

PENHA
(a company limited by guarantee)

Charity Information as at 31st October 2007

Trustees: Prof. John F. Morton (Chairman)
Dr. Fatumo Abdi (Vice Chair)
Mr. Yohannes Fassil (Treasurer)
Dr Taffese Mesfin
Dr Hirut Terefe
Ms Tahera Aanchawan
Ms Dorothe Appels
Prof. Gufu Oba
Mr Gosaye Fida
Mr. Zubair Quereshi
Dr. Saad Shire

Secretary: Dr. Zeremariam Fre

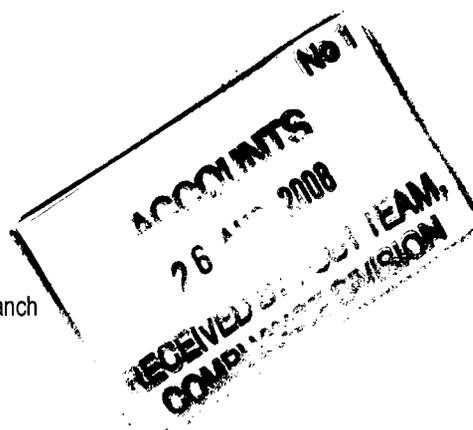
Company Number: 2658932 (England & Wales)

Charity Number: 1038957 (Registered in England)

Registered Office: P.O. Box 494
1 Laney House
Portpool Lane
London
EC1N 7UL

Auditors: Kim Hooper
58 Knebworth Avenue
London E17 5AJ

Bankers: National Westminster Bank plc
Chancery Lane and Holborn Branch
P.O. Box 159
322 High Holborn
London
WC1V 7PS



PENHA
(a company limited by guarantee)
Trustees' Report

The Board of Trustees present herewith their report and the externally examined financial statement for the year ended 31st October 2007. All Directors of the Company are also Trustees of the Charity, and there are no other Trustees.

Our organisation

The Pastoral and Environmental Network in the Horn of Africa (PENHA) is a U.K. registered charity and is constituted as a non profit making company, limited by guarantee. The Memorandum and Articles of Association are its governing instrument. It is governed by a board of trustees/management committee which is responsible for setting the strategic direction of the organisation and for establishing policy. The trustees are appointed by the board on the recommendation of other members of the board.

The charity information is set out on the front page.

Principal activities and objectives

The principal activity of the charity is to relieve poverty, distress and suffering in the Horn of Africa particularly by promoting research in pastoralism, agro-pastoralism and environmentalism and disseminating the useful results thereof.

In pursuit of its objectives PENHA carries out the following activities in the Horn of Africa.

- * encourages research into the current state of pastoralism and agro-pastoralism in the Horn of Africa in partnership with other pastoral associations or groups in the region.
- * creates a forum for inter-regional research on pastoralism by organising lectures, seminars, workshops and conferences inside and outside the region.
- * encourages multi-disciplinary research and applied research on pastoralism.
- * supports the design and form implementation of appropriate development projects by agencies, institutions and other bodies working among pastoral groups in the Horn of Africa and by itself.
- * establishes relationships with other networks and institutions inside and outside the Horn of Africa.

REVIEW OF PAST YEAR'S ACTIVITIES AND ACHIEVEMENTS

The following were the main activities undertaken by the PENHA Head office based in London

- Provided ongoing management support, advice and information to PENHA's offices in Somaliland, Sudan, Uganda and Eritrea and assisting with fund-raising funds internationally for PENHA's country programmes.
- London based project officers and the Executive Director undertook several monitoring field visits to the PENHA countries and assisted in preparing progress reports to PENHA 's donors
- Strengthened PENHA's own internal structures by establishing functional country chapters within the country and consolidating the PENHA country programme support unit within the Head office
- Recruited new volunteers
- Relaunched PENHA's website with a new provider to disseminate information about pastoralism in the Horn of Africa and as a fundraising tool
- The reports of the internal organisational review and the review of the strategic direction of PENHA are being used as the basis for further action plans
- Continued to identify new funding sources for PENHA with the purpose of diversifying PENHA 's funding base
- Continued to develop the long term plans for PENHA at the Horn of Africa level, the individual country level and in the international office in London

Country reports

PENHA operates in one of the most turbulent regions of Africa and despite such challenges PENHA has been able to achieve a great deal during 2006-07.

