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A MESSAGE FROM THE BOARD

We created ARK in 2002, convinced that our combined efforts could have a greater effect on children's lives than if we each supported individual charities. We wanted to apply the same robust measurement and accountability to philanthropy as we do to business, in order to deliver programmes that transform the lives of the most disadvantaged children.

As the organisation has matured, ARK's track record for developing effective, sustainable programmes in education, health and child protection has helped us to forge new alliances. Partnerships with the private, not-for-profit and public sectors are now central to our approach and key to the impact we are seeing in the UK and internationally.

We are proud of the programmes and organisations we have incubated that now thrive independently. The South African HIV charity, Kheth'Impilo, continues the innovative approach to primary care that ARK initiated in 2003. In Bulgaria, the model of alternative care we helped to introduce is now central to the country's child care strategy. The school leadership training programmes we co-founded in the UK, Future Leaders and Teaching Leaders, are nurturing a new generation of heads and senior teachers for inner city schools.

As ARK enters its second decade, our ambition is undiminished and we look forward to working with you to deliver lasting change for children.

Arpad Busson Nick Jenkins Blaine Tomlinson
Paul Dunning Paul Marshall Anthony Williams
Stanley Fink Jennifer Moses Ian Wace (Chairman)
Kevin Gundle Michael Platt

The following organisations are part of the ARK family













OUR MOST AMBITIOUS YEAR TO DATE

I am delighted to be leading ARK into its second decade. Having managed ARK Schools since its foundation in 2004, I am particularly close to the organisation and impressed by all that we have achieved this year.

In the UK, ARK Schools saw its largest expansion to date as we opened seven new academies and welcomed a total of 9,000 pupils to the network. We continue to teach a higher proportion of pupils from disadvantaged backgrounds than any other academy group. Average GCSE attainment has increased by 27 percentage points since each school came into the ARK network.

Internationally, we launched two new programmes and brought one to a successful conclusion. We opened our first two secondary schools in Uganda, where we hope to demonstrate a scalable, cost-efficient model for secondary education with our partners. In Zambia, we launched the first programme in sub-Saharan Africa to integrate diarrhoea prevention with treatment. We completed our HIV programme in Mozambique – where we doubled the proportion of HIV positive adults receiving treatment – by formally handing over to the Ministry of Health.

I'm looking forward to working with the team in 2013 to build on our reputation for incubating, developing and managing high-impact programmes.

Lung Herrer

Lucy Heller
Chief Executive

ARK IN NUMBERS

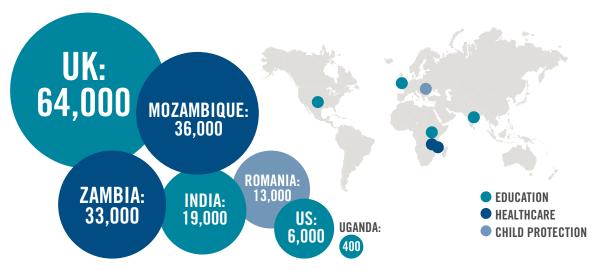
SINCE 2002

430,000 CHILDREN have benefited from an ARK programme.*

£180M and a further £460M has been leveraged from government and partners.

100%
OF DONATIONS goes directly to our programmes as our Trustees and Patrons ensure that central administrative costs are met.

CHILDREN BENEFITING**



ZIMBABWE: IN START-UP PHASE.

^{*} This covers all ARK programmes including those we successfully exited before August 2012

^{**}This includes only current live ARK programmes and excludes programmes we successfully exited before August 2012. The number of children who have benefited is measured from programme inception to August 2012 and rounded to the nearest thousand.

EDUCATION > UK

ARK SCHOOLS: ENSURING CHILDREN ACHIEVE THEIR POTENTIAL

IN PARTNERSHIP WITH

- Bloomberg
- Education Endowment Foundation
- J.P. Morgan
- The Royal Foundation

THE CHALLENGE

Education is one of the strongest determinants of future income and social mobility: young people with university degrees have double the earning capacity of those who leave school and enter the workforce aged 16. Yet inequality in education remains entrenched in England. In 2011 only one-third of children from low-income families achieved five A*-C GCSEs (including English and mathematics), the minimum qualifications needed to progress to A Levels and university. In contrast, 64% of all other pupils attained this key educational benchmark.

OUR RESPONSE

ARK Schools was established to create outstanding schools that give every pupil the opportunity to go to university or to pursue the career of their choice. Our first academy opened in 2006 and ARK now runs a network of 18 non-selective primary and secondary schools in London, Birmingham and Portsmouth. All our schools are in socially disadvantaged areas and a higher proportion of our pupils are on free school meals than in any other academy group.

ARK'S APPROACH

Our education model is based on six key principles:

HIGH EXPECTATIONS

We set exceptionally high expectations for all our pupils which we constantly reinforce as they go through school.

2 EXCELLENT TEACHING

We use robust performance data to improve the curriculum and promote excellence among teachers so that no child is left behind.

3 EXEMPLARY BEHAVIOUR

Our schools maintain a respectful and orderly environment in which teachers can focus on teaching and pupils on learning.

4 DEPTH BEFORE BREADTH

All pupils achieve a strong command of English and mathematics, a vital foundation for the whole curriculum.

5 MORE TIME FOR LEARNING

Our longer school day gives pupils time to master the core subjects and to broaden their education through wider academic study and extra-curricular activities.

6 KNOWING EVERY CHILD

ARK academies are organised so that pupils and their teachers know each other well, reinforcing a culture of excellent behaviour and a commitment to learning.

THIS YEAR

BUILDING ON OUR EXAMINATION SUCCESS

ARK Schools is one of the country's top performing academy groups. In 2012, 57% of ARK's GCSE candidates achieved at least five A*-C grades (including English and mathematics). This is an average 27 percentage point improvement compared with these schools' results before joining the ARK network. Our focus on mathematics continues to show results: 79% of our GCSE pupils gained a grade C or above, eight percentage points ahead of the national rate.

Our nascent Sixth Forms are also starting to deliver. At **Burlington Danes**, 79% of year 13 students gained A*-C grades at A level. In **Walworth Academy's** first A level results, 71% of entries were graded A*-C.

