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**ANNUAL REPORT 2005**

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Dear readers,

It is our pleasure to present the first Annual Report of Child Savings International. Child Savings International was founded in July 2005 and so this report reviews a partial year.

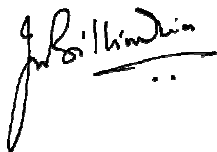
The idea behind Child Savings International came from MelJol, a Non-Governmental Organisation (NGO), based in the city of Mumbai (formerly Bombay), Maharashtra, India. As part of its wider concern with child rights, MelJol created a child rights and savings scheme for rural and tribal children which has now reached 70,000 children. It is this idea, the one at the heart of MelJol, that has been incorporated into 'Child Savings International'.

The launch of Child Savings International could not have been achieved without the help of many. We would therefore like to thank all of those who contributed to this successful start: our Partners; the donors (who contributed financially and/or in kind); the group of volunteers; the secretariat and specifically the team of MELJOL in India who are a continued source of inspiration to the Child Savings International network.

The report will provide you an overview of 2005 and addresses the following topics: about Child Savings International, the activities in 2005, the organisation, the expected activities of 2006 and CSI's view on freely disposable capital. This annual report, while reviewed by internal auditors, has not been externally audited.

Should you have any questions, please feel free to contact the secretariat at [info@childsavingsinternational.org](mailto:info@childsavingsinternational.org) or call +31-20-6262025.

On behalf of the Board of Child Savings International,



Jeroo Billimoria  
Chair of the Board

## 1 ABOUT CHILD SAVINGS INTERNATIONAL

Child Savings International was founded in July 2005 to take forward a concept successfully developed and tested by MeJol, a Non-Governmental Organisation (NGO), based in the city of Mumbai (formerly Bombay), India. As part of its larger concern with child rights, MeJol created a savings and empowerment programme for children through which 70,000 rural and tribal children now save small amounts of money through child-run in school savings clubs and citizenship education. Child Savings International aims to facilitate and accelerate the transmission of this concept to the other areas of the world that could benefit and to take forward the overarching concept of children saving and managing their own financial resources in order to attempt to break the cycle of poverty.

In November 2005, representatives from organisations in four continents met during the first International Consultation in Amsterdam (The Netherlands) and committed themselves and their organisations to joining the Child Savings International Partner Network and to piloting the savings concept in their country. Ten of these countries are currently implementing the concept.

Child Savings International is headquartered in Amsterdam (The Netherlands) for administrative reasons only. As an organisation Child Savings International has its origins in economically developing countries and will continue to follow a bottom up approach shaped by our partners and countries.

## 2 STRATEGIC OBJECTIVES OF CHILD SAVINGS INTERNATIONAL

Child Savings International has five strategic objectives underpinning its vision:

- 1) Developing the approach for child savings and management of financial resources and implementing the concept at the country level.
- 2) Researching, documenting and developing material for the concept of child savings and management of financial resources.
- 3) Advocating with child-focused NGOs to integrate the concept of child savings and management of financial resources in their activities.
- 4) Networking with banks and financial institutions to support and adopt the concept of child savings and management of financial resources in their activities.
- 5) Developing a network of key stakeholders to create a global movement for child savings and management of financial resources.

### 3 ACTIVITIES IN 2005 BY STRATEGIC OBJECTIVE

As a new organisation, the major activities to date have however focused on strategic objectives one, two and five and the founding activities necessary for a new organisation.

#### 3.1 Strategic objective 1:

##### ***'Developing the approach for child savings and management of financial resources and implementing the concept at the country level'***

All activities in the period related to this objective have been focused on Child Savings International's flagship savings and empowerment concept. Initial development of this concept falls outside the period having been completed by MelJol and although further development of the concept is expected it will occur after completion of the first ten pilots. Therefore the major related activities with this period are:

- Accurate transmission (and documentation) of concept from MelJol to Child Savings International staff through interviews and joint review of material
- Creation of a pilot strategy and associated materials

#### 3.2 Strategic objective 2:

##### ***'Researching, documenting and developing material for the concept of child savings and management of financial resources'***

All activities in the period related to this objective have also been focused on Child Savings International's flagship savings and empowerment concept.