The severe drought which occurred during 2005-06 has been ameliorated to some extent. However the long term effects have been felt in the period under review in almost all of the countries of the region – affecting the lives of all people, particularly pastoralists, for a considerable period. The Horn of Africa is also affected by the scourge of HIV/AIDS and the nomadic pastoralist communities are suffering as a result. Unstable relations between many of the countries inside the region have resulted in border clashes which have created death and destruction for the civilian population and this has curtailed long term development. In addition, many borders have been closed and so have severely disrupted the traditional migration routes of pastoralists. The combination of the above factors therefore makes long term work in the region rather challenging.

We are glad however to report that during 2006 PENHA was able to undertake a number of significant country-based charitable and development related activities in the region.

Achievements to Date by Country

(a) Eritrea

A little over a quarter of Eritrea's population are pastoralists. PENHA has continued to work with the National Union of Eritrean Youth and Students to develop pastoralist forums. At an important workshop in Barentu., the work of the previous three years was reviewed with the active participation of local pastoralists. A consensus developed among the pastoralists there that a Pastoralist Centre should be established in Golouj. This has the support of the local administration – which has allocated both the land for the centre and building material. The pastoralists themselves are making contributions in cash and kind along with a contribution from Dutch InterChurch Aid.

The literature study "Pastoralism and Natural Resource Management in the Gash-Barka Region of Eritrea" was formally launched in Eritrea and has been widely distributed.

PENHA's representative in Eritrea made a visit to Eastern Sudan – where the pastoralist communities straddle the border with Eritrea and the pastoralist communities move backwards and forwards. He also visited the Netherlands and gave a paper on how the evaluation of success or failure of development programmes manifested itself with pastoralists.

(b) Ethiopia

Ethiopia has the largest overall population in the Horn of Africa and although pastoralists only comprise 10% of this population, it still has the second largest pastoralist population in the region.

PENHA has remained a member of the Pastoral Forum Ethiopia. Two of PENHA's board members are resident in Ethiopia and PENHA is represented, on a voluntary basis, by Dr. Mohammed Mussa.

(c) Somaliland

Just over half of the population of Somalia (including Somaliland) are pastoralists. PENHA has been working in Somaliland since the beginning of the decade with a main office in Hargeisa and branch offices in Burao and Eingavo. It works closely with the Ministry of Pastoral Development and Environment, with a number of international organisation such as the UN Development Programme, with a number of international NGOs and with local organisation such as Candlelight for Health, Education and Environment, the Community of Concerned Somalis (CCS), Nagaad Umbrella Organisation (Nagaad) with over 30 women's organisations, and the Convention of Somaliland NGOs (COSONGO), representing 27 Somali organisations.

Range resource rehabilitation has been a major focus of its activities. PENHA was responsible for the closure of ten ranges in five regions, with the very important support of the local committees. In addition, about 5,000 contours were constructed with the object of reducing the rain run off.

It has also been involved in a conservation programme for the forest occurring in the Daallo mountains. Soil and water conservation structures were constructed, some roads were rehabilitated, diversion canals built among the many activities. Forest guard have been employed, many of which had previously been responsible for part of the degradation. There has been extensive awareness raising activities to change community attitudes towards natural resource management. This has resulted in a significant regeneration of both flora and fauna.

In another important initiative, PENHA worked with a local women's organisation to provide a training programme to build up individual women empowerment.

(d) Kenya

With seven and a half million pastoralists which comprise a quarter of its population, Kenya has the largest number in the region.

