




The Children's Investment Fund Foundation

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UK Charity Registration Number: 1091043

A photograph of three young girls in school uniforms, overlaid with an orange tint. The girl in the center is smiling broadly, while the two girls on either side have more neutral expressions. They are wearing dark blue or black dresses with white collars and patterned skirts.

REVIEW OF
ACTIVITIES
2002 - 2004

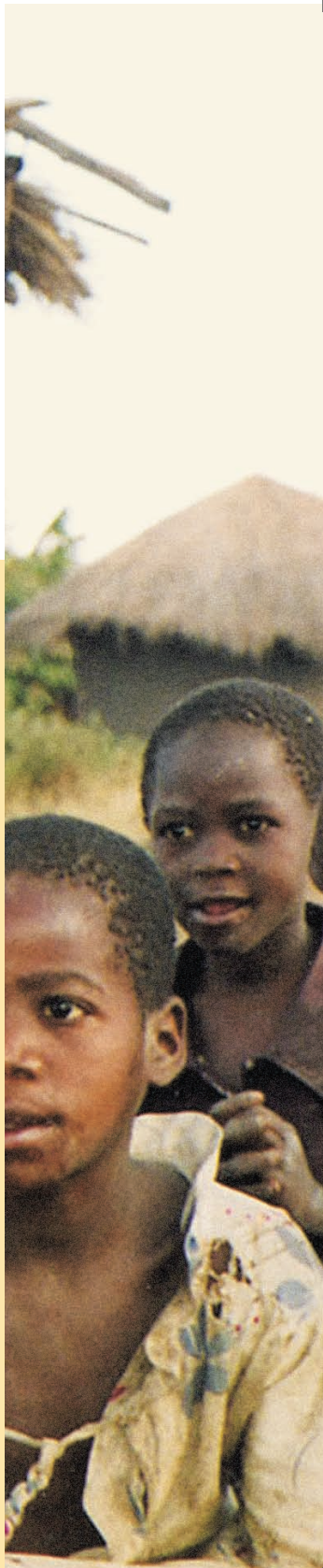
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The Mission

The Children's Investment Fund Foundation aims to improve the lives of children living in poverty in developing countries by supporting strategies that will have lasting impact on their lives and their communities, and will also influence others.

CIFF aims to accomplish this work by:

- ▶ supporting the development of local capacity;
- ▶ supporting interventions that are sustainable;
- ▶ supporting interventions likely to be replicated if implemented successfully;
- ▶ creating momentum behind promising programs and galvanizing broader support for their expansion.



CIFF is pleased to share its research, fully audited financials and other information upon request.

Report design: Dillon Thompson

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED AUGUST 31, 2004

	Period ended August 31 2004 £	February 28 2004 £
INCOME AND EXPENDITURE		
Incoming Resources		
Donations received	–	500
Bank interest received (gross)	2,701	1,897
Investment Income	42,552	58,495
TOTAL INCOMING RESOURCES	45,253	60,892
Resources Expended		
<i>Charitable expenditure:</i>		
Grants payable in furtherance of the charity's activities	10,000	30,000
Programme support costs (travelling)	5,424	–
Administration	4,591	630
TOTAL RESOURCES EXPENDED	(20,015)	(30,630)
Net incoming resources before revaluations and investment asset disposals	25,238	30,262
Gain on revaluation of investments	6,655	–
Net movement in funds	31,893	30,262
Total funds brought forward	1,868,277	1,838,015
Total funds carried forward	1,900,170	1,868,277

There were no recognized gains or losses other than those dealt with in the statement of financial activities.

THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)
BALANCE SHEET AS AT AUGUST 31, 2004

	August 31 2004 £	February 28 2004 £
FIXED ASSETS		
Investments	1,893,306	1,856,926
CURRENT ASSETS		
Cash at bank and in hand	8,039	11,939
CREDITORS: Amounts falling due in less than one year	(1,175)	(588)
NET CURRENT ASSETS	6,864	11,351
NET ASSETS	1,900,170	1,868,277
UNRESTRICTED FUND		
General fund	1,900,170	1,868,277

*Approved by the Trustees on 6 May 2005 and signed on their behalf by: C Hohn.
The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies.*





About the Foundation

CIFF is an independent, nonprofit, philanthropic organization. The Foundation was incorporated in both the US and the UK in 2002 as The Children's Investment Fund Foundation, Inc. (CIFF-US and CIFF-UK, respectively). Jamie Cooper-Hohn is President of both Foundations. CIFF is formally linked to a hedge fund, from which it receives a portion of the management fees and profits. As a result of this relationship, CIFF is assured a stream of long-term income. This, in turn, enables CIFF to make medium- and long-term commitments with confidence, knowing that it can contribute to the sustainability of its programs.