Our primary school pupils also made impressive progress. In Key Stage 1 (age five to six), the proportion of children reaching the expected level in reading, writing and mathematics was well ahead of national rates, as illustrated on page 9.

EQUIPPING STUDENTS WITH THE SKILLS THEY NEED TO THRIVE

We offer additional programmes to accelerate learning, develop social and personal skills, and prepare students for higher education and the working world. This year we launched **Mathematics Mastery**, our approach to teaching and learning maths based on the curriculum in Singapore, where students consistently outperform the rest of the world. As of September 2012, over 30 primary schools are using the bespoke curriculum, teacher training and online toolkit.

Working with a range of corporate partners, we aim to prepare pupils for university and future careers. This year we ran taster trips to leading universities for 300 pupils from year 7 (aged 11) onwards and – in partnership with **Bloomberg**,

J.P.Morgan and Actis – provided workplace visits, mentoring and coaching sessions on skills ranging from interviewing and presenting to time management.

GROWING OUR NETWORK OF SCHOOLS

More pupils attended our existing schools this year and in September, seven new inner city academies joined the ARK network which now spans London, Birmingham and Portsmouth. Overall we enrolled 3,000 new pupils and trained more than 300 new staff.

Three ARK academies provide both primary and secondary education. We are also creating "virtual all-through schools". By bringing primary schools near our existing secondary academies into the ARK network, we give local communities access to an ARK education from nursery to A level.

"Opportunities are provided for employees to be engaged in our programmes in a meaningful way that increases impact, advances an inclusive culture and provides personal growth opportunities.

J.P. Morgan employees work with ARK pupils by addressing work related skills (both practical and personal) to enable students to make informed choices about their future and the world of work. The programme covers such topics as CV planning, interview techniques and personal finance management."

J.P. Morgan





vice-principal of Walworth Academy, an ARK secondary school in London. Over

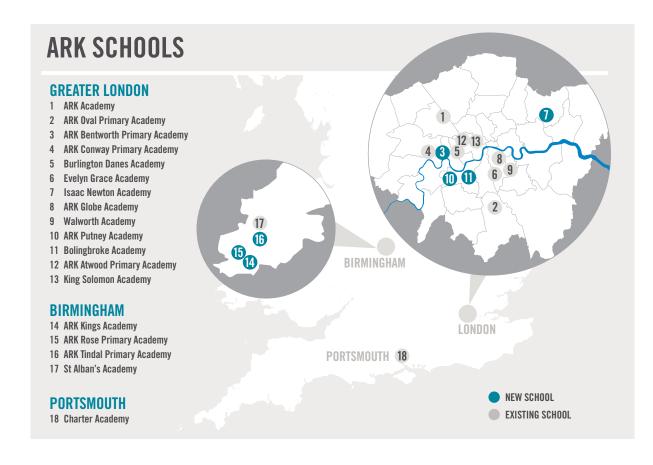
40% of pupils are entitled to free school meals, compared to the national average of 15%. This year, 63% of the Academy's GCSE students achieved five or more A*-C grades, 36 percentage points

took over the school.

"I've been at Walworth Academy for 13 years. When I joined, there were real limits to what children achieved. Now it's so different. Our ethos is 'no excuses'. It is our responsibility – as their and there is no excuse for us if one does. So often, the biggest challenge in education is poverty

have the skills to go to university; they may choose not to, but it is important they have that choice. The result is confident children who are happy and believe they can go on to great things."

From January 2013 Lucy will be teachers - to ensure no child fails the founding principal of ARK All Saints Academy in Southwark, London, which opens to pupils in September 2013.



LOOKING AHEAD

Our target is to establish a network of around 50 schools by 2015. These schools will provide 23,500 places for the 2015/16 academic year, rising to over 35,000 pupils at full capacity. As our network grows, we will realise further economies of scale and aim to become self-sustaining on funding from the Department for Education by 2017/18.

We will continue to act as a seedbed for innovation beyond ARK schools. For example, we will grow Mathematics Mastery to sustainability. A £600,000 grant from the Education Endowment Foundation will enable us to expand the programme to over 100 schools in 2013.

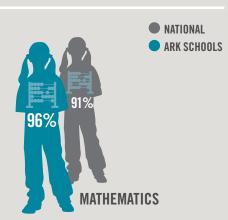
We will also launch a new corporate mentoring partnership with Bloomberg and its support will help us to pilot new initiatives across our network.

OUR PRIMARY PUPILS' RESULTS ARE AHEAD OF NATIONAL AVERAGES

Primary achievement Key Stage 1: percentage of pupils achieving level 2+ (2012)







GCSE ACHIEVEMENT HAS IMPROVED BY 27 POINTS SINCE SCHOOLS JOINED THE ARK NETWORK

Secondary achievement: percentage of pupils achieving five GCSE grades A*-C, including English and mathematics

| BURLINGTON DANES ACADEMY | | CHARTER ACADEMY | |
|---|-------------|--------------------|--|
| **************** | 31% (2006) | **** | 21%(2009 |
| | 66% | ****** | ††† ††††††††††51% |
| WALWORTH ACADEMY | | ST ALBAN'S ACADEMY | |
| **************** | 27% (2007) | ***** | 31%(2009 |
| ***** | | ******* | 111 111111111111111111111111111111111 |
| GLOBE ACADEMY | | | |
| *************** | 26% (2008) | | |
| *************************************** | 12 % | ARK SCHOOL | PREDECESSOR SCHOOL |
| | | | |

EDUCATION> TEACHER PROGRAMMES

NURTURING QUALITY SCHOOL LEADERSHIP AND TEACHING

We are funding a range of initiatives to equip teachers with the skills needed to raise the educational achievements of disadvantaged children in the UK and internationally. ARK cofounded **Future Leaders** to develop exceptional teachers for headships in England's most challenging schools.

We are also continuing to support and fund training and career development for outstanding midlevel teachers through **Teaching Leaders** in England – working with the National College – and in the US through **Leading Educators**.

In 2012, ARK became a founding partner of STIR (Schools and Teachers Innovating for Results), with the British Council and TSL Education; this global venture is promoting grassroots innovation by dynamic teachers and schools to the world's poorest children.



transform educational outcomes for

EDUCATION > INDIA

INDIA: ACCESS TO QUALITY PRIMARY EDUCATION AND ENGLISH LANGUAGE TEACHING

IN PARTNERSHIP WITH

- CfBT Education Trust
- Jolly Learning
- Newcastle University

THE CHALLENGE

Up to 40% of the world's poorest children live in India, where eight million children have never been to school. Of those who do attend classes, half are unable to read after five years of schooling. As a result, one in three adults is illiterate.