The major related activities in period are:

- Research on the availability of similar programmes for child savings (some successful ones found for 'older' youth and street children but none found for poor, school-going rural children in economically developing countries)
- Aggregation and production of MelJol classroom material as a starter 'library' for Partners
- Creation of a 'How to' manual for Partners that details the concept and pilot strategy
- Initiation of formal external assessment of the impact of MelJol's programme
- Preliminary identification of complimentary classroom material already created within Partner organisations

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### 3.3 Strategic objectives 3 and 4

Strategic objectives three and four comprising advocacy with NGOs and banks have not been areas of focus or drivers of major activities in the period. However to promote the concept within the NGO sector and to create initial momentum the secretariat had preliminary discussions with key stakeholders and participated in related public meetings.

### 3.4 Strategic objective 5

#### ***‘Developing a network of key stakeholders to create a global movement for child savings and management of financial resources’***

All activities in the period related to this objective have also been focused on Child Savings International’s flagship savings and empowerment concept although some relationships established will be of value in the future.

A major focus of the period was the identification and motivation of a formative network for Child Savings International. As a result the major related activities are:

- Identification of suitable pilot countries and potential partner organisations
- Engagement with potential partner organisations on the possible benefits of the concept in their country and pilot potential
- Preparation and organisation of Child Savings International’s first International Consultation in Amsterdam

## 4 THE ORGANISATION

### 4.1 The network of Child Savings International

The global network of Child Savings International currently consists of carefully selected, highly respected social entrepreneurs and NGOs, ten of which are actively implementing the concept at this time. These local partners are responsible for piloting and tailoring the concept in their countries and suggesting changes and innovations. More specifically, our partners by pilot country are:



**Argentina** | *Ecoclubes* works with young people in over 24 countries and focuses mainly on improving quality of life through environmental education, waste treatment, tree planting, and organic farms as some examples.

**Brazil** | *Banco na Escola* works with children to impart budgeting skills.

**Egypt** | the National Council for Childhood and Motherhood is the highest government authority on activities related to the protection and development of children.

**India** | *MeJoi*, the originator of the Child savings International concept, is focused on empowerment of children

**Mali** | *PASECA*, 'the Support Programme to Implement an Autonomous Savings and Credit System', is a micro-finance institution approved by the Malian Ministry of Finance, which runs savings/credit operations in the North West of Mali

**Nigeria** | *Lynx-Nigeria*, 'Linking the Youth of Nigeria through Exchange', is committed to youth empowerment and the fostering of socially responsible leadership amongst youths through civic education and community projects.

**Panama/Guatemala** | *Abcdespañol's* technologies have helped bring literacy to more than 500,000 individuals and are now integrated into large-scale literacy and primary education projects, managed by Latin American and Caribbean ministries of education

**Philippines** | *PLAN Philippines* is part of the global PLAN organization and in the Philippines alone reaches 43,000 children.

**Philippines** | NATCCO is a national network of cooperatives operating in rural and urban areas and reaching 1 million members.

**Serbia** | *Udruzenje gradjana Pomoc deci (Children's Care Fund)* has two major programme lines: improvement in the rights and education of ethnic minorities and the prevention of child and youth trafficking

**South Africa** | *The Children's Resource Centre* was started in 1983 to help children to organize themselves into a Children's Movement and now has more than 50 Children's Groups throughout South Africa with a membership of more than 5000.

**South Africa** | *Agape Copeland Train* equips pupils with important skills needed for their last schooling years as well as life after school. ACT lobbies on their behalf for job and study opportunities.

**Uganda** | *'The Private Education Development Network'* aims to create competitive creative individuals to fuel Uganda's economy by promoting personal development, entrepreneurship skills, business education in primary and secondary schools.

**Vietnam** | *PLAN in Vietnam* is part of the global PLAN organisation and in Vietnam alone reaches 37,000 children.

**Zimbabwe** | *Junior Achievement Zimbabwe (JAZ)* is a Member Nation of JA Worldwide. JAZ is dedicated to educating young people about business, economics, free enterprise and entrepreneurship.

## 4.2 The Board and Secretariat

Child Savings International is governed by a Board of experienced individuals from different walks of life. The members of the Board will not receive any compensation for the support provided. The Child Savings International Board resides in the Netherlands and is able to interact frequently with the Secretariat. The Founder/Chair is of Indian origin residing in The Netherlands and headed the initial MelJol pilot in India. The three other members are Dutch.

