



Save the Children®



75 YEARS OF LASTING CHANGE FOR CHILDREN IN NEED

Annual Report | 2006

75
YEARS OF SERVICE TO CHILDREN

Save the Children | Annual Report 2006



Providing safe spaces for children to play. Eight-year-old Aquila enjoys activities at a FEMA trailer park in Plaquemines Parish, Louisiana, for families displaced by Hurricane Katrina where Save the Children is working to create a secure environment and a sense of community.

❖ **Front cover: Educational programs help children cope with trauma following disaster.** Seven-year-olds, Vina and Tierra, attend the summer camp that Save the Children helped establish in East New Orleans, Louisiana, following Hurricane Katrina.

Contents

- 1 Introduction
- 2 Letter from the President and Chair
- 6 Where We Work
- 8 **U.S. Programs: Helping Children at Home**
 - Reading: the first step to staying in school
 - Improving fitness and nutrition
 - Early childhood education
 - Corporate partners for children in the United States
- 14 **After Hurricane Katrina, Learning is Therapeutic**
- 15 **Children in Emergencies and Crises Abroad**
 - Conflict in Lebanon and the Middle East
 - Tending to the needs of displaced children in Sudan
 - Responding to natural disaster in Indonesia and Central America
 - Pakistan: Where one disaster nearly triggered a second
 - Staying the course for the tsunami's children
 - Improving children's survival from hunger and malnutrition
- 24 **Development Programs for Children: Health**
 - Creating a safety net for mothers and newborns
 - Getting newborns off to the right start
 - Child survival through "community case management"
 - Adolescents making the right choices for reproductive health
 - School health: Being healthy to learn and learning to be healthy
 - HIV/AIDS: Fighting for children in a global pandemic
- 32 **Development Programs for Children: Education**
 - Preparing young children to be successful students
 - Schooling for children – anytime, anywhere
 - Promoting peace in the South Caucasus
 - Life skills for young adults
- 36 **Development Programs for Children: Economic Opportunities**
 - Small loans for mothers on a substantial scale
 - Inspiring teen entrepreneurs
- 37 **Community Solutions through Sponsorship**
 - Support for one child serves the greater good
 - A menu of giving opportunities
- 42 Financial Report
- 44 Our Supporters
- 56 The Save the Children Family

“We cannot run the risk that [children] should weep, starve, despair and die, with never a hand stretched out to help them.”

EGLANTYNE JEBB, Founder of the Save the Children Fund,
London, England 1919

Introduction

Seventy-five years ago, in January 1932, a group of committed individuals were inspired by the vision of Eglantyne Jebb to establish Save the Children in the United States. Their immediate goal was to help the children and families struggling to survive during the Great Depression in the rugged mountains of Appalachia. Out of their efforts to provide food, clothing and health care for those impoverished families grew our organization, which today reaches out to millions of children in more than 50 countries worldwide.

We honor the tens of thousands of men and women who helped children in need down the path to health, education and productive lives. But even as we acknowledge their work, we know that this anniversary does not mark the achievement of Eglantyne Jebb’s vision of positive, lasting change for all children in need.

Despite the best efforts of Save the Children and countless other organizations, the world’s children in the 21st century continue to face threats to their well-being and survival. Some 30,000 children die each day from preventable causes – a total of 11 million lives lost each year. And 77 million children are missing out on school; for 40 million of them, the barrier to learning is war and conflict in their countries. Even in the United States, 2.6 million rural children live below the poverty line, many lacking the literacy skills they need to be successful in school and life.

This is no time for a pat on the back. Despite the complex issues that make it so difficult for families to break the cycle of poverty, we know that it can be done. Over the years, we have heard from adults who, as children, felt the support of Save the Children when they were in need. Many of them now help children in their own communities.

We hope you will continue your commitment to the work of Save the Children, because the lives of children everywhere can be transformed when people care.

AN ALLIANCE TO REACH THE REMOTEST CORNERS OF THE GLOBE

In 1919, Eglantyne Jebb envisioned Save the Children as “a powerful international organization for child-saving which would extend its ramifications to the remotest corners of the globe.” She would be gratified to know that this vision has been realized.