PENHA is represented by a volunteer who who has been able to attend a number of important international meetings in Nairobi on the organisations behalf. A formal launch of the Eritrea study "Pastoralism and Natural Resource Management in the Gash-Barka Region of Eritrea" was also made in Nairobi in May 2007.

(e) Sudan

15% of Sudan's population is pastoralist, located in different parts of this very large country. PENHA has concentrated its efforts in the east of the country, near to the border with Eritrea and Ethiopia.

Following discussion with local people in Kassala, an education project was started in 2007. The proportion of pastoralists at school in the Kassala area is very low – probably less than 10%. The aim of the education project is to develop a curriculum which will be more relevant to the needs of pastoralists. In addition, it is intended that the project should be self sustainable. The main element is to grow tree seedlings for sale to the forestry department to restock forests around Kassala. This is a practical aspect of caring for the environment. Three schools with pastoralists children were selected, a tree nursery has been constructed at each school and the tree seedlings are developing.

As part of the concern for supporting livestock in difficult circumstance, research has been conducted into the production of animal feed from agricultural by products as well as from Muskit (*prosopis juliflora*) which has been considered a problematic weed in the region. This study was done in partnership with the Animal Production Research Centre (APRC), a section of the Sudanese Ministry of Science and Technology at Hallal Kuku in Khartoum. The study will be published as a research paper.

On the basis of this research, a week long course was held to train 35 trainers, both pastoralists and Ministry officials. 30 of the pastoralists trainees have, on their own initiative, formed a body which is called "The Kassala Pastoral Animal Feed Society and Friends of PENHA".

(f) Uganda

About 5% of Uganda's population is pastoralist – being located in the north east and the west of Uganda. PENHA has been working in Uganda on and off since the early 1990s. It has a close relationship with the Uganda Gender Resource Centre.

The Nkoma Farm, where PENHA concentrates its goat project and is developing a training centre, is based near to Masaka, south of Kampala. A mixture of cross bred and local goats as a breeding stock has been distributed to a number of pastoralist women's groups through the Ssembabule Women's Development Agency (SEWODA). Careful attention to the management of the breeding stock has enabled the project to consistently produce high-quality goats.

Based on this experience, PENHA conducted a Goat Management Training Workshop in Soroti, funded by the Food and Agricultural Organisation of the UN for 20 participants in the Farmer Field Schools programme. One of the results of this was the revision of training material which had been used by PENHA in earlier grass roots training. The new material was produced for two different groups – basic material for beneficiaries of the goats project – and more advanced material suitable for those who would themselves be managing goats projects.

PENHA has chaired the Uganda steering committee of the Resource Based Conflict process in preparation for the next regional conference to be held in Uganda in 2008.

(g) Regional Activities

Although the majority of its activities take place in the individual countries of the Horn of Africa, PENHA is a regional organisation and finds many of the issues facing pastoralists and the environment are cross border or regional. Even when there are real differences, lessons in good practice and in mistakes to be avoided can be learned. A number of visits across border have been made by PENHA staff or associates.

PENHA organised a major regional consultation in Khartoum in July 2007. The object of the meeting was for local, regional and international development organisations to come together in order to share knowledge and ideas on how to implement pastoralist advocacy strategies in a much more visible and results oriented way. About 60 people from the whole of the region attended the conference with a few European delegates. The proceedings are on the PENHA website. In addition, a book is being written to develop the themes which were proposed in the conference.

Education is crucial to human development. Among pastoralists, this is a particularly important issue which has not been given sufficient attention. It is one which PENHA has decided to take up.

In September 2007, PENHA joined with the Commonwealth Secretariat and with the Council for Education in the Commonwealth to run a seminar in Marlborough House on "Educating Nomadic and Pastoralists Children". This was a follow up to the 2006 Garissa conference as well as a preparation on the Secretariat's behalf for a similar series of conferences in Asia. A summary of the meeting is being prepared.