The Board members are as follows:

- **Mr. Rob Becker**, *Treasurer*, former Partner at McKinsey & Company, now active as independent consultant to major corporations.
- **Ms. Jeroo Billimoria**, *Chair*, Founder of MELJOL, Founder of Childline India; Currently Executive Director of Child Helpline International.
- **Professor Jaap Doek**, *Member*, Chair of the United Nations Committee on the Rights of the Child.
- **Mr. Herman Hulst**, *Secretary*, Chairman of the Executive committee of Ernst & Young the Netherlands, Area Managing Partner Central Europe.

The Board has been supported by a small secretariat, consisting of 2 FTEs. Additionally, numerous volunteers have actively facilitated the success of the organization. The role of the daily secretariat is to facilitate roll-out of the pilot based on the needs of the Partners and to advocate the concept at a global level.



### 4.3 Donors

Child Savings International is very proud to have been supported by several donors, both financially and in kind, and would hereby very much like to express its gratitude. These donors include, but are not limited to:

- Ashoka, who helped Child Savings International identify and recruit as Partners the highest calibre of social entrepreneurs. Ashoka has also provided financial support and through ongoing interaction with their network of fellows, a platform for further discussion of the concept of child savings.
- Ernst & Young, who as one of the world leading professional service firms have provide a range of critical services to Child Savings International so ensuring that the organisation starts with strong and professional foundations. For example, Ernst & Young provide accountancy support and manage secretariat salaries.
- FEMI, the 'Foundation to Earth, Mankind through Inspiration and Initiative' has supported Child Savings International both financially, and through shared belief in the role of children and in facilitating change through empowerment, ideologically.
- MediaCatalyst, who, among a wide range of critical activities undertaken on behalf of Child Savings International, have designed and maintained the Child Savings International website, developed the organisation's branding, characterised Aflatoon (the child facing fireball character), and have facilitated workshops with vital stakeholders.
- Plan Netherlands, who have provided financial support at an early stage and, as part of a global organisation, form an ongoing link to the experience and potential of other countries.
- Plan International, who have also provided financial support at an early stage and have acted as a sounding board since the organisation's foundation.
- The Schwab Foundation. Schwab also helped Child Savings International identify and recruit as Partners leading social entrepreneurs from their network of Awardees. Through their network, Schwab greatly expands the reach of Child Savings International in terms of accessing fellows in new countries.
- SROI, who have created an initial framework for evaluating the social return on investment of the Child Savings pilot.
- Triodos Foundation, who have given much valued financial support.
- Several private donors, who have given important financial support and counsel.

## 5 ACTIVITIES IN 2006

Most of the major activities of 2006 are expected to be driven by Child Savings International's flagship savings and empowerment concept although research work is expected to be initiated in 2006 on complimentary financial concepts.

The major activities of 2006 are expected to be:

- Coordination of the ten country pilots and preliminary impact assessments of the earliest finishing pilots
- Preparation and organisation of the second International Consultation (to be held in India in October)
- Further development and strengthening of Child Savings International's Partner network
- Increased advocacy with international child-focused NGOs and financial institutions, in order to adopt the concept of child savings in their portfolios

## 6 CSI'S VIEW ON FREELY DISPOSABLE CAPITAL

### Surplus income

Earmarked Funding: This funding will be carried forward for the concerned activities as specified by the donors.

Freely disposable income: This will be income primarily from private donors or from foundations which is not specified for a particular activity. It is normally for the overall operations of the organisation. To ensure sustainability of the organisation so that the clients are not affected CSI hopes to create a general reserve to cover operational and program costs for a period of 6 months. The six month time frame is based on a prudent assessment on the time taken to source additional funding.