To enrol more children into school, India introduced a Right to Education Act in 2009: a quarter of all places in private schools must now be set aside for children from poor families, with the government paying the fees. Most of these places go unclaimed as many parents are unaware of the Act or cannot afford additional expenses such as uniforms and text books.

For children who are enrolled in school, their ability to learn English – one of the surest routes to employment in India's growing economy – remains hampered by a traditional 'chalk and talk' teaching method.

OUR RESPONSE

We have two programmes in India. One enables disadvantaged families to claim their right to free primary education, while the other ensures pupils become proficient in English.

"What's ahead of a child or behind them doesn't matter: it's what lies within them that is important. The English literacy initiative we run with ARK in 41 schools captures this spirit. ARK's interactive approach to English teaching is measurably improving the English skills of pupils and teachers. Combining ARK's input with our state programme for universal elementary education, we hope to develop a style of child-focused teaching that ultimately can be replicated throughout Meghalaya to transform our children's prospects."

Frederick Roy Kharkongor (IAS), Secretary for Education, Meghalava: State Project Director, Sarva Shiksha Abhivan (programme for universal elementary education in India)

ARK'S APPROACH

I. EDUCATION VOUCHERS

We are piloting an education voucher scheme in the poorest areas of Delhi to encourage families to claim their entitlement to free private school places. ARK uses picture guides to inform parents about the quality of schools available; to ensure children from all backgrounds have an equal chance, we allocate places with a lottery system. Our corruptionproof vouchers cover tuition fees, uniforms, textbooks and lunch for the full five years of primary school.

RETAINING 97% OF CHILDREN IN SCHOOL

Our first pilot cohort of 635 pupils completed their first academic year across 69 schools. We retained 97% of the children enrolled.

compared to 80% in comparable voucher programmes. The students usually have no prior experience of schooling and our pilot schools have worked hard to rise to the challenge of introducing pupils to the classroom environment and teaching crucial learning skills.

LOOKING AHEAD

Generating robust evidence on the difference the voucher system can make to children's learning is a priority for 2013. ARK is collaborating with Newcastle University to compare the results of pupils with and without vouchers. Our aim is to offer state governments a one-stop solution for implementing the Right to Education Act; two Indian state governments have already shown interest.

SEEMA'S **STORY**



Seema is head administrator at the private primary National Public School.

a low-cost, private school teaching 352 pupils (aged three to 13) in the Jhilmil area of Delhi. After 20 years in teaching, she is passionate about promoting education for disadvantaged children and played a key role in her school joining ARK's voucher programme.

"At the time of admission. pupils can be very afraid and we have had some challenges. But over the year the voucher pupils improved the most and caught up with other students. They are all enthusiastic, ready to learn, very interested in their studies and never give up.

Some children do need extra attention if their parents are unable to support them. Yet I believe every child is special and can be taught."





ARK'S APPROACH

II. ENGLISH TEACHING

A proficiency in English radically improves Indian children's future income - English speaking men earn 34% more than their non-English speaking peers. We are operating a cost-effective, four-year phonicsbased English teaching programme in both government and low-cost private schools across nine states. ARK is training teachers to use engaging, interactive teaching methods and materials that encourage children to speak, read and write English with confidence.

REACHING OVER 18,000 CHILDREN

Our approach to phonics-based English teaching is now being used in 335 schools across nine Indian states. We trained over 430 teachers this year and reached 18,500 children through partnerships with two state governments and the Bharti Foundation, one of India's largest education foundations. We significantly reduced the cost of teaching and learning materials, making the programme accessible to more schools.

Our phonics programme has produced demonstrably better results than traditional teaching methods in both public and low-cost private schools. The most dramatic improvement in English scores was in government schools, where the proportion of phonics-taught children reaching key benchmarks for fluency, reading and writing was double that of pupils learning by

LOOKING AHEAD

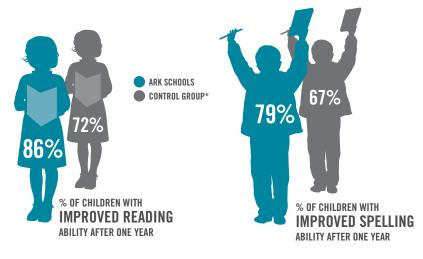
We plan to expand our phonicsbased English programme and will continue to source new private and public funding. We will drive down costs – for instance by piloting digital mentoring as a cost-effective replacement for face-to-face meetings – to encourage largescale expansion of our approach.

ENGLISH TEACHING (2012)

18,500 STUDENTS ENROLLED IN 2011/2012



OUR ENGLISH TEACHING PROGRAMME HAS ACCELERATED CHILDREN'S READING AND SPELLING



^{*} the control group is formed of children from similar families who did not receive vouchers

EDUCATION > **UGANDA**

UGANDA: QUALITY SECONDARY EDUCATION THROUGH PUBLIC-PRIVATE PARTNERSHIPS

IN PARTNERSHIP WITH

- PEAS (Promoting Equality in African Schools)
- African Population and Health Research Center (APHRC)
- The Royal Foundation

THE CHALLENGE

A secondary education transforms children's life chances, especially for girls. Every extra year of secondary school adds 15% to 25% to a girl's future wage. Girls with a secondary education are three times less likely to contract HIV and their future children are more than twice as likely to survive beyond the age of five.

Yet in the global drive to meet the Millennium Development Goals' primary education targets, secondary education has been overlooked and underfunded.

In Uganda, 72% of secondary school-aged children are not in school. The majority of Uganda's young people leave primary school for the job market but struggle to secure work because they do not have the necessary basic knowledge or skills.

OUR RESPONSE

With our partner PEAS (Promoting Equality in African Schools), we will launch and run a network of state-funded secondary schools in rural Uganda over the next five years. We are working within the Ugandan Government's pioneering policy for public-private partnerships in education, which allows private organisations to run state-funded secondary schools. By focussing on core academic subjects and vocational skills, we plan to equip our students to earn a good living. Our ultimate aim is to provide a scalable model for high quality, cost-efficient, secondary education.