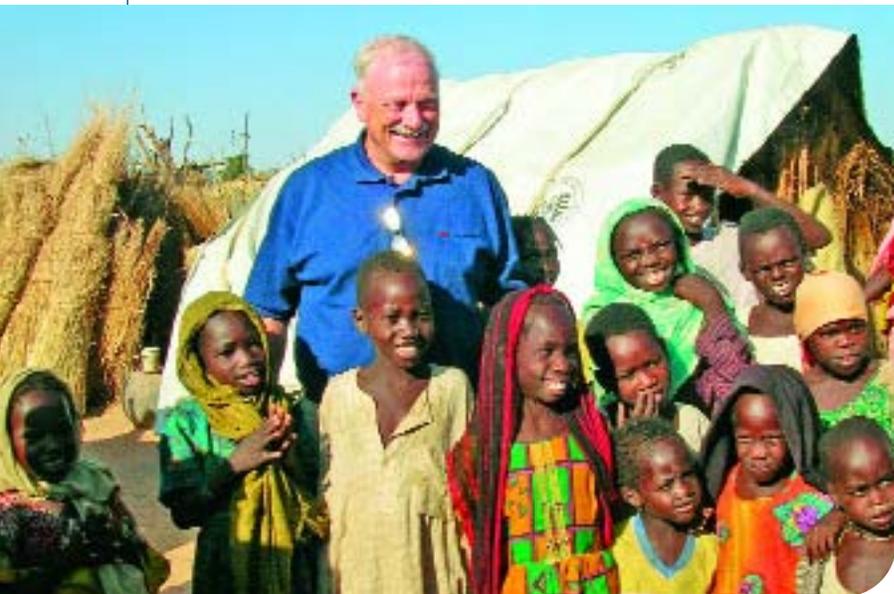
The International Save the Children Alliance brings together 28 national partners working to make a difference in the lives of children in 110 countries. The Alliance members cooperate on both emergency response and long-term development programs and speak with one voice on issues of concern to children.

Rewrite the Future

This year, the Save the Children Alliance launched *Rewrite the Future*, an ambitious new program to bring quality education to 8 million children living in conflict situations. Working in 16 critical countries, the goals of *Rewrite the Future* are to:

- Ensure access to education for 3 million children and improve the quality of education for 5 million more;
- Work to make schools safe and a key tool in protecting children from exploitation and abuse;
- Influence national governments and international institutions to make quality education a priority for conflict-affected children.

Save the Children USA has established programs to provide education to children in several countries involved in long-term conflicts, including Afghanistan, Ethiopia, Nepal and Sudan (see p.18).



Charles MacCormack visits a camp for internally displaced families in Darfur, Sudan, where Save the Children has provided food aid, health care, education and other services to hundreds of thousands of children and families for more than three years.

Throughout our entire 75-year history, Save the Children has reached ever more children in need with ever more impactful programs, while never losing sight of the individual child and family.

CHARLES MACCORMACK
President and CEO
Save the Children

Letter from the President and the Chairman of the Board

TO OUR CONTRIBUTORS, COLLEAGUES AND FRIENDS

Much has happened during this three-quarters of a century. Today's Save the Children is vastly larger and more complex than the one created in 1932 to provide relief for malnourished children in Appalachia. But we believe that for all the differences in scope and scale, those civic-minded individuals who got us started would immediately recognize today's Save the Children by its mission and goals. The issue for them was not Appalachia per se; it was children. Although today our efforts to provide food and shelter, health care, protection and education for children reach from Darfur to the Gulf Coast, reach more than 37 million children and 24 million adults in more than 50 countries worldwide, our mission remains as it has been since the beginning. It is, quite simply, to save the children. No more, no less.



Chairman of the Board of Trustees, Robert A. Daly, chats with a preschool student at Scotlandville Elementary School, Baton Rouge, Louisiana, which Save the Children helped to repair and re-equip following Hurricane Katrina.

Our core method, too, remains the same: community participation is the key ingredient in creating lasting change for children, whether in rural America, remote villages of Malawi or in areas afflicted by famine, disease and war. With each community partner, we strive to create positive changes in the lives of children, ones that, like health care, education and economic opportunities, improve their lives and become lasting, constructive forces in the life of the community. We extend the reach of our successful programs to many communities to make a difference for children of entire nations and regions. As long as there are children in need, Save the Children will find innovative ways to help them survive and thrive.

Highlights of 2006

Educating children living in the shadow of war.