The Foundation's funding strategy and ultimate accountability in terms of project funding and organizational operations are governed by its Board of Trustees. The US and UK Trustees bring to CIFF deep and insightful experience in development work, non-profit management, business development and financial analysis. Their diverse perspectives enable a dynamic, consensus-driven approach to decision making.

Through this collaboration a clear, integrated approach has evolved. For every program CIFF evaluates,

EXTRACTS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK) AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED AUGUST 31, 2004

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CHILDREN'S INVESTMENT FUND FOUNDATION (UK)

We have audited the financial statements of The Children's Investment Fund Foundation (UK) for the period ended 31st August 2004, comprising a Statement of Financial Activities, Balance Sheet, and Notes to the Accounts. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information presented in the directors' report and consider whether it is inconsistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 August 2004 and of its net income or expenditure and financial activities for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Lindsey Francis Ferguson
Chartered Accountants
Registered Auditors

6 May 2005
North House, 198 High Street
Tonbridge, Kent, TN9 1BE

THE CHILDREN'S INVESTMENT FUND FOUNDATION, INC. (US)
STATEMENTS OF FINANCIAL POSITION

	2004	2003
ASSETS		
Cash and cash equivalents	\$ 347,709	\$ 7,548,977
Contributions receivable	12,012,795	–
Investments	16,948,366	–
Prepaid excise taxes	3,039	–
TOTAL ASSETS	\$ 29,311,909	\$ 7,548,977
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 12,500	\$ 4,995
Grants payable	–	89,000
Federal excise taxes payable	–	3,050
TOTAL LIABILITIES	12,500	97,045
TOTAL NET ASSETS - UNRESTRICTED	29,299,409	7,451,932
TOTAL LIABILITIES AND NET ASSETS	\$ 29,311,909	\$ 7,548,977

STATEMENTS OF ACTIVITIES: YEARS ENDED DECEMBER 31, 2004 2003

	2004	2003
SUPPORT AND REVENUE		
Contributions	\$ 17,712,112	\$ –
Investment return, net of investment expenses	5,100,333	1,260,570
TOTAL SUPPORT AND REVENUE	22,812,445	1,260,570
EXPENSES		
Program services: Grants	816,886	329,000
Supporting services: Management and administration expenses	148,082	28,045
TOTAL EXPENSES	964,968	357,045
Change in net assets	21,847,477	903,525
NET ASSETS, beginning of year	7,451,932	6,548,407
NET ASSETS, end of year	\$ 29,299,409	\$ 7,451,932



it rigorously assesses the potential for making a measurable impact on children's health, nutritional well-being and educational attainment. The Foundation actively seeks to galvanize support for successful interventions to achieve the greatest outcomes for children.

For each portfolio CIFF funds, it establishes an Advisory Board of experts which works closely with the Trustees and staff to shape and refine CIFF's strategy, review and recommend action on proposals and, when necessary, advise on specific issues. The advisors also serve as the Foundation's eyes and ears, sharing new and relevant research and projects. The advisors, all experts in CIFF's respective funding areas, help to ensure that CIFF targets the areas of greatest need in the most efficient manner and with the greatest potential benefit to children and their communities.

In 2004, CIFF hired its first full-time employee, Mary Okumu, its Nairobi-based Africa Programs Advisor. Ms. Okumu identifies potential projects for CIFF funding, provides technical support to CIFF grantees and maintains oversight of CIFF-funded projects in Africa.