"I have been supporting ARK for over five years and this felt like a compelling programme to fund: 72% of Ugandan children who could go to secondary school don't, because there simply isn't a school for them to go to. ARK and their partner PEAS are building and running a school and the Ugandan government is contributing towards the cost of educating each child. I am impressed that the school my donation has helped to set up will be self-sustaining within two years."

Christian Levett. Partner, Clive Capital

ARK'S APPROACH

ARK believes every child, no matter their background, can fulfil their potential if they are offered high-quality teaching. Working with PEAS and in close collaboration with the Ugandan Ministry of Education and Sports, our approach centres on:

PUBLIC-PRIVATE PARTNERSHIPS

Using philanthropic investment, we are building, setting up and operating schools, with the government paying pupils' tuition fees.

A FOCUS ON EQUITY

Open to all, the schools are in rural areas where access to education and girls' enrolment are currently very low.

FINANCIAL SUSTAINABILITY

Government subsidy and income generating activities ensure our schools are financially sustainable within two years of opening.

MEASUREMENT AND EVIDENCE

We regularly collect and monitor data to improve school and pupils' performance. We have commissioned an external five-year evaluation to collect evidence on successful aspects of the programme and areas for improvement.

5 LEARNING FOR LIFE

Pupils learn eight core subjects and two vocational subjects to prepare them for life beyond school.

THIS YEAR

OVER 400 PUPILS ENROLLED AT OUR FIRST TWO SCHOOLS

The Ugandan Minister of Education and Sports, Jessica Alupo, opened our first two secondary schools in March 2012, where over 400 pupils are now enrolled. One in three of our students are the only children in their family to go to school; their average reading age is nine years, compared to an average actual age of 16.

CREATING A MODEL FOR PUBLIC-PRIVATE PARTNERSHIPS IN EDUCATION

We secured government funding for pupils' fees immediately rather than having to wait the usual two year probation period. This will help to accelerate the ARK-PEAS schools' financial sustainability.





MULUMBA'S STORY

Mulumba was 19 when he enrolled this year in the ARK-PEAS school in Malongo. Abandoned by his mother when he was six months old, he never knew his father and was initially brought up by his grandmother. After she died, he lived on the streets for eight years. "I slept under cars in the garage; I'd take rubbish from the flats and they'd give me food. But I decided I wanted a better life," he says.

His grandmother had sent him to the government secondary school. "But they didn't have enough materials and books for us to read. That's why I left and came to the ARK-PEAS school instead. All my friends did the same." To earn a living, he fishes on Lake Victoria at night, making time for school during the day.

"I want to study. There are so many people here who are not educated: they don't have jobs and don't have a good life – I don't want to be like that. If I could choose any job I liked, I would want to be an engineer."

WE ENROLLED OVER 400 STUDENTS OUT OF THE 7,600 WE AIM FOR IN 2016

2012 2012 TARGET 2016 TARGET



STUDENTS ENROLLED

420

400

7,600

SCHOOL RESULTS

As the schools have only been open for two terms, we do not yet have meaningful results data. We have secured additional funding from Comic Relief and ELMA Philanthropies and from next year the African Population and Heath Research Center will be running an external evaluation to compare our pupils' results with those of their peers in other schools.

LOOKING AHEAD

We will open a further eight schools by the end of 2014. To address low levels of numeracy and literacy, we will train teachers to run intensive catch-up courses for all students, drawing on our UK expertise in accelerating the learning of students.

Our goal is to work with Uganda's Ministry of Education and Sports to support improvements across the education system, using proven,

effective elements of our model in other secondary schools. We also aim to pilot another type of public-private partnership model, where we contract-manage new government-built schools.

By 2014, combining PEAS' local expertise with ARK's focus on measurement and quality, we hope to show that public-private partnerships can deliver academic achievement greater than the national average, at a lower cost to the government.

HEALTH > MOZAMBIQUE

MOZAMBIQUE: A LEGACY OF EFFECTIVE HIV TREATMENT

IN PARTNERSHIP WITH

- Elizabeth Glaser Pediatric AIDS Foundation
- I-Tech
- University of Eduardo Mondlane
- Vodacom

THE CHALLENGE

Over 1.4 million people live with HIV in Mozambique and an estimated 670,000 children have lost one or both parents to the infection.

When ARK started working in Mozambique in 2008, doctors and medical technicians were the only clinicians allowed to treat HIV positive patients. With only four doctors for every 100,000 people, few patients, especially in rural areas, could be enrolled on lifesaving Anti-Retroviral Therapy (ART).

Diagnosis was also difficult as test results took up to six months: only

a few central hospitals had the equipment to measure the strength of the immune system (the CD4 count) to determine if patients could begin ART.

One in five patients who did enrol on ART subsequently abandoned their medication, unknowingly risking their lives. Health workers were not adequately counselling patients that 100% adherence to treatment is essential for ART to be fully effective.

OUR RESPONSE

ARK launched a four-year programme in five public health facilities in Maputo province, aiming to put in place a sustainable model of care to keep HIV positive parents, carers and children alive.

 In 2012, we handed over the management and funding of these five clinics to Mozambique's Ministry of Health.

ARK'S APPROACH

We have reduced the country's dependence on doctors by training 132 nurses and other health workers to deliver HIV care. Nurses far outnumber doctors in Mozambique so this has allowed many more patients to start treatment. In four years we have enrolled more than 17,500 new patients on ART, benefiting over 36,000 children.

We have introduced point of care testing technology into local clinics to speed up enrolment on treatment, shortening the CD4 test waiting times from the national average of three months to just 20 minutes.

To keep patients on treatment, we have set up community counselling networks and piloted mobile messaging.

THIS YEAR

In line with our exit strategy, the programme was formally taken over by the Mozambican Ministry of Health in December 2012. We also achieved:

CHANGES TO NATIONAL HEALTH POLICY

Evidence generated by our programme contributed towards a decision by the Ministry of Health in 2012 to change national policy to allow nurses – with mentoring from doctors – to prescribe ART and look after HIV positive patients, a first for Mozambique.