As a partner in the International Save the Children Alliance, we have launched the 5-year *Rewrite the Future* education initiative to help millions of out-of-school children in 16 countries racked by war or armed conflict. To meet the goal of ensuring education for 3 million out-of-school children by 2010 and, at the same time, improving the quality of education for 5 million additional children, Save the Children USA's programs are focusing on children in Afghanistan, Ethiopia, Nepal and Sudan. In addition, we are urging U.S. and global leaders to ensure that adequate systems and funding are in place to provide education to children in all conflict-affected areas.

Caring for newborns in the first weeks of life.

Save the Children's groundbreaking initiative to reduce deaths among newborns has helped to improve health care for millions of mothers and babies at greatest risk in developing countries. With renewed funding from the Bill & Melinda Gates Foundation, we now operate with partners in 20 countries that collectively are home to 65 percent of the 4 million newborns who die each year.

Helping children recover and learn following Hurricane Katrina.

In the aftermath of Hurricane Katrina, Save the Children has led recovery efforts for children in Gulf Coast communities, partnering with government, corporations, local school systems, volunteer and nonprofit groups, universities and government agencies. In 2006, more than 10,000 children took part in our emotional support program and 12,000 attended our summer camp programs. In Mississippi, we partnered with Chevron and Mississippi State University to rebuild 30 day care facilities for 2,300 children so their parents could return to work.

Seeing improvements in literacy among America's poorest children.

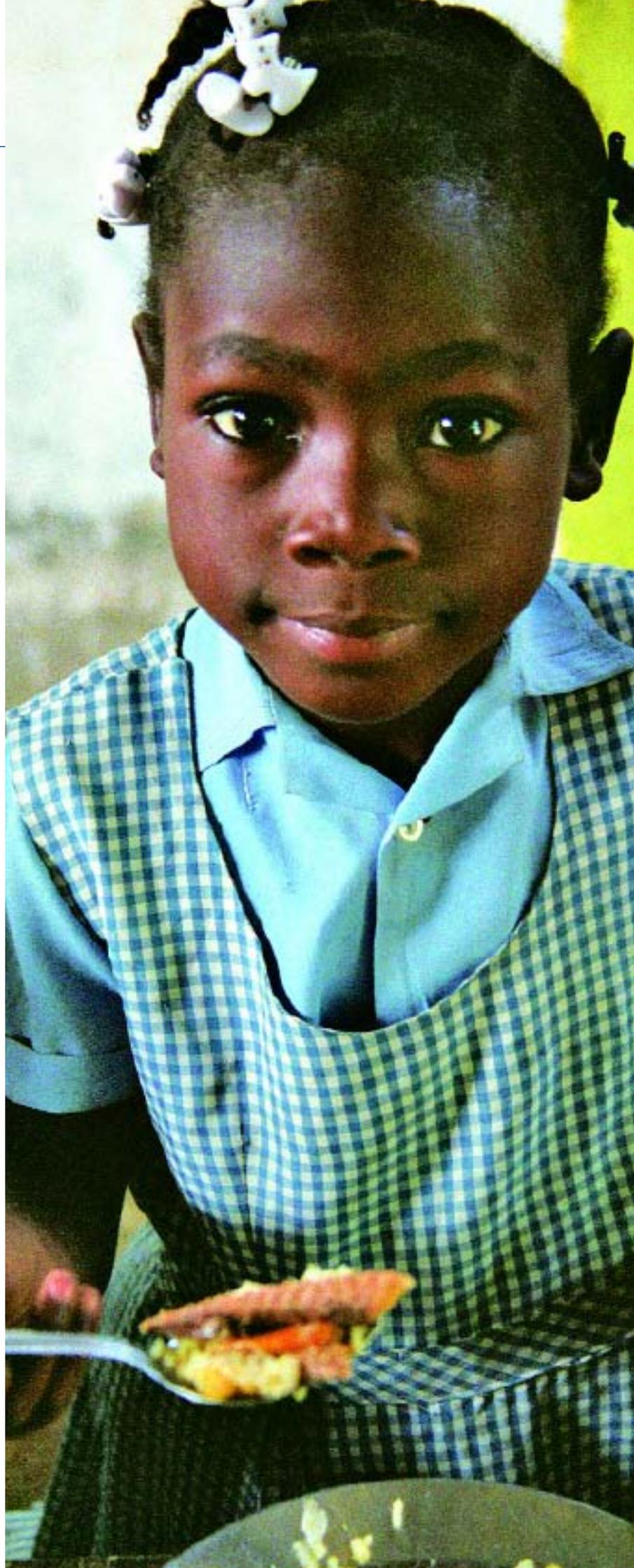
In Kentucky, Paces Creek Elementary School – a Save the Children model school – was voted most improved school in the state. This is just one of 50 poor, rural communities in the United States where Save the Children is improving reading skills among 20,000 children, as well as introducing a new program in nutrition and physical activity to 25 sites and establishing early childhood education in four states.

