533	9,375,968
Ethiopia	2,192,828	1,943,119
Haiti	2,601,174	-
Kenya	1,938,056	1,252,396
Liberia	7,421,049	5,066,834
Myanmar	1,960,990	3,207,477
Nepal	403,837	513,865
North Sudan	4,923,163	3,961,762
Pakistan	8,005,898	4,769,214
Palestinian Territories	411,860	811,525
South Sudan	2,723,635	2,377,307
Somalia	956,932	1,090,477
Zimbabwe	773,117	426,301
Other	434,216	(24,331)
Total	50,892,418	40,811,399

4 Other incoming resources

A foreign exchange loss of £197,891 was made in 2010 and is included in the charitable activities costs.

A loss of £75,437 was made in 2009

5 Total Resources Expended

	Note	Staff Costs	Other Direct Costs	Support Costs Allocated (Note 6)	Total 2010	Total 2009
		£	£	£	£	£
Cost of Generating Funds						
Costs of Generating Voluntary Income		374,864	813,196	1,057,744	2,245,804	1,406,426
Charitable Activities						
Field Operations		19,305,201	32,945,310	5,159,810	57,410,321	44,093,852
Governance Costs		-	-	242,468	242,468	202,358
Total Resources Expended		19,680,065	33,758,506	6,460,022	59,898,593	45,702,636

	2010	2009
	£	£
Governance Costs includes:		
Salaries	137,852	128,869
Audit - current year	53,741	34,000
Audit - overseas	6,735	6,000
Trustees' Indemnity Insurance	2,888	2,584
Other	41,252	30,905
	242,468	202,358

6 Allocation of Support Costs

	Human Resources £	Direction £	Finance, IT & Admin £	2010 £	2009 £
Cost of Generating Funds					
Costs of Generating Voluntary Income	10,813	663,043	383,888	1,057,744	677,837
Charitable Activities					
Field Operations	556,859	162,980	4,439,971	5,159,810	1,986,403
Governance Costs	-	141,172	101,296	242,468	202,358
Total Resources Expended	567,672	967,195	4,925,155	6,460,022	2,866,598

7 Employees and Staff Costs	Direct Costs	Support Costs	2010	2009
Staff costs:	£	£	£	£
Wages and salaries	19,463,722	1,025,962	20,489,684	15,184,907
Social security costs	141,533	169,022	310,555	217,192
Pension costs	38,365	56,283	94,648	62,298
	19,643,620	1,251,267	20,894,887	15,464,397

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

	2010		2009	
	No.	Pension £	No.	Pension £
£90,000-£99,999	1	6,510	1	6,468
£60,000-£69,999	3	10,411	-	-

The number of employees, analysed by function, was:

	Cost of Generating Funds	Charitable Activities	Governance Costs	2010 No.	2009 No.
UK based employees	25	58	4	87	73
Overseas based employees on UK contracts	-	235	-	235	156
Overseas based employees on local contracts	-	4,747	-	4,747	3,643
	25	5,040	4	5,069	3,872

Trustee's Remuneration

The cost of a visa & flight to Ethiopia for Anne Austen £617.01 (2009 - none).

Notes to the Accounts

8 Tangible Fixed Assets

	Leasehold Improvements	Computer Hardware	Computer Software	Field Motor Vehicle	Office Furniture and Equipment	Total
Cost	£	£	£	£	£	£
At 1st January 2010	140,453	14,848	188,921	759,665	49,706	1,153,593
Additions	-	-	-	329,768	-	329,768
Disposals	-	-	-	-	-	-
At 31st December 2010	140,453	14,848	188,921	1,089,433	49,706	1,483,361
Depreciation						
At 1st January 2010	140,453	14,848	188,921	620,773	35,857	1,000,853
Charge for year	-	-	-	152,826	12,982	165,807
Disposals	-	-	-	-	-	-
At 31st December 2010	140,453	14,848	188,921	773,599	48,839	1,166,660
Net Book Value						
At 31st December 2010	-	-	-	315,834	867	316,701
At 31st December 2009	-	-	-	138,892	13,849	152,741