LONG-TERM FUNDING FOR COMMUNITY HEALTH WORKERS

The proportion of our clinics' patients who remain on treatment after 12 months is 85%, compared to the national average of 72%. Community counsellors are essential for keeping HIV positive patients on medication, but are not recognised by the Ministry of Health's national HIV treatment programme. The Elizabeth Glaser Pediatric AIDS Foundation, the leading global non-profit organisation dedicated to preventing paediatric HIV, has agreed to continue to fund and manage our 54 community counsellors in Maputo province.

POINT OF CARE TECHNOLOGY IN 100 HEALTH CENTRES

The results of ARK's point of care testing were featured in The Lancet and led the Ministry of Health to introduce the technology in key health centres throughout Mozambique in 2012. The national HIV plan includes the introduction of point of care CD4 testing in over 200 health facilities by 2015.

SMS MESSAGING TO KEEP PATIENTS ON TREATMENT

We piloted SMS messaging to encourage patients to stay on ART treatment, sending texts about clinic appointment dates and the importance of regular medication. We focussed on HIV positive pregnant women, using SMS to complement the work by health centres to reduce mother-to-child HIV transmission.

"Vodacom is proud to be
ARK's mHealth partner in
Mozambique. We decided to
support ARK's pilot because
this will be the first time
SMS messages are being
used within the Mozambican
health service. We believe
that the initiative is a
powerful yet simple solution
to inform people living with
HIV that they need to adhere
to their treatment for it to be
effective."

Junaid Munshi, Commercial Director, Vodacom Mozambique (part of the Vodafone group)

PREPARING AN INJECTION AT ARK-FUNDED MACHAVA 2 CLINIC IN Maputo Province (Mozambique)

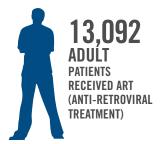




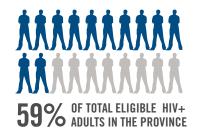
THE PROPORTION OF ADULTS RECEIVING TREATMENT MORE THAN DOUBLED

2008

2012









36,074
CHILDREN
BENEFITED DIRECTLY
AS PATIENTS OR
BECAUSE THEIR CAREGIVERS WERE TREATED



7% OF TOTAL ELIGIBLE HIV+ CHILDREN IN THE PROVINCE



35% OF TOTAL ELIGIBLE HIV+

THE TIME TO ENROL PATIENTS ON TREATMENT HALVED

Average time taken to enrol patients on ART after their eligibility is confirmed





ARK PATIENTS' ADHERENCE TO TREATMENT

IS WELL AHEAD OF NATIONAL AVERAGE



NATIONAL AVERAGE IN 2012



WOMEN AND CHILDREN QUEUING FOR TREATMENT AT ARK-FUNDED MATOLA 2 CLINIC IN MAPUTO PROVINCE (MOZAMBIQUE)

and the other clinicians.

reduced. It is also easier for me

colleagues and I have the skills to

take over."

and manage HIV positive patients

under the new 'One Stop' strategy.

HEALTH > ZAMBIA

ZAMBIA: PREVENTING DIARRHOEA, SAVING LIVES

IN PARTNERSHIP WITH

- Centre for Infectious Disease Research in Zambia (CIDRZ)
- Comic Relief
- GlaxoSmithKline
- The Bill & Melinda Gates Foundation

THE CHALLENGE

Diarrhoea kills more children under five worldwide than HIV, malaria and measles combined. In Zambia, it causes 40 young children's deaths every day and accounts for 840,000 clinic visits and 63,000 hospital referrals a year. Parents lack knowledge of how to prevent and treat diarrhoea at home and a severe shortage of trained health workers compounds the problem; Zambia has only seven nurses for every 10,000 people, one-ninth the UK rate.

OUR RESPONSE

Our Zambia diarrhoea programme is the first in sub-Saharan Africa to combine prevention with treatment, working from village level up to the Ministry of Health and collaborating with global vaccine manufacturers. By 2015 we aim to halve deaths from diarrhoea and reduce child mortality by 15%.

ARK'S APPROACH

Working within the national health system in partnership with a local NGO, the Centre for Infectious Disease Research in Zambia (CIDRZ), we are piloting an integrated model for tackling diarrhoea in Lusaka province.

We are reducing deaths by vaccinating infants against rotavirus, a strain of diarrhoea that causes one-third of diarrhoea deaths in Africa. We are working with parents so they have the basic skills and medicines to keep their children well, and training health workers in how to treat diarrhoea and other childhood illnesses.

"ARK helped to open so many doors to get this programme off the ground. Together, we went to the Bill & Melinda Gates Foundation with our model and they brought resources to the table. ARK negotiated a very generous donation of vaccine from GlaxoSmithKline We have enlisted various other partners such as DFID. All this is because of the tremendous networking resources and gravitas that ARK has in working with donors."

Dr. Jeffrey Stringer – Director and CEO, Centre for Infectious Disease Research in Zambia (CIDRZ)

THIS YEAR

VACCINATIONS

Zambia became only the second country in sub-Saharan Africa to introduce the rotavirus vaccine when we began immunising children in February 2012. So far we have vaccinated 32,974 babies in Lusaka province.

Before introducing the new vaccine, we spent 18 months preparing the health system. We established two new cold storage facilities (out of five nationally) to hold all types of vaccines. Our technical assistance to the Ministry of Health helped secure full approval for Zambia from the Global Alliance for Vaccine and Immunisation (GAVI), allowing the national rotavirus vaccine programme to roll out one year ahead of schedule. We also secured free rotavirus vaccines for two years from GlaxoSmithKline.

TREATMENT AND TRAINING

We have built a treatment and training centre in Lusaka province where 199 health workers have completed a new curriculum developed with the Ministry of Health that covers the treatment of all childhood illnesses. This is the first centre of its kind in Zambia and one in ten health workers in the province will take the three-week course over the next two years.

In local clinics, we are working with health workers to promote the use of oral rehydration salts and zinc to treat all children with diarrhoea, as these effective and affordable treatments improve children's recovery rates from severe diarrhoea by up to 25%. An initial survey showed that at least 64 out of 104 public health centres in Lusaka province did not have enough supplies of rehydration salts and zinc so we have attracted additional funding to improve the supply chain.