THE TEAM

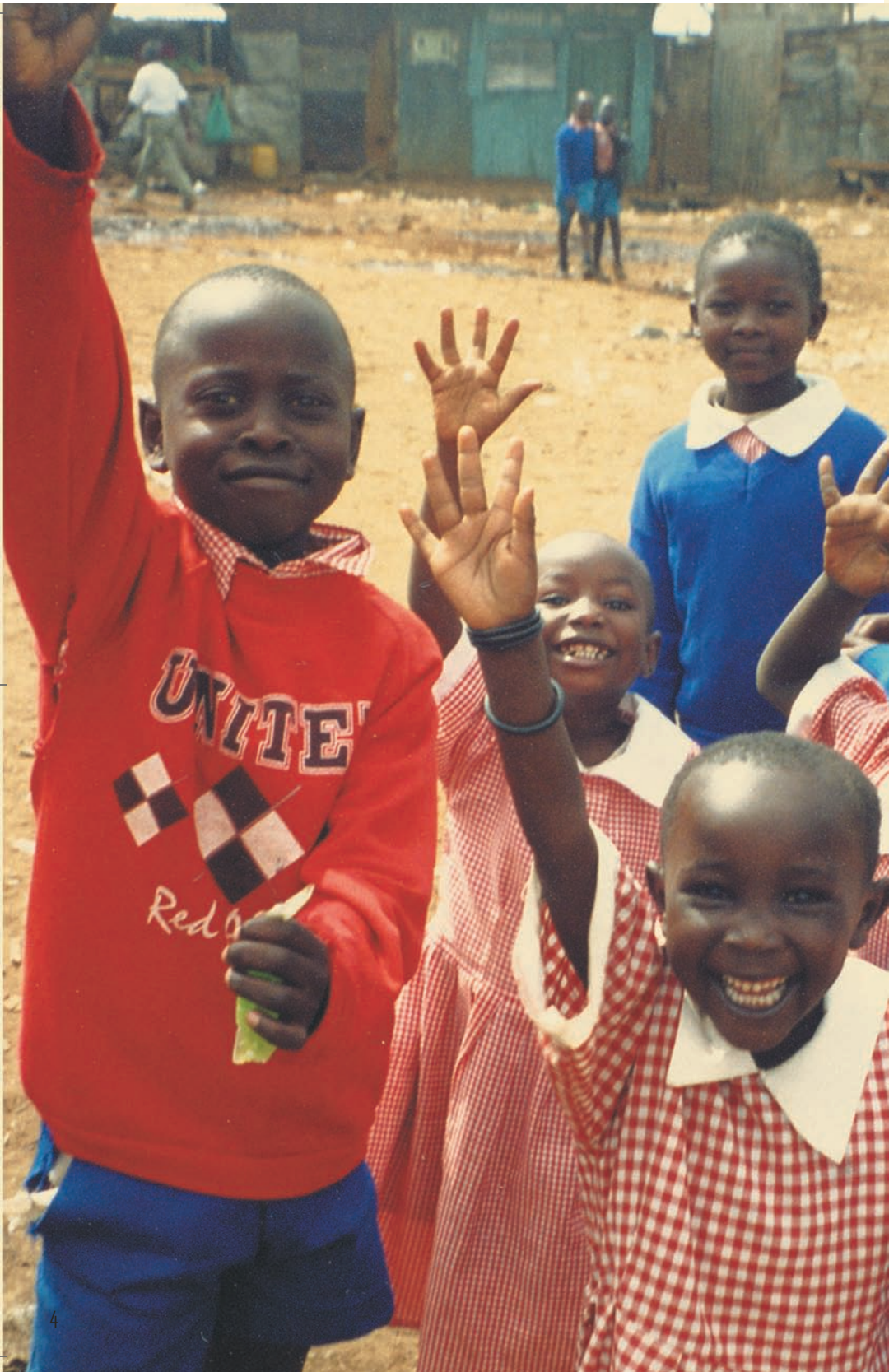
BOARD OF TRUSTEES*

- JAMIE COOPER-HOHN**
President
UK and US Foundation Trustee
- CHRIS COOPER-HOHN**
Managing Partner and
Portfolio Manager,
The Children's Investment Fund
UK Foundation Trustee
- PHYLLIS KURLANDER COSTANZA**
Independent Management
Consultant
US Foundation Trustee
- MARKO LEHTIMAKI**
Partner, Methodology Asset
Management
UK Foundation Trustee
- PETER MCDERMOTT**
Chief, HIV/AIDS Section, UNICEF
US Foundation Trustee
- THEO SOWA**
Social Development Consultant
UK Foundation Trustee

ADVISORY BOARDS

- HIV/AIDS**
- MARK CONNOLLY**
HIV/AIDS Regional Adviser for Latin
America and the Caribbean, UNICEF
Panama City, Panama
- DR. BITRA GEORGE**
Associate Director, Program and
Technical, Family Health
International (FHI)
New Delhi, India
- NOERINE KALEEBA**
Community Mobilization and
Partnerships Adviser, UNAIDS;
Founder, The Aids Support
Organization (TASO), Uganda.
Geneva, Switzerland
- Microfinance**
- VIKRAM AKULA**
Management Consultant,
McKinsey & Company; Founder,
SKS Microfinance Project, India
Chicago, Illinois, USA
- SYED HASHEMI**
Senior Microfinance Specialist,
The Consultative Group to Aid
the Poor (CGAP)
Washington, D.C., USA
- ANTON SIMANOWITZ**
Program Manager, Imp-Act,
Institute of Development Studies,
University of Sussex
Brighton, England
- Staff**
- Mary Okumu**
Africa Programs Advisor
Nairobi, Kenya

*Affiliations are given for identification only.