## BALANCE SHEET

December 31, 2005 – before proposed appropriation of the result

Assets	2005 in €
<b>Current assets</b>	
Receivables and prepayments (1)	39.893
Cash at banks and in hand (2)	7.226
<b>Total assets</b>	47.119
<b>Capital and liabilities</b>	
<b>Capital (3)</b>	
Result for the period	7.759
<b>Current liabilities (4)</b>	39.360
<b>Total capital and liabilities</b>	47.119

## STATEMENT OF REVENUE AND EXPENDITURE

### June 27 – December 31, 2005

<b>Income</b>	2005 in €	Budget 2005 (unaudited)
Contributions (5)	93.199	102.000
Membership fees	-	-
Gifts	-	-
Other income	-	-
<b>Total income</b>	<b>93.199</b>	<b>102.000</b>
<b>Costs</b>		
Personnel costs (6)	40.605	46.250
Other operating expenses (7)	11.075	16.750
Program cost (8)	33.656	39.000
<b>Total costs</b>	<b>85.336</b>	<b>102.000</b>
<b>Operating result</b>	<b>7.863</b>	<b>-</b>
Interest income less expenses	(104)	-
<b>Net result</b>	<b>7.759</b>	<b>-</b>

## CASH FLOW STATEMENT

Period ended December 31, 2005

Cash flow from operating activities	2005 in €	
Net result		7.759
Changes in working capital:		
Receivables and prepayments	(39.893)	
Current liabilities	39.360	
		(533)
Cash flow from operating activities		(7.226)
Net cash flow		7.226
Increase cash and cash equivalents		7.226
Movements in cash and cash equivalents		
Cash and cash equivalents as at June 27, 2005		-
Increase cash and cash equivalents		7.226
<b>Cash and cash equivalents as at December 31, 2005</b>		<b>7.226</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005

### General

#### Activities

Child Savings International is a global movement. It aims to socially and financially empower rural school children in economically developing countries, helping them break the cycle of poverty. Its concept teaches rural primary school children about their rights and responsibilities. The combination of rights and financial management helps empower a new generation to avoid financial exploitation and to maximize the return on the choices they make in life. The children see that they can influence their world and can change it for themselves through the choices they make. This can be hugely empowering for them, their community, and their country.

The strategic objectives of Stichting Child Savings International are:

- Developing the approach for child savings and child finance and implementing the concept at the country level;
- Researching, documenting and developing material for the concept of child savings and child finance;
- Advocating with child focused NGOs to integrate the concept of child savings and child finance in their activities;
- Networking with banks and financial institutions to adopt the concept of child savings and child finance in their activities;
- Developing a network of key stakeholders to create a global movement for child savings and child finance.

### Summary of significant accounting policies

#### General

The financial statements are prepared under the historical cost convention in accordance with accounting principles generally accepted in the Netherlands pursuing RJ 650 (Fund Raising Organizations). Assets and liabilities are stated at face value, unless indicated otherwise.

#### Prior year comparatives

The Foundation started its activities in 2005 and therefore no comparatives are presented in the balance sheet and statement of revenues and expenditure.

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into euros at year-end exchange rates; exchange gains and losses are charged to the Statement of revenue and expenditures. Transactions in foreign currencies during the financial year are translated into euros at the rate of exchange ruling on transaction date.

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## Receivables

Receivables are valued at face value less a provision for possible uncollectible accounts.

## Principles of determination of result

### General

The result is determined as the difference between income generated by contributions, membership fees and others, and the costs and other charges for the year. Income is recognised in the year in which it is realised.

### Costs

Costs are recognised at the historical cost convention and are allocated to their reporting year to which they relate.

### Cash flow statement

The cash flow statement has been prepared applying the indirect method.

## NOTES TO THE BALANCE SHEET

### December 31, 2005

<b>Receivables and prepayments (1)</b>	2005 in €
Contributions receivable	37.449
Deposits	1.071
Other receivables and prepayments	1.373
	<b>39.893</b>

The contributions receivable have been collected in 2006.

<b>Cash at banks and in hand (2)</b>	
Current account ABN AMRO Bank	7.124
Cash in hand	102
	<b>7.226</b>

Cash at banks and in hand are available on demand.

<b>Capital (3)</b>	
Balance as at June 27	-
Net result	7.759
<b>Balance as at December 31</b>	<b>7.759</b>

In accordance with the provisions of Article 11 of the articles of association, the Board decides on the appropriation of net result.

<b>Current liabilities (4)</b>	
Accounts payable	16.120
Loan payable	17.000
Social security costs	3.817
Wage tax	1.499
Other liabilities	924
	<b>39.360</b>

The loan relates to an amount received from a board member, bearing interest of 6% per annum. The loan has been redeemed in 2006.



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## **Employee information**

In 2005, the Foundation employed on average 2 employees.  
No members of the Board of Directors received any remuneration for the year ended December 31, 2005.