COMMUNITY BEHAVIOUR CHANGE

Success also depends on working with parents about their role in prevention. Exclusive breast-feeding for at least six months and handwashing with soap more than halves the risk of young children catching diarrhoea. We are taking these messages across Lusaka province using inventive approaches such as theatre and puppetry. We have reached over 48,000 people out of the 225,000 we plan to contact by 2015, with additional funding from Comic Relief.

LOOKING AHEAD

To justify the adoption of our programme throughout Zambia, we will need reliable evidence from Lusaka province about the impact of our approach on child deaths. Research funding from the Bill & Melinda Gates Foundation will enable us to measure accurately the difference we make.

We are also looking into how to reduce the cost of our health worker training so it can expand nationally.





4 OUT OF 10 INFANTS IN THE PROVINCE HAVE BEEN VACCINATED

Vaccinating started later than planned as preparing the health system took longer than anticipated.

2012

INFANTS HAVE BEEN VACCINATED AGAINST ROTAVIRUS DIARRHOEA INFECTION

% OF PROVINCE

39% OF INFANTS IN THE PROVINCE OF OPERATION

% OF TARGET

47% OF PROGRAMME TARGET THIS YEAR

9 OUT OF 10 CLINICS IN THE PROVINCE ARE READY TO IMMUNISE CHILDREN

2012



96 CLINICS ARE READY TO VACCINATE AGAINST ROTAVIRUS

% OF PROVINCE



% OF TARGET

91% OF PROGRAMME TARGET THIS YEAR

100% OF COMMUNITIES AT HIGH RISK HAVE BEEN INFORMED HOW TO PREVENT DIARRHOEA

2012

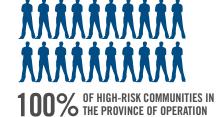


DIARRHOEA AT HOME

% OF PROVINCE

100% OF HIGH-RISK COMMUNITIES IN THE PROVINCE OF OPERATION

% OF TARGET



TWIGGY NRENDA WITH COMMUNITY HEALTH WORKER NGOMBO MACHAI, LUSAKA PROVINCE (ZAMBIA)

baby needs is breast milk.

ZIMBABWE: LIFE-SAVING HEALTH CARE FOR PREGNANT WOMEN AND NEWBORNS



IN PARTNERSHIP WITH

- Chitungwiza Central Hospital
- Nursing Council of Zimbabwe
- UNICEF

THE CHALLENGE

babies die in Zimbabwe today than hospitals and a shortage of doctors and health workers. Cost-effective medical supplies and trained health workers would save the majority of the 3,000 mothers and 10,500 newborns who lose their lives every year.

OUR RESPONSE

Our goal is to reduce mother and newborn deaths by training a new cadre of health worker in maternal and neo-natal health. Within three years, we aim for all 62 district hospitals to be staffed by clinical officers who can carry out emergency obstetric care. In partnership with UNICEF, in 20 hospitals we will also pilot "newborn robust evidence on whether to care corners" - dedicated areas with cost-effective, life-saving equipment nationwide. to prevent lack of oxygen at birth and other causes of neonatal death in Zimbabwe.

TO DATE

More pregnant women and newborn We started operations in May 2012 with a workshop bringing together 10 years ago because of ill-equipped health system officials from all parts of the country and UNICEF. Within five months we had:

- built a dedicated, new health worker training facility and recruited the first 40 trainees
- started to train health workers in the 20 pilot hospitals in newborn care.

LOOKING AHEAD

Our priorities are to train the first cohort of emergency obstetric health workers and equip the newborn care corners in the pilot hospitals. We will monitor the impact of the care corners to collect extend the approach to 62 hospitals



CHILD PROTECTION > ROMANIA

ROMANIA: ENDING THE INSTITUTIONALISATION OF CHILDREN

IN PARTNERSHIP WITH

• Hope and Homes for Children

THE CHALLENGE

Nine out of ten children living in state care in Romania have at least one parent alive, but poverty, social stigma and lack of support keep them separated from their families. Evidence shows that institutional care damages and dramatically reduces their opportunities in life; in Romania 66% of children in institutions do not attend mainstream schools and 88% do not go to university.

ARK'S RESPONSE

Since 2002 we have been working, in partnership with Hope and Homes for Children (HHC), to support the Romanian government in the wholesale reform of their child care system, including the closure of all institutions by 2020.

OUR APPROACH

The alternative to institutions is a model which champions prevention supporting families to stay together – and strong family and community-based care. For children already living in institutions, we adopt three strategies:





HARMFUL INSTITUTION

REUNITING CHILDREN WITH THEIR ORIGINAL FAMILIES

We try wherever possible to reunite children with their families, ensuring care-givers have the support they need to create safe, secure homes.

2 FOSTER/ADOPTION FAMILIES

If birth families are unable to care for their children, we work to place children with a foster or adoption family.

SMALL-GROUP HOMES

When all other avenues have been exhausted, we support children to live in small-group homes, where carers act as foster parents.





This alternative model of care is far better for children and society and more cost-efficient in the long term.

THIS YEAR

HHC have worked directly with children and carers to prevent institutionalisation and to promote family-style care. ARK has also focused on influencing national and international policy so that familybased care is prioritised in Romania in the years ahead.

KEEPING CHILDREN OUT OF INSTITUTIONS AND EXPANDING FAMILY-BASED CARE

In 2012, in partnership with county child protection teams, we helped 2.035 children remain with their families and avoid entering state care by offering practical and psychological assistance to families, often at a time of temporary crisis. HHC is now working with prevention services in seven counties out of 47, three more than planned nationally for this year.

We removed 184 children from harmful, large-scale institutions and closed the last remaining institution in Maramures county. Maramures is the first county in Romania to have documented how it closed all institutions, providing a blue-print for other counties to follow.

We also taught 424 staff (one out of four in our target counties) how to communicate better with children, manage challenging behaviour, stop abuse, and prepare children for life outside an institution. The quality of care given to children – as measured across a wide range of practical and professional skills – improved by 20% on average after our training. These newly-trained carers will be at the forefront of reform as it spreads nationally.

SECURING NATIONAL SUPPORT FOR CHANGE

In April 2012 we produced Romania's first comprehensive national audit of child care services. covering all remaining institutions, the children living in them, the support services in place and identifying gaps. We found that lack of funds for alternative care meant 37 out of 45 child protection services surveyed had no plans to shut remaining institutions. The audit is providing the hard facts and evidence needed by the Romanian government to draw up a detailed national closure plan by 2015.