PENHA works in most of the countries covered by the work of the Resource Based Conflict process. A further conference is being planned to take place in July 2008 in Uganda under the auspices of PENHA Uganda.

HOW THE MONEY WAS SPENT

The great majority of the funds raised by London office of PENHA is earmarked for development project activities in Africa. During this year these included research in support of livestock, support for education, new skills training, publications, training workshops, conferences and technical support to local partners. In its fundraising, PENHA has clear objectives for the use of the funds to the benefit of pastoralists in the Horn of Africa. This is usually expressed in specific and clear agreements with donors as to the use of the funds. UK based PENHA project officers and associates are in regular contact by email, phone and fax as well as making visits to the country offices to monitor progress and make sure that funds are expended as agreed with the donors and that progress reports are made on time and according to the reporting schedules agreed with the donors concerned. In the case of most major programmes, external evaluations are conducted (in addition to the monitoring mentioned above) which give more in depth analyses of the impact of projects. These evaluations are important not just as an historical exercise to check that the funds were used effectively, but also to learn lessons for the future development of programmes for the benefit of pastoralists.

PENHA thanks all its donors and remains committed to continue its drive towards alleviating poverty among pastoral people in the Horn of Africa.

DONATIONS IN TIME AND KIND

The work of the PENHA head office in London almost entirely depends on highly motivated but low paid and volunteer professionals and younger volunteers who have kept it going over the years. This is also to a considerable extent true in most of the country PENHA offices in Africa. PENHA considers the good will and sacrifice of its volunteers as its greatest asset and will continue drawing more volunteers to enable it carry out its charitable activities.

The PENHA trustees, most of whom are UK based and are high calibre professionals, have provided their advice, support and guidance throughout the year.

POSSIBLE RISKS AND RISK MANAGEMENT

Most of the countries where PENHA operates are poverty stricken and vulnerable to instability and civil strife. The political instability in the region, recurrent droughts, famine, HIV/AIDS epidemics and internal conflict compounds the vulnerability of the countries where PENHA operates. Given the strategic significance of the Horn of Africa and its proximity to the rich Gulf States and the current turbulence PENHA has to conduct a proper risk assessment in the region. The trustees have identified the major risks to which this charity has been subjected to and have taken the necessary steps to mitigate the same.

Statement of Trustees' Responsibilities

Company and Charity Law require the board, as trustees and directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of its results for that year. In preparing these financial statements, the trustees are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

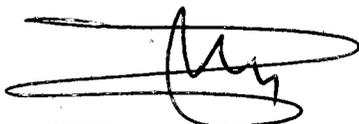
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accountant

Kim Hooper has been appointed in accordance with Section 385 of the Companies Act 1985.

This Report was approved by the Board of Directors on August 10, 2008, taking advantage of the Special Exemptions available to small companies conferred by Part II of Schedule 8 of the Companies Act 1985.



.....
Dr Zeremariam Fre (Secretary)

*Accountant's Report to the Members of
PENHA*

I report on the accounts for the year ended 31st October 2007 set out on the following pages
Respective responsibilities of the directors and reporting accountant:
As described above the charitable company's directors are responsible for the preparation of the
accounts. It is my responsibility to carry out procedures designed to enable me to report my
opinion.

Basis of opinion:

My work was conducted in accordance with Statement of Standards for Reporting
Accountants, and so my procedures consisted of comparing the accounts with the accounting
Records kept by the charitable company, and making such limited enquiries of the officers of the
charitable company as I considered necessary for the purpose of this report. These procedures
Provide only the assurance expressed in my opinion.