9 Investments

	2010	2009
	£	£
Market value at 1st January 2009	28,000	28,500
Unrealised investment gains	(3,500)	(500)
Market value at 31st December 2010	24,500	28,000

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

	2010	2009
Debtors	£	£
Amounts due from donors	12,386,759	8,412,139
Accrued income	8,675,087	5,328,445
Other debtors	187,852	23,783
Other taxes and social security costs	34,666	-
Prepayments	720,286	425,811
	22,004,650	14,190,177

11 Cash

The cash held in the Field is for the immediate cash requirements of the projects being implemented in the countries in which Merlin operates, and is generally expended within four weeks of being transferred to the Field.

The cash held by HQ in London is primarily held with the Organisation's bankers, Barclays. As discussed in Note 1(b) Merlin often has to pre-finance expenditure overseas and in order to be able to do so, Merlin has an ongoing overdraft facility with its bankers of up to £4.0 million.

12 Creditors: Amounts falling due within one year	2010	2009
	£	£
Specific programme creditors	1,441,205	621,436
Deferred income	13,086,249	8,148,546
Other taxes and social security costs	157,251	86,485
Other creditors	713,417	440,622
Accruals	1,123,903	943,132
	16,522,025	10,240,221

Deferred income occurs when instalments on grants are paid in advance.

Movement on deferred income during the year:

	£
Balance brought forward	8,148,546
Released to income	(7,906,198)
Received in year	12,843,901
Balance carried forward	13,086,249

13 Operating Lease Obligations

	Other		Land and Buildings	
	2010	2009	2010	2009
	£	£	£	£
On leases expiring:				
Less than one year	-	-	-	-
More than one year and less than two years	-	-	-	92,059
Between two and five years	6,741	6,637	560,966	-
	6,741	6,637	560,966	92,059

Notes to the Accounts

14 Funds Statement

	Total Funds	General Fund	Emergency Response & Assessment Fund	Strategic Development Reserve	Restricted Funds
	£	£	£	£	£
Balance brought forward					
1st January 2010	9,338,500	5,785,162	390,714	1,849,000	1,313,624
Incoming Resources					
Incoming Resources From Generated Funds					
Voluntary Income	8,605,328	3,846,338	-	-	4,758,990
Activities for Generating Funds	-	-	-	-	-
Investment Income	9,451	9,451	-	-	-
Incoming Resources From Charitable Activities					
Field Operations	50,892,418	3,120,698	-	-	47,771,720
Other incoming resources					
Foreign Exchange Gains	-	-	-	-	-
Total Incoming Resources	59,507,197	6,976,487	-	-	52,530,710
Resources Expended					
Costs of Generating Funds	2,245,804	1,309,422	-	-	936,381
Charitable Activities	57,410,321	6,631,634	-	-	50,778,687
Governance Costs	242,468	242,468	-	-	-
(Deficit)/surplus before Transfers	(391,396)	(1,207,038)	-	-	815,642
Transfers					
Transfers	-	556,000	-	(556,000)	-
Unrealised loss on investment	(3,500)	(3,500)	-	-	-
Balance Carried Forward	8,943,604	5,130,624	390,714	1,293,000	2,129,266

*The transfers between unrestricted reserves are explained in the Financial Review