LEVERAGING FUNDS FOR REFORM

We are working to ensure that existing European Union funding can be directed towards Romania's child care reform. In early June, we hosted a series of high-level events on deinstitutionalisation at the European Parliament in Brussels: nearly two-thirds of attendees "agreed completely" with our call for the EU to work with member states to close institutions. The European Parliament has since ratified the use by member states of EU cohesion policy funding to finance the transition to familystyle child care.

LOOKING AHEAD

HHC has been selected as one of only a handful of non-governmental organisations to sit on the national forum advising how Romania should use EU money. We will be well-placed to influence the Government's decisions about child care reform once the 2014 - 2020 EU budget is agreed.

ARK will continue to support family-style care. We will close two further institutions and train 100 more county child care staff. In each county, we will train a child care inspector to assess the quality of care against family-based standards.



her four children. He was first placed in a small-group home funded by a religious group. In May 2012 he was abandoned with his personal belongings but without explanation – in front of the local child protection department offices. Andrei was then sent to live in an old-style institution, even though his mother very much wanted all her children with

Lack of suitable housing and money were the only barriers to reuniting Andrei's mother with her children. HHC developed a care plan in collaboration with the local child protection department. We have helped Andrei's mother find an apartment and paid the first six months' rent. Together with the local child protection team we

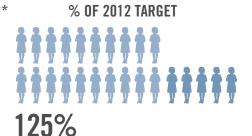
Now that Andrei and his siblings are back together with their mother, he is flourishing in the care of his reunited family. His mother has found a job and is managing to provide for her children. After graduating from school, Andrei plans to go to vocational college to train for a job in construction and become financially independent as soon as possible.

HHC WORKED WITH 3,688 CHILDREN IN 2012, HALF THE NUMBER IN STATE CARE IN THE COUNTIES OF OPERATION

% OF CHILDREN IN COUNTIES OF OPERATION**





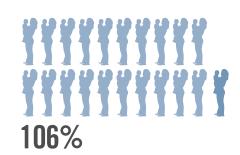


A QUARTER OF COUNTY CHILD CARE STAFF WERE TRAINED IN 2012

% OF STAFF IN COUNTIES OF OPERATION

2012 424 **CHILD CARE STAFF** TRAINED





% OF 2012 TARGET

- includes children removed from institutions and placed in family-based care, children accessing prevention services and children receiving non-institutional care.
- ** total children in residential state care

"When I saw with my own eyes the misery of children living in institutions, I knew that the EU had to act. No child in Europe should be denied the right to family life; no child should be trapped in an outdated system when we know better alternatives exist. The good news is, the EU has the tools at its disposal to put an end to this, once and for all.' Mairead McGuinness MEP

FUTURE

PROGRAMME EXPENDITURE ACROSS THE ARK FAMILY

FOR THE YEAR ENDED 31 AUGUST 2012

ARK Schools and Future Leaders in the UK were set up as separate legal entities from the main ARK organisation because they are co-funded and co-governed by government.

The total expenditure on "ARK family" programmes was £85.0m (US\$134.5m) in 2012. This figure includes direct expenditure by ARK and the additional funding by government of ARK Schools and Future Leaders.

| ANNUAL EXPENDITURE | £M | US\$M |
|--|-------|-------|
| ARK | 15.9 | 25.2 |
| ARK Schools ¹ | | |
| Educational operations | 65.5 | 103.6 |
| Development and governance | 2.4 | 3.8 |
| Capital expenditure – school buildings | 0.9 | 1.4 |
| Future Leaders ² | 4.6 | 7.3 |
| Less: ARK funding to ARK Schools and Future Leaders ³ | (4.3) | (6.8) |
| PROGRAMME EXPENDITURE | 85.0 | 134.5 |

NOTES

- 1. ARK Schools is a separate legal entity from ARK. This is because of a controlling legal interest in ARK Schools held by the Department for Education (DfE) as a condition of its funding of the majority of operational and capital development costs.
- 2. Future Leaders Charitable Trust is also a separate legal entity as it is majority funded by the DfE under the 'Accelerate to Headship Programme' commissioned by the National College for Leadership of Schools.
- 3. To avoid double-counting, ARK's own expenditure on ARK Schools and Future Leaders is subtracted.

ARK CHARITY PROGRAMME EXPENDITURE AND COMMITMENTS FOR THE YEAR ENDED 31 AUGUST 2012

PROGRAMME

This table summarises the current expenditure and future commitments of the main ARK charity to all programmes listed in this annual review. The full version of the audited consolidated financial statements of ARK is available from the ARK website.

NOTE

1. Future programme approved in principle.

| | | | COMM | ITMENTS |
|--|--------|---------------|--------|----------|
| | £'000 | US\$'000 | £'000 | US\$'000 |
| | | | | |
| Mozambique - HIV/Aids | 1,130 | 1,788 | 868 | 1,375 |
| Zambia - Diarrhoeal Disease | 611 | 967 | 2,282 | 3,611 |
| Zimbabwe - Maternal & Newborn | 255 | 403 | 2,020 | 3,196 |
| Uganda - Diarrhoeal Disease ¹ | 159 | 253 | 2,140 | 3,385 |
| HEALTH | 2,155 | 3,411 | 7,310 | 11,567 |
| | | | | |
| Romania - Child protection | 1,648 | 2,607 | 655 | 1,037 |
| CHILD PROTECTION | 1,648 | <i>2,607</i> | 655 | 1,037 |
| | | | | |
| ARK Schools | 4,165 | 6,591 | 11,917 | 18,857 |
| Teaching Leaders | 3,574 | 5,655 | 420 | 665 |
| Other UK Education programmes | 1,597 | 2,527 | 2,870 | 4,541 |
| Future Leaders | 177 | 279 | 824 | 1,303 |
| UK EDUCATION | 9,513 | <i>15,052</i> | 16,031 | 25,366 |
| | | | | |
| India - Primary and English | 471 | 745 | 1,392 | 2,203 |
| Uganda - Secondary | 1,411 | 2,233 | 3,368 | 5,329 |
| Leading Educators (US) | 583 | 922 | 294 | 465 |
| STIR | 149 | 236 | 124 | 196 |
| EDUCATION - INTERNATIONAL | 2,614 | 4,136 | 5,178 | 8,193 |
| | | | | |
| TOTAL | 15,930 | 25,206 | 29,174 | 46,163 |