Financial Audit

EXTRACTS OF THE CHILDREN'S INVESTMENT FUND FOUNDATION, INC.(US)
 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2004



Independent Auditors' Report

To the Board of Directors
 Children's Investment Fund Foundation, Inc.

We have audited the accompanying statements of financial position of Children's Investment Fund Foundation, Inc. (the "Foundation"), as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Investment Fund Foundation, Inc. as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

Stamford, CT
 April 18, 2005

Financial Highlights

MARCH 31, 2005

Period from inception to March 31, 2005¹

US dollars (\$)

INCOME AND EXPENDITURE

Incoming Resources

Donations received from CIFF (UK) Trading Limited ²	\$ 70,924,724
Donations from The Children's Investment Fund and TCIF Blue Fund	21,299,986
Other donations received	11,011,566
Investment Income	10,509,101
Other income	1,982,680
Interest Income	172,930
TOTAL INCOMING RESOURCES	\$ 115,900,987

Resources Expended

Direct charitable expenditure	\$ 4,837,252
Management and administrative expenditure	278,797
TOTAL RESOURCES EXPENDED	\$ 5,116,049

BALANCE SHEET AS OF MARCH 31, 2005

Investments	\$ 109,493,522
Fixtures & fittings	700
Cash at bank	1,283,560
Debtors	37,915
TOTAL ASSETS	\$ 110,815,697
Creditors: Amounts falling due within one year	30,759
NET ASSETS	\$110,784,938
GENERAL FUNDS AVAILABLE FOR DISTRIBUTION	\$110,784,938

¹ The figures for CIFF (US) and CIFF (UK) are presented on an aggregated basis. This is not a statutory consolidation for financial accounting and tax reporting. Average foreign exchange rates have been used to translate the results of CIFF (UK) from British Pounds Sterling to the US Dollar. CIFF (US) was incorporated on July 11, 2002 and CIFF (UK) was registered in England as a registered Charity on March 12, 2002. Full copies of audited financial statements for CIFF (UK) and CIFF (US) are available on request.

² CIFF (UK) Trading Limited is a 100% owned subsidiary of CIFF (UK). CIFF (UK) Trading Limited is also a member of The Children's Investment Fund Management (UK) LLP, a London based Investment Manager.

President's Message

The Children's Investment Fund Foundation (CIFF) was founded in 2002. Since our inception, CIFF has been determined to make a difference in the lives of children in developing countries. What has surprised, pleased and inspired us, however, is the scale of change we have been able to bring about in our first years of operation. A tight focus, a pool of outstanding advisors, rigorous research, high programming standards, a focus on value for money, and pro-active efforts to leverage our funding—together these qualities and principles have allowed us to reach tens of thousands of children in meaningful and tangible ways. We are making a discernible difference in the lives of children who have so little.

In some of our most dynamic projects, we have been able to create much more than the sum of their parts, catalyzing novel interventions or laying the groundwork for the expansion of successful programs that bring about a sharp rise in the number of children who can be reached.

Joining forces with the William Jefferson Clinton Foundation and UNICEF, we are, for the first time, making it possible to appropriately and affordably bring antiretrovirals—the life-saving drugs for people living with AIDS—to children in developing countries. Currently, half a million children die annually from the disease. With this program in place, however, we can now imagine a time when these children will live well into adulthood, managing AIDS as some in the developed world manage diabetes.

We have worked with the Academy for Educational Development (AED) to demonstrate the replicability of its model program, Speak for the Child—a program that ensures the provision of secure care, shelter and schooling for very young children affected by AIDS. When we began working with AED, their Speak for the Child program was serving 250 households in Western Kenya.

We are making
a discernible
difference in the
lives of children
who have so little.

We have now positioned the organization to seek funding that will allow the program to reach tens of thousands of children affected by HIV/AIDS over the next few years.

In collaboration with Save the Children, we have taken on the challenge of bringing sustainable food security to the most vulnerable children and orphans in Malawi. It has proved to be one of our most challenging undertakings, and we are actively problem-solving as new conditions emerge. Nevertheless, in 2004 these efforts ensured that 10,000 children had sufficient food for the year, with a substantial percentage of participating households producing enough of a surplus to purchase their own farming inputs for the following year. The next phase of the program, which includes the diversification of crops, the implementation of winter cropping, and measurement of the real impact of these food security efforts on children's health, nutritional well-being and school participation, has become a demonstration project for Save the Children and is being replicated elsewhere in Malawi and in other countries.