Opinion

In my opinion:

- (a) the accounts are in agreement with accounting records kept by the company
under section 221 of the Companies Act 1985
- (b) having regard only to, and on the basis of, the information contained in those
accounting records:
 - i. the accounts have been drawn up in a manner consistent with the
accounting requirements specified in section 249C(6) of the Act; and
 - ii. the charitable company satisfied the conditions for exemption from an
audit of the accounts for the year specified in section 249A(f) of the Act and did
not, at any time within that year, fall within any of the categories of companies not
entitled to the exemption specified in section 249B(1)

Kim D Hooper

Kim D Hooper
58 Knebworth Avenue
London E17 5 AJ

August 10 2008

PENHA**(a company limited by guarantee)****Statement of Financial Activities for the year ended 31st October 2007**

(including a summarized income and expenditure account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007	Total 2006 £
Incoming Resources:					
From Charitable activities		1,245	98,819	100,064	80,742
Activities for Generating funds		182	0	182	403
Interest (bank)		987	0	987	584
Total Incoming Resources		2,414	98,819	101,233	81,729
Resources Expended:					
Fundraising activity		875	0	875	755
Charitable activity		0	99,977	99,977	75,500
Project Support and Administration		3,500	14,740	18,240	20,181
Total Resources Expended		4,375	114,717	119,092	96,436
Net Movement in resources before transfers		(1,961)	(15,898)	(17,859)	(14,707)
Gross transfer between funds		0	0	0	0
Net movement in funds		(1,961)	(15,898)	(17,859)	(14,707)
Total Funds brought forward		1,981	25,999	27,980	42,687
Total Funds carried forward		20	10,101	10,121	27,980

**Summary Income and Expenditure Account
For the year ended 31 October 2007**

	2,007	2,006
		£
Gross Income of continuing activities	101,233	81,729
Less: Total expenditure of continuing operations	119,092	96,436
Net income /(expenditure) for the year	(17,859)	(14,707)

All activities were continuing.

There were no acquisitions or discontinued operations either in the current year or preceding year.

There were no recognized gains or losses either in the current or preceding year other than those recorded in the statement of financial activities.

The annexed notes form part of these financial statements.

PENHA
(a company limited by guarantee)
Balance Sheet as at 31st October 2007

	Notes	2,007	2006 £
Current Assets:			
Cash at bank and in hand	(7)	23,621	36,615
Liabilities - amounts falling due within one year			
Accruals	(3)	(1,500)	(750)
Deferred Income	(8)	(12,000)	(7,885)
Total Assets Less Current Liabilities		10,121	27,980
Funds:			
Unrestricted funds		20	1,981
Restricted funds	(8)	10,101	25,999
Total Funds		10,121	27,980

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small/medium companies.

For the year ended 31 October 2007 the company was entitled to exemption under Section 249A(2) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249B(2).

The directors' acknowledge their responsibility for

- (i) ensuring that the company keeps accounting records which comply with Section 221
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with Section 226, of and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to this company.

Approved by the Board of Trustees on the 10 August 2008, and signed on its behalf

..... Chairman

..... Treasurer

The annexed notes form part of these financial statements.

PENHA

(a company limited by guarantee)

Notes to the Financial Statements for the year ended 31st October 2007

1) Charity Status

The charity is a company limited by guarantee, the liability of the members being limited to £1 each. The company is registered as a charity and is exempt from direct taxation.

2) Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Charity's financial statements.

2.1 Basis of preparation of financial statements

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting by Charities (the Charities "SORP"), as revised in April 2005 and the Companies Act.

2.2 Grants

All grants are from donors for specific environmental research projects or for the purpose of defraying staff costs (and for the provision of office facilities and functions)

2.3 Restricted project funds

Funds received in respect of restricted projects are credited direct to the individual restricted profit accounts which are then debited with payments made in respect of the project and with the costs of administering that project.

2.4 Overseas projects

Expenditure in respect of overseas projects is charged to the relevant project at the time of payment.