2012

ARK CHARITY: CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (SUMMARY)

FOR THE YEAR ENDED 31 AUGUST 2012

The Trustees and Patrons of ARK ensure that the central administrative costs of the charity are covered, allowing all other donations to be allocated fully to programmes.

| INCOMING RESOURCES | £'000 | US\$'000 |
|---|--------|---------------|
| Incoming Resources from generated funds | | |
| Voluntary income: | | |
| Grants and donations | 15,902 | 25,162 |
| Activities for generating funds: | | |
| Fundraising events | 4,196 | 6,639 |
| Investment income | 243 | 384 |
| Incoming Resources from charitable activities | 626 | 991 |
| TOTAL INCOMING RESOURCES | 20,967 | 33,176 |
| | | |
| RESOURCES EXPENDED | | |
| Cost of generating funds | 5,518 | 8,732 |
| Charitable Activities: | | |
| Programme costs | 12,618 | 19,965 |
| Governance and support costs | 311 | 492 |
| TOTAL RESOURCES EXPENDED | 18,447 | 29,189 |
| NET OUTGOING RESOURCES BEFORE OTHER GAINS AND LOSSES | 2,520 | 3,987 |
| | | |
| Unrealised gains on investment assets | 1,003 | 1,587 |
| Realised gains on foreign currency transactions | (205) | (324) |
| NET MOVEMENT IN FUNDS | 3,318 | <i>5,250</i> |
| Funds brought forward | 29,646 | 46,909 |
| FUNDS CARRIED FORWARD | 32,964 | <i>52,159</i> |
| | | |

ARK CHARITY: CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 2012

| FIXED ASSETS | £'000 | US\$'000 |
|--|---------|----------|
| Fixed Assets | | |
| Tangible fixed assets | 1,250 | 1,978 |
| Current assets | | |
| Debtors ¹ | 13,258 | 20,978 |
| Cash at bank and in hand² | 13,846 | 21,909 |
| Investment ³ | 21,041 | 33,293 |
| | 48,145 | 76,180 |
| Creditors: amounts falling due within one year | (9,253) | (14,641) |
| NET CURRENT ASSETS | 38,892 | 61,539 |
| | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 40,142 | 63,517 |
| Creditors: amounts falling due after one year | (7,178) | (11,358) |
| NET ASSETS | 32,964 | 52,159 |
| Funds | | |
| Unrestricted funds: | | |
| General Programme Funds⁴ | 8,813 | 13,945 |
| Core costs | 2,641 | 4,179 |
| Restricted funds ⁵ | 21,510 | 34,035 |
| TOTAL FUNDS | 32,964 | 52,159 |

NOTES

- 1. £11.4m (US\$18.0m) of Debtors relates to donations that have been pledged but are mostly not yet due. Schedules of payment are agreed with some major donors to match the timeline of cash requirements of the programmes they support.
- 2. By committing funds in advance to programmes to cover projected expenditure for up to five years, ARK holds significant balances for investment until those committed funds are actually required.
- 3. The Trustees have adopted a conservative investment policy with a minimum of 40% of cash invested in bank term deposits. The balance is mainly invested in the ARK Masters Fund, a 'fund of funds' with the objective of outperforming cash over time without significantly increasing risk.
- 4. General Programme Funds are available to fund any future programmes.
- 5. Restricted funds represent commitments to existing programmes and funds raised for a specific purpose.

ARK US

SUMMARY INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2012

ARK US is a legally independent philanthropic organisation based in New York and affiliated with ARK. It is a 'publicly supported organisation' and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (Federal ID No.13-4147912).

| INCOMING RESOURCES | US\$'000 |
|--|----------|
| Patron and Trustee contributions | 404 |
| Donations and in-kind contributions ¹ | 2,285 |
| TOTAL INCOME | 2,689 |
| Grant payments to ARK | 3,352 |
| Governance and support costs ² | 476 |
| TOTAL EXPENDITURE | 3,828 |
| | |
| NET EXPENDITURE | (1,139) |
| Unrestricted Funds brought forward | 1,672 |
| UNRESTRICTED FUNDS CARRIED FORWARD | 533 |

NOTES

- 1. The majority of donations received in the year related to pledges made by ARK US supporters at the 2012 ARK Dinner held in London.
- 2. Administrative costs are fully covered by Patron and Trustee contributions and in-kind contributions, allowing all other donations to be allocated fully to programmes.

THANK YOU

Our Trustees and Patrons ensure that ARK's central administrative costs are met. Their support, together with that of our generous donors and long-standing partners, makes our work possible.

| TRUSTEES | PATRONS | PARTNERS |
|---------------------|---------------------------------|---|
| Ian Wace - Chairman | Elena Ambrosiadou | Actis |
| Ron Beller** | Aspect Capital Limited | Bharti Foundation |
| Arpad A. Busson* | Bloomberg | Bill & Melinda Gates Foundation |
| Paul Dunning | BlueCrest Capital | BNY Mellon |
| Lord Fink | Management | The Boston Consulting Group |
| Kevin Gundle | Jamie and Chris Cooper- Hohn | Burberry Foundation |
| Nick Jenkins | Espírito Santo Investment | Clinton Health Access Initiative (CHAI) |
| Paul Marshall | Bank | Department for International |
| Jennifer Moses* | Galtere Ltd. | Development (DFID) |
| Michael Platt | GLC Limited | Education Endowment Foundation |
| Thomas E. Sandell** | David Gorton | ELMA Philanthropies |
| Jeff Tarrant** | Jeffrey A. Altman Foundation | GAVI Alliance |
| Blaine Tomlinson* | One William Street | Google UK Ltd |
| Anthony Williams | Capital Management | Hewlett Packard Ltd |
| Gary Yannazzo** | The Rambourg Foundation | J.P. Morgan |
| ca. j .dilitazzo | Bianca and Stuart Roden | McKinsey & Company |
| | Bernard Sabrier | OAK Foundation |

PATH

^{*}Global and US Board member

^{**} US Board member