CIFF has been incredibly fortunate to benefit from the success of our sister hedge fund—an achievement which will enable us to continue to expand dramatically the work we are doing and the number of children we can reach. But our vision does not end there. We hope that our results will convince others of their ability to make a similar contribution—and that we can support their efforts.

Jamie Cooper-Hohn, *President, The Children's Investment Fund Foundation*

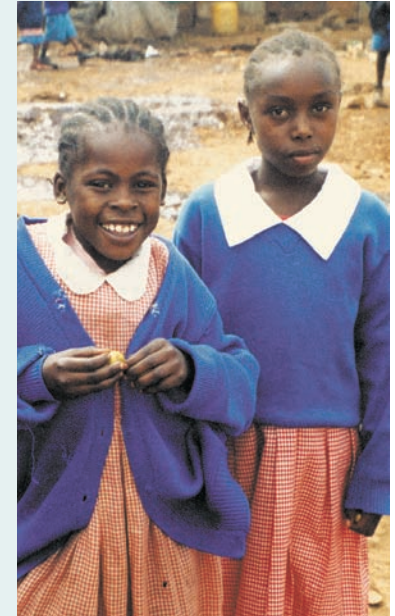
Securing Food in Malawi— Save the Children

In areas with a high prevalence of HIV/AIDS infection, families' food supply becomes insecure by the loss of farm labor and agricultural expertise usually provided by a healthy, adult population. This situation is further exacerbated in Malawi by frequent droughts.

In 2003/2004, CIFF supported a Save the Children(US) program designed to provide greater food security to vulnerable households in three districts in Malawi. The program—a collaboration by two of Save the Children's teams, the Food Security team and STEPS (Scaling-up HIV/AIDS Interventions through Expanded Partnerships)—provides agricultural inputs (maize seed, cassava cuttings and fertilizer) and training to 3,000 food-insecure, HIV/AIDS-affected households, reaching about 10,000 children. Despite poor rainfalls, all of the participating households grew enough maize to feed their families for the year (significantly more than non-participant households) and approximately one-half produced enough of a surplus to purchase their own farming inputs for the following year.

Building on CIFF's confidence in Save the Children's demonstrated capabilities, the Foundation funded a second, multi-year phase of the program with the aim of building greater sustainability into the project. This new initiative introduces crop diversification, irrigation and a second growing season in four districts.

Operating in drought conditions, this initiative faces considerable challenges. Yet this program has already demonstrated success, as indicated by the enthusiastic response of participants to the diversification of crops beyond maize—a crop exceptionally vulnerable to drought and relatively low in nutritional value—as well as by Save the Children's decision to make this an organization-wide demonstration project. CIFF continues to support Save the Children's teams in their efforts to innovate and ultimately produce a sustainable response to the challenge of food security for vulnerable households— one harvest at a time.



MPOMA COMMUNITY HIV/AIDS INITIATIVE (2003-2004)

\$31,320
Mpoma, Uganda
To support the primary school through the funding of teachers' salaries, construction of classrooms, pit latrines, an office and a storage hut, as well as other improvements. The project provides support, education, food and housing for orphans and vulnerable children affected by HIV/AIDS. Awarded by CIFF US.

MÉDECINS SANS FRONTIÈRES (2003)

\$50,000
Homa Bay, Kenya
To scale up the provision of antiretrovirals free of charge to needy patients served at the Homa Bay District Hospital's HIV clinic. Awarded by CIFF UK.

SAVE THE CHILDREN (US) (2003-2004)

\$240,000
Balaka, Dedza and Nkhotakota districts, Malawi
To launch the Malawi Livelihood Security Project, an agricultural inputs and capacity building initiative in three districts of Malawi that distributes maize seed, fertilizer and cassava cuttings to almost 3,000 food-insecure families in communities severely affected by HIV/AIDS. Awarded by CIFF US.

SAVE THE CHILDREN (US) (2004-2007)

\$991,774
Balaka, Dedza, Nkhotakota and Mangochi districts, Malawi
To support the expansion and sustainability of the Malawi Livelihood Security Project

through the integration of new program elements, including the diversification of crops, the provision of irrigation and the introduction of a second growing season. Awarded by CIFF US. (See case study on page 15).

SOLIDARITY AND ACTION AGAINST THE HIV INFECTION IN INDIA (SAATHII)(2005-2007)

\$407,731
Tamil Nadu, India
To fund the coordination of technical oversight and project management services for the Tamil Nadu Family Antiretroviral Program. Awarded by CIFF US.