2.5 Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

- 2.6 The directors having considered the format of the Income/Expenditure Account set out in Sch.4 of the companies Act 1985, consider that it is not wholly appropriate for the activities of this company and have taken advantage of paragraph 2(3) of Sch.4 and have presented of an alternative format which better reflects the special nature of the company's activities.
- 2.7 The company has permission under Section 30(5) of the Company's Act 1985 to omit the word 'Limited' from its headings.

PENHA**(a company limited by guarantee)****Notes to the Financial Statements for the year ended 31st October 2007**

3) Surplus for the year:	2007	2006
This is stated after charging /(crediting):	£	£
Accountant's remuneration	750	750
Directors' remuneration	0	0
Interest	(987)	(584)
4) Fundraising activity:		
Newsletter	100	500
Publicity	215	170
Publication & subscriptions	560	85
	875	755
5) Charitable Activity:		
Direct project costs	72,335	54,728
Professional Fees	1,700	6,400
Travel and subsistence	13,562	7,742
Wages & salaries	12,380	6,630
Publication of books	2,437	0
	102,414	75,500
6) Project Support & Administration		
Salaries	1,862	2,210
Accounting fees	750	750
Volunteers fees	1,233	0
Rent, rates and services	5,423	6,352
Repairs and maintenance	390	593
Printing, postage and stationery	1,113	1,488
Telephone, fax and internet	1,681	2,208
Travel and subsistence	0	2,973
Book-keeping fees	1,745	1,760
Bank charges and interest	255	360
Office Insurance	318	328
General expenses	1,033	1,159
	15,803	20,181
7) Cash at bank and in hand		
Capital Reserve account	22,479	36,653
Reserve account	41	40
Current account	1,081	(78)
Cash in hand	20	0
	23,621	36,615

PENHA**(a company limited by guarantee)****Notes to the Financial Statements for the year ended 31st October 2007**

	2007 £	2006 £
8) Creditors - amounts falling due within one year		
Creditors and accruals	1,500	750
Deferred Income	12,000	7,885

9) Funds

The balances on the restricted fund comprise the following individual project fund accounts:

	Balance at 31/10/2006 £	Incoming Resources 2006/07 £	Project Expenses 2006/07 £	Deferred Income £	Balance at 31/10/2007 £
Oxfam-NOVIB	6,399	89,693	74,806	12,000	9,286
Baring Foundation	8,906	0	8,906	0	0
MRDF	0	6,441	6,441	0	0
K.M Harbinson Charity Trust	1,431	1,800	2,416	0	815
OpenGate	8,500	5,000	13,500	0	0
Comic Relief	513	0	513	0	0
Economic Policy & Reg Dev.	0	4,331	4,331	0	0
Hilden Charitable Trust	0	2,448	2,448	0	0
Mary Webb Trust	250	0	250	0	0
Norwegian People Aid (NPA)	0	1,106	1,106	0	0
	25,999	110,819	114,717	12,000	10,101

Comic Relief: This is micro-credit for women in Somaliland.

Oxfam-NOVIB: Capacity building and micro-credit for pastoralists in Eritrea, fodder development in Sudan and Head Office expenses.

Mary Webb Trust, Open Gate and K. M. Harbinson Charitable Trust: are for developing small scale farming for communities in Uganda.

Hilden Charitable Fund: This is for Head Office operational expenses.

Economic Policy and Regional Development (EPRD): This is for project support in Sudan.

Norwegian Peoples Aid (NPA): This is for publications and research of a book in Eritrea.

Baring Foundation: Consultancy and core expenses of the Head office.

Methodist Relief and Development Fund: Sudan-Kassala education programme.

PENHA

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Notes to the Financial Statements for the year ended 31st October 2007

10) Employees

Number of employees

The average number of persons (including directors) employed by the charity during the year, analysed by category, were as follows:

	2007	2006
Charitable	1	1
Directors	0	0
Administration	1	1
	2007	2006
Employment costs		
	£	£
Wages and salaries	13,580	8,420
Social Security Costs	662	420
	14,242	8,840

No employee was remunerated at a rate of more than £50,000 per annum.