Beating malnutrition through community partnerships. Communities in Bolivia, Nicaragua and Mozambique have developed successful strategies to reduce chronic malnutrition in children, thanks to our two-pronged approach to work with farmers on diversifying and marketing crops, while also helping mothers to improve the health and nutrition of their young children. A number of communities have seen decreases in malnutrition of 5-7 percent, thanks to new links between farm, home and market.

Fighting the devastation of AIDS for children and youth. Our programs in 12 countries are providing educational opportunities for children orphaned by AIDS, treatment for those affected by the disease and critical services to help adolescents protect themselves from infection. Of special note is a new nationwide program in Bangladesh where Save the Children is working with the ministry of health to prevent an epidemic among young people.

Preparing youth for positive futures. As teenagers make the transition from childhood to adulthood, Save the Children provides them with skills and tools to take on new responsibilities with confidence. In Jordan, 50,000 adolescents and youth have been trained to succeed in the workforce or become young entrepreneurs through our programs introducing life skills, business education and preventive health.

Investing in mothers to create well-being for children. Mothers are the key to child well-being in developing countries. Save the Children's programs for girls and young women are equipping them to be leaders in their families and communities through education and training, increased availability of health care and education in reproductive health. We are seeing greater well-being among women and girls. By giving 520,000 mothers a leg up financially through our small loan program, Save the Children brings greater economic stability to poor families, which leads to improvements in health, nutrition and education for children.



LETTER FROM THE PRESIDENT AND THE CHAIRMAN OF THE BOARD

Caring for children in disasters and conflict.

Save the Children's emergency response teams delivered immediate assistance to tens of thousands of children suffering the fallout from conflicts and natural disasters in 2006. After the flare-up of violence in Lebanon and northern Israel over the summer, we distributed thousands of household kits containing food, clothing and hygiene materials. Following the earthquake that devastated Pakistan in October 2005, Save the Children is assisting with long-term recovery efforts for children and families by rebuilding homes, schools and communities. We are also committed to long-term recovery in Aceh, Indonesia, following the tsunami of 2004, where we are helping rebuild communities and schools and train teachers. In politically unstable areas, such as West Darfur, Sudan, we offer comprehensive support including food aid, health care, protection and education for some 500,000 people. Our emergency response team also assisted children in communities affected by smaller but no less harmful disasters, such as earthquakes and a smaller tsunami in Indonesia, a volcanic eruption in El Salvador, and a mudslide in the Philippines.

Scaling up results for children. Sponsorship programs now assume many forms, giving our committed donors different ways to support Save the Children. In 2006, 81,000 sponsors participated in supporting individual children, country programs, community ambassadors, and online initiatives.

We owe a great deal to the millions of far-sighted individuals – our contributors, colleagues and friends and, of course, our devoted staff – who have cared about the fate of the world's children over the past 75 years. Because of you and your commitment to act on behalf of those in need, Save the Children has helped millions of children chart their future out of grinding poverty.

◊ **Nutritious hot lunches are key to child health.** Five-year-old Makenlove is a preschooler at the *Ecole la Oainte Famille* in Haiti, where she has a hot lunch every day as part of Save the Children's nutrition program.