TAMIL NADU STATE AIDS CONTROL SOCIETY (TANSACS) (2005-2008)

Est. \$1,500,000-2,000,000
To fund the implementation of the Tamil Nadu Family Antiretroviral Program. The program, which is designed to provide comprehensive care and support to more than 500 families infected with and affected by HIV/AIDS, includes the provision of antiretrovirals, community-based support and nutritional supplements. Awarded by CIFF US.

THE AIDS SUPPORT ORGANIZATION (TASO) (2003)

\$20,000
Entebbe, Uganda
To build a childcare center at TASO Entebbe. The new center serves as a model for TASO's other facilities where children, whose parents are receiving HIV/AIDS support services through TASO, are provided with psychosocial, nutritional and health services, and targeted for home-based counseling. Awarded by CIFF US.

UGANDA WOMEN'S EFFORT TO SAVE ORPHANS (UWESO) (2003)

\$20,000
Mbarara, Uganda
To construct a dormitory for the female students of Mbarara UWESO Vocational Institute. Awarded by CIFF US.

YALE UNIVERSITY SCHOOL OF PUBLIC HEALTH (2004-2007)

\$396,219
Connecticut, USA
To fund monitoring and evaluation services for the Tamil Nadu Family Antiretroviral Program—services critical to the project's ability to illustrate the impact of providing ARVs in conjunction with community-based care and nutritional support to families. Awarded by CIFF US.

EMERGENCY HUMANITARIAN AID

DISASTER EMERGENCY COMMITTEE (2002)

\$100,000
Sub-Saharan Africa
To support emergency relief efforts associated with the drought in southern Africa. Awarded by CIFF UK.

DISASTER EMERGENCY COMMITTEE (2004)

\$18,300
Darfur, Sudan
To support emergency relief efforts in Darfur, Sudan. Awarded by CIFF UK.

MÉDECINS SANS FRONTIÈRES (2004)

\$100,000
Darfur, Sudan
To support emergency relief efforts in Sudan, including the provision of medications and nutritional support. Awarded by CIFF UK.

Grant Making Principles

CIFF's approach

To make certain that CIFF develops a portfolio of projects that strategically reflects the values set forth in its mission, the Foundation has adopted the following operating principles into its grant-making process.



The Foundation:

- ▶ conducts research on potential funding areas to ensure that CIFF targets areas of greatest need for children in resource-poor countries;
- ▶ identifies the service gaps within the chosen areas, communities and existing initiatives, and works to foster a community-led response to address them;
- ▶ seeks value for money in terms of outcomes for children relative to the funds invested;
- ▶ visits every project being considered for substantial funding (except those in emergency situations);
- ▶ requires clear, measurable outcomes for each funded project that are directly related to the welfare of children;
- ▶ supports the expansion of existing programs that have demonstrated success;
- ▶ generates momentum behind successful programs and galvanizes broader support for their expansion.

In most cases, CIFF initially funds smaller, short-term initiatives. If an organization demonstrates the capability to operate in line with agreed targets and has the organizational capacity to scale up its operations, CIFF will seek an application for additional, multi-year funding to engage in long-term, sustainable efforts that innovate or dramatically extend its reach.

Fifteen million children have been orphaned by HIV/AIDS worldwide—more than all the children living in California and New York.

—UNICEF

Grant Portfolios

CIFF is currently working towards establishing grant portfolios in the following areas:

- ▶ children orphaned or made vulnerable by HIV/AIDS
- ▶ microfinance
- ▶ emergency humanitarian aid

HIV/AIDS

The Foundation was founded with one clear conviction: its contribution would be greatest in developing countries where poverty was acute and resources limited. At that time, the focus of CIFF's portfolio could have been steered toward virtually any arena where the need was great and its support could have a meaningful impact on children's well-being.

The case for focusing on children affected by HIV/AIDS, however, was overwhelming.

In 2004, 12.6m children under the age of 18 had been orphaned due to HIV/AIDS in sub-Saharan Africa, according to a UNAIDS report, *Children on the Brink*. By 2010, that figure is projected to rise to 18.4m. The proportion of children who have lost parents due to AIDS has risen from just 2% in 1990 to 28% in 2003. And in the high-population countries CIFF has targeted, such as India and Ethiopia, even a slight upward increase in the HIV prevalence rate could have devastating implications on the absolute number of children who will be orphaned or made vulnerable.

In areas where AIDS has become epidemic, children face emotional and physical hardships caused by the death of parents and family members. Their development suffers from the loss in their communities of educators, farmers and nurses. Households come under severe strain. Some must manage the care of sick and dying family members while others take in children orphaned by the disease. And, of course, children become infected themselves, usually through transference at birth. HIV/AIDS not only diminishes the rights and prospects of vulnerable children, but also the prospects for the country as millions of children become orphaned.