14 Funds Statement (continued)

	Opening balance 01/01/10 £	Incoming Resources £	Resources Expended £	Transfers between funds £	Closing balance 31/12/10 £
Restricted Funds					
Afghanistan	19,392	4,527,890	(4,498,610)		48,672
Bangladesh	2,905	-	-		2,905
Central African Republic	29,155	708,601	(737,656)		100
Cote d'Ivoire	27	439,168	(439,194)		1
Democratic Republic of Congo	170,724	9,584,004	(9,734,108)		20,620
Ethiopia	136,646	1,930,934	(2,054,529)		13,051
Georgia	6,313	-	-		6,313
Haiti	-	4,703,992	(4,195,252)		508,740
Kenya	32,064	1,923,609	(1,865,292)		90,380
Liberia	65,725	6,932,970	(6,903,094)		95,601
Myanmar	292,538	1,941,248	(2,024,123)		209,663
Nepal	27,969	413,698	(442,269)		(603)
North Sudan	18,799	4,592,383	(4,580,360)		30,822
Palestinian Territories	59,197	548,989	(565,938)		42,248
Pakistan	71,644	8,526,961	(7,983,839)		614,766
Phillipines	-	520,837	(447,674)		73,163
SE Asia	114,113	(132,710)	18,812		215
Somalia	896	900,679	(899,031)		2,544
South Sudan	501	2,545,596	(2,541,370)		4,727
Sri Lanka	22,985	-	-		22,985
Zimbabwe	27,047	732,972	(756,843)		3,176
Other	214,984	1,188,891	(1,064,698)		339,177
Total Restricted Funds	1,313,624	52,530,710	(51,715,068)	-	2,129,266
Emergency Response & Assessment Fund	390,714	-	-	-	390,714
Strategic Development Reserve	1,849,000	-	-	(556,000)	1,293,000
General Fund	5,785,162	6,972,987	(8,183,525)	556,000	5,130,624
Total Unrestricted Funds	8,024,876	6,972,987	(8,183,525)	-	6,814,338
Total Funds	9,338,500	59,503,697	(59,898,594)	-	8,943,604

*The transfers between unrestricted reserves are explained in the Financial Review

Notes to the Accounts

15 External Audit Costs	2010	2009
	£	£
Fees payable to the company's auditors for the audit of the company's annual accounts	49,000	34,500
Total Audit Fees	49,000	34,500
Other Services	13,350	6,000
Total Non-Audit Fees	13,350	6,000

16 Analysis of Net Assets by funds	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Fixed Assets	315,835	867	316,702
Investments	24,500	-	24,500
Current Assets	9,350,843	18,173,013	27,523,856
Current Liabilities	(2,876,840)	(16,044,614)	(18,921,454)
Total Net Assets	6,814,338	2,129,266	8,943,604

Merlin Emergency Relief International

Head Office and Registered Address

12th Floor
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London EC1V 9NR

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Chartered Accountants
St Bride's House
10 Salisbury Square
London EC4 8EH

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

The Cooperative Bank plc
80 Cornhill
London EC3V 3NJ

"Trustees" (Directors of Merlin Emergency Relief International) who served during the year were as follows:

Lord Jay of Ewelme (Chair)

Susan Woodman	a	(resigned 22/11/2010)
James Darcy	b	(resigned 04/10/2010)
Susan Ryan		
Steve Mirfin	a	(resigned 01/03/2011)
Alexis Chapman	a	
Dr David Heymann	b	
Lloyd Shepherd		
Anne Austen	b	(resigned 13/06/2011)
Andrew Nebel	a	(appointed 30/04/2010)
Deborah Bronnert	b	(appointed 30/04/2010)
Keith Bradford	a	(appointed 30/06/2010)
Zia Choudhury		(appointed 01/03/2011)

Sub Committee membership is indicated as follows:

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

The Executive officers were as follows:

Chief Executive	Carolyn Miller	
International Director	Charles Nelson	(appointed 25/11/2010)
Interim Director of Corporate Development	Ian Grattidge	(resigned 11/05/2011)
Corporate Development and Resources Director	Phil Hughes	(appointed 01/05/2011)
Director of Health	Linda Doull	
Director of Human Resources and Development	Bryony Glenn	
Director of Marketing and Communications	Imogen Ward	
Director of Finance	Vicky Annis	(left 31/05/2011)
Director of Finance	Chris Maynard	(appointed 02/03/2011)

**Undaunted and determined, Merlin saves lives.
We deliver medical expertise to the toughest places.
And we stay to build lasting health care.**



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