## **Contingencies and commitments**

### **Long-term financial obligations**

The annual office rental commitment amounts to EUR 15,296. The rental agreement expires on May 31, 2006, but will be extended monthly until a four months period after cancellation of the rental agreement.

## NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURE

### December 31, 2005

Contributions (5)	June 27 – December 31, 2005 in €
Plan Nederland	63.150
Ashoka	12.449
Foundations	13.000
Private donors	4.600
	93.199

During the year an amount of approximately EUR 30,000 has been received as barter deals. The lower amount of contributions compared to the budget can be explained by the delay in receipt of contribution from Winter Media, a potential donor.

Personnel costs (6)	
Salaries and wages	28.418
Social securities	2.940
Consultancy	9.044
Other	203
	40.605

Actual personnel costs are below budget due to 2.  
The average number of employees during the year was 2 FTEs.

Other operating expenses (7)	
Accommodation	6.449
Running costs (stationary, printing, office supplies)	1.490
Running costs (communication costs)	2.126
Governance costs (legal)	688
Other operating expenses	322
	11.075

The actual other operating expenses are below budget due to decrease in income.

Program costs (8)	June 27 – December 31, 2005 in €
Country setup	1.610
Network (international consultation)	30.304
Publication costs	55
Advocacy	1.508
Other program costs	179
	<b>33.656</b>

Compared to the budget, program costs are lower. Some activities had to be deferred based due to minimal receipt of funds.

## ALLOCATION OF COSTS TO OBJECTIVES AND DONORS

Objectives \*)

<b>Secretariat costs</b>	1 in €	2 in €	3 in €	4 in €	5 in €
• Salaries and wages incl. consultancy	10,311	3,136	6,754	-	20,201
• Other personnel costs	-	-	-	-	203
• Accommodation	967	322	645	-	4,515
• Running costs	223	75	149	-	1,043
• Communication	106	106	851	-	1,063
• Governance costs	103	34	69	-	482
• Other costs	48	16	32	-	226
<b>Total secretariat costs</b>	<b>11,758</b>	<b>3,689</b>	<b>8,500</b>	<b>-</b>	<b>27,733</b>
<b>Program costs</b>					
• Country setup	-	1,610	-	-	-
• CSI Network	9	3	6	-	30,286
• CSI Publication	-	55	-	-	-
• Advocacy	-	-	754	-	754
• Other program costs	27	9	18	-	125
<b>Total program costs</b>	<b>36</b>	<b>1,677</b>	<b>778</b>	<b>-</b>	<b>31,165</b>
<b>Total costs</b>	<b>11,794</b>	<b>5,366</b>	<b>9,278</b>	<b>-</b>	<b>58,898</b>

\*) For list of objectives, see section general in notes to financial statements.

Donor allocations have been made in accordance to the specifications of the donors. Allocations of costs to objectives have been made based on actual costs and person days spent on meeting the said objective.

<b>Total in €</b>	<b>Plan Netherlands in €</b>	<b>Ashoka in €</b>	<b>Foundations in €</b>	<b>Private donors in €</b>	<b>Total in €</b>
40,402	40,044	-	358	-	40,402
203	-	-	203	-	203
6,449	6,449	-	-	-	6,449
1,490	116	-	1,374	-	1,490
2,126	2,126	-	-	-	2,126
688	-	-	688	-	688
322	322	-	-	-	322
<b>51,680</b>	<b>49,057</b>	<b>-</b>	<b>2,623</b>	<b>-</b>	<b>51,680</b>
1,610	1,610	-	-	-	1,610
30,304	12,428	12,449	4,446	981	30,304
55	55	-	-	-	55
1,508	-	-	-	1,508	1,508
179	-	-	-	179	179
<b>33,656</b>	<b>14,093</b>	<b>12,449</b>	<b>4,446</b>	<b>2,668</b>	<b>33,656</b>
<b>85,336</b>	<b>63,150</b>	<b>12,449</b>	<b>7,069</b>	<b>2,668</b>	<b>85,336</b>

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## OTHER INFORMATION

### Proposed result appropriation

In accordance with article 11 of the articles of association, the annual proceeds from the capital as well as the gains whatsoever named and received in any year, not destined to be regarded as capital, can be used for the realisation of the objectives of the company.

Awaiting a decision from the Board, the balance sheet is prepared before appropriation of net result.