To date, HIV/AIDS projects have been the recipients of most of the Foundation's funding. Given the large and growing challenge of supporting children affected by HIV/AIDS, the Foundation anticipates that this portfolio will remain its largest for years to come. The Foundation aims to help expand access to antiretrovirals in

Bringing Antiretrovirals to Children – The William Jefferson Clinton Foundation

The Clinton Foundation has done more than any other entity to bring down the price of adult antiretrovirals (ARVs) to levels that are at last making them widely available and accessible to even the poorest patients in developing countries. On behalf of countries, The Clinton Foundation is able to negotiate purchase agreements with generic drug companies and producers of lab equipment to buy ARVs and lab equipment in volume at 50% of market cost. Consequently, a substantial number of countries are at last making real progress in providing their affected adult populations with these medications, albeit at a rate too slow to meet current need.

The Children's Investment Fund Foundation has been deeply concerned that children are being left behind as these national care and treatment programs are implemented. More than 2.2m children are infected with HIV/AIDS and in 2004 more than half a million children under the age of 14 died from the disease, according to the World Health Organization.

Children require different formulations than adults, and until recently there had been no progress in making these drugs available at an affordable price. Although countries have committed in their national plans to treat children, and money is avail-

able through the Global Fund and other sources, there are simply no low-cost pediatric formulas with which to treat children. The only option now for children, due both to price and availability, is cutting adult pills—often impossible as they are generally compressed—or using large doses of liquid formulas designed for newborns that, when given in sufficient quantity for older children, causes them to gag. CIFF has been urging the Clinton Foundation to use their relationships with the drug companies and countries to take action on this front, and they are now moving forward.

On April 11th, 2005, President Clinton announced that The Clinton Foundation had negotiated with Cipla to produce pediatric formulations at costs comparable to adult formulations and would subsequently purchase these ARVs and jumpstart the AIDS treatment of 10,000 children.

CIFF and friends of the Foundation will underwrite this initial purchase to guarantee sufficient volume. The costs for ongoing treatment will ultimately be integrated into the existing national plans of participating countries. Our intention is that by making this one-time purchase, we will have locked in the price for pediatric drugs, thereby eliminating the barriers to treating children.

Funded Projects

HIV/AIDS

ACADEMY FOR EDUCATIONAL DEVELOPMENT (2003)
\$10,000

Kakamega, Kenya

To support the activities of the Speak for the Child program, which worked with 250 households to improve the health, nutrition, and psychosocial care of orphans and vulnerable children. Direct assistance to program beneficiaries included the provision of mosquito nets, medicine and nutritional support. Awarded by CIFF US.

ACADEMY FOR EDUCATIONAL DEVELOPMENT (2004-2007)
\$1,156,000

Western Kenya

To support the expansion of the Speak for the Child program to reach more than 7,000 children over three years. The program includes immunizations for children, pre-school enrollment, and the recruitment and training of volunteer mentors. Awarded by CIFF US. (See case study on page 11).

CLINTON FOUNDATION (2004-2005)
\$3,250,000

To fund three separate initiatives run by the Clinton Foundation HIV/AIDS Initiative (CHAI) that are aimed at increasing access to lifesaving antiretroviral drugs. These initiatives include: (1) providing technical assistance to the Indian Ministry of

Health and National AIDS Control Office to expand care for and antiretroviral treatment to people living with HIV/AIDS; (2) purchasing and distributing pediatric ARV formulations to 10,000 children (see case study on page 13); and (3) providing support to African governments to expand antiretroviral treatment. An additional \$1m was channeled through CIFF to CHAI's pediatric ARV initiative by a private donor. Awarded by CIFF UK.

FRANCISCAN SISTERS OF ST JOSEPH (2005)
\$50,796

Homa Bay, Kenya

To provide nutritional support to orphans and vulnerable children, training in the care of children affected by HIV/AIDS and the development of agricultural projects in the Homa Bay region. This program operates in conjunction with the Heifer Homa Bay Orphans Livelihood project (see below), which will help develop sustainable food security and economic opportunities through the provision of dairy goats to orphans and the families who care for them. Awarded by CIFF US.

THE FRANÇOIS-XAVIER BAGNOUD FOUNDATION (2004)
\$20,000

To expand FXB's program providing nutritional support,

psychosocial counseling, educational assistance and healthcare services to children affected by HIV/AIDS. (This funding is being redirected to another branch of FXB due to organizational changes). Awarded by CIFF US.

GLOBAL AIDS ALLIANCE (2004)
\$150,000

Washington, D.C., USA

For the Global Action for Children Campaign and their efforts to undertake policy analysis, public education through media and internet outreach, coalition building and grassroots mobilization aimed at improving the quality of life of children affected by HIV/AIDS in Africa. Awarded by CIFF US.

HEIFER INTERNATIONAL (2005-2008)
\$805,264

Homa Bay, Kenya

To supply, over three years, dairy goats to 800 orphans and their guardian families and incorporate intensive training in livestock management, sustainable agriculture and animal husbandry. The program will provide children with nutritional support, training and the tools and resources necessary to develop a sustainable source of income. Homa Bay is one of the poorest areas of Kenya and an epicenter of the country's HIV/AIDS pandemic. Awarded by CIFF UK.

order to prevent more children from being orphaned by HIV/AIDS or dying from the disease itself. CIFF also seeks to support vulnerable communities and those already severely affected by HIV/AIDS through efforts to attain sustainable food security and to ensure the education and psychosocial needs of children. CIFF targets its HIV/AIDS funding towards 5 countries: Ethiopia, India, Kenya, Malawi and Uganda.

Emergency Humanitarian Aid

Crisis situations—those emerging from either natural disasters or armed conflicts—often place children in a position of extreme and particular vulnerability. Communities are displaced. Sources of food and income are abandoned or destroyed. Social and civil structures are ruptured.

The youngest and smallest are often the weakest participants in periods of great and unpredictable upheaval. Even if they withstand the initial period of emergency or displacement, they are subsequently threatened by the onset of disease and, later, the denial of access to education, training and social stability.

Recognizing the special vulnerability of children in the most severe crisis conditions, CIFF is dedicated to providing immediate support to children and families affected by natural disasters, violent conflicts and war. CIFF's most recent grants in this area were awarded to provide medical supplies and nutritional support to the families fleeing their homes in the Darfur region of Sudan as a result of civil war.

In this funding area, CIFF plans to focus on programs targeting education and reunification, and tracing of separated children. The Foundation aims to be proactive, identifying organizations with a recognizable record of quality interventions on behalf of children in emergency situations. The Board of Trustees has capped annual disbursements in this area to 10% of the previous year's total grants.



Currently, there are approximately 15 million refugees due to conflict, at least 60% of whom are children.

—UNESCO



Microfinance

The very poor are largely excluded from the formal financial systems that drive effective, economic growth. Microlending—offering small loans at manageable rates to the neediest people—is increasingly accepted as one way to address this gap. Microfinance programs address the core root of poverty and can reach vast numbers of people in a cost effective manner. CIFF’s research, however, questions the extent to which poor children’s health, nutrition and educational opportunities benefit in the short term from microfinance.

With the aim of having the greatest impact on the lives of children, the Foundation has established the following criteria for funding in this arena:

- ▶ operational sustainability and a clear plan for achieving financial sustainability;
- ▶ a mission and program elements that ensure that the primary beneficiaries of the project are the very poor;
- ▶ the incorporation of program components that result in improved outcomes in health, nutrition and/or the educational attainment of children.

While there are no explicit geographical restrictions in this area, Trustees are inclined to fund programs in the countries CIFF has targeted for funding of HIV/AIDS programs.



Speak for the Child—Academy for Educational Development

CIFF first visited Speak for the Child—an initiative of the Academy for Educational Development (AED)—in western Kenya, in 2003. At that time, it was a relatively small but extremely structured and well-managed home-based care program focused on meeting the education, food and psychosocial needs of very young orphans and vulnerable children in Kakamega. CIFF’s initial grant of \$10,000 was used by AED for the provision of bed nets, nutritional supplements and medical care. Impressed by AED’s demonstration of competence, CIFF challenged the organization to expand its program and extend the ages of the children it served. The organization is now working to increase the number of children it aids from approximately 300 children under the age of five to more than 7,000 children in three years by linking with community-based organizations.

And it is well on the way: as of early 2005, the program was already reaching approximately 3,000 orphans and vulnerable children, providing immunizations, enrolling children in preschool and recruiting and training volunteer mentors to run support groups and conduct weekly visits to vulnerable households to provide a range of support services. Vulnerable families are also provided with material support in the form of seeds, blankets, bednets and household malaria insecticide treatment and access to a medical fund for children.

Confident of its ability to expand by linking with existing home-based care entities, AED applied for and received a US government PEPFAR (President’s Emergency Plan For AIDS Relief) grant that will allow it to scale its services to reach thousands of additional children by the end of 2005. AED’s enthusiastic core of mentors and volunteers continues to energize and drive this high-quality program—a program that could reach tens of thousands of children over the next 5 years.