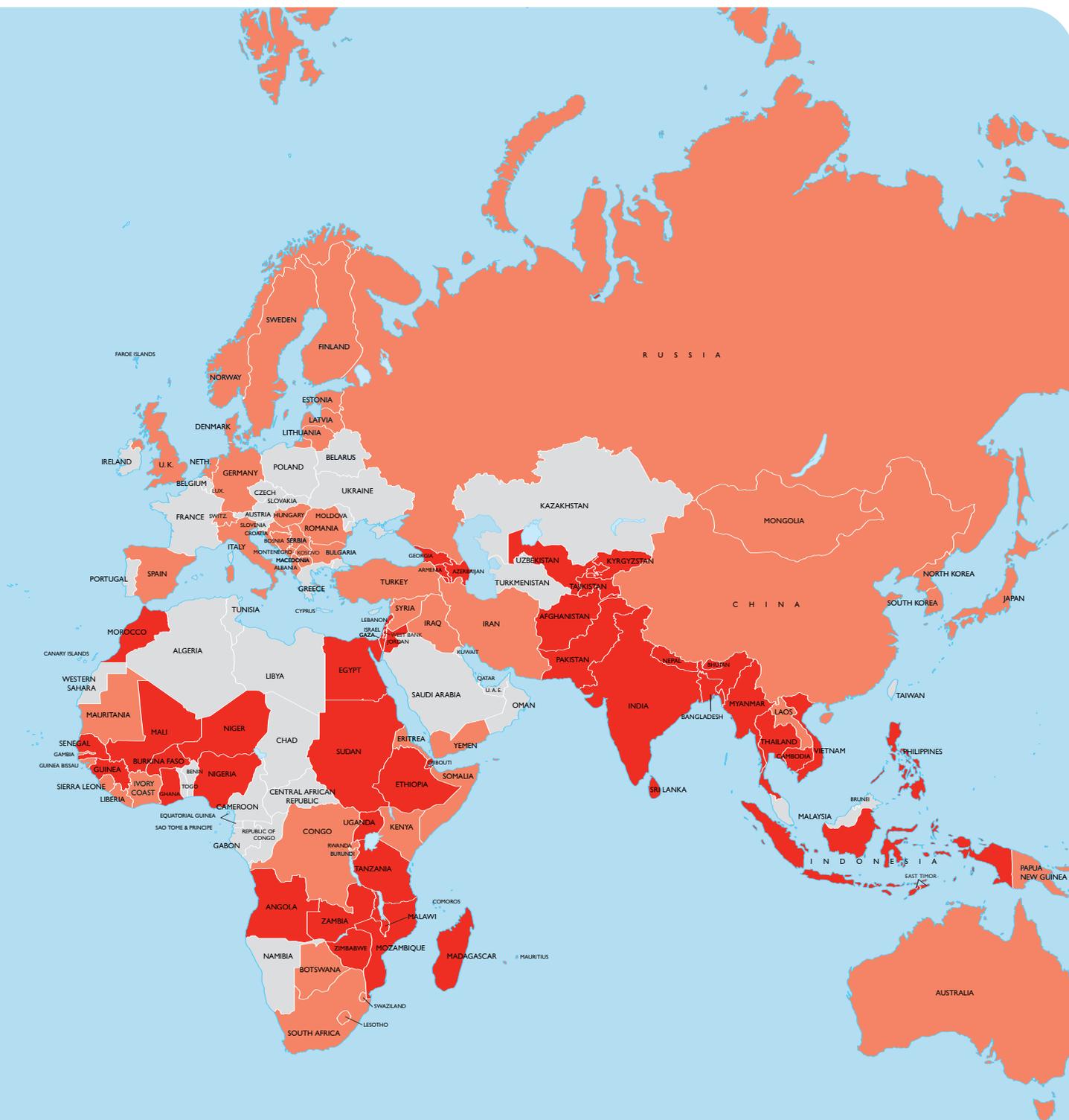
Educational play prepares children to do well in school. Two children build with blocks in an early education center in Afghanistan.

One day, perhaps, no child anywhere will be as threatened as so many millions of children are today. One day, perhaps, all children everywhere will grow and thrive and reach their full potential.

But today, as we mark our 75th anniversary, it is a time for renewed commitment. The need persists, the work goes on.

CHARLES F. MACCORMACK
President and CEO

ROBERT A. DALY
Chair, Board of Trustees



Save the Children USA works in more than 50 countries, including the United States, serving more than 37 million children and almost 24 million others working to save and improve children's lives, including parents, community members, local organizations and government agencies. Save the Children USA is a member of the International Save the Children Alliance, which includes 28 national Save the Children organizations working in more than 110 countries to ensure the well-being of children.

U.S. Programs: Helping children at home

A history of support for American children

Save the Children's commitment to America's children in need goes back to our founding. Those early efforts to provide food, health care and education to children and families of Appalachia during the Great Depression laid the groundwork for many of our current programs for rural children.

Today, children in some of the poorest and most remote rural communities across the country face significant barriers to education – such as a shortage of qualified teachers, scarce resources and parents who have low education levels. As a consequence, many students in rural communities have lower reading scores than those in the rest of the country.

Save the Children and community partners build model programs in literacy, nutrition and physical activity and early childhood education that are effective, replicable and continually growing. We now reach some 20,000 children in Appalachia, the Mississippi River Delta, the Gulf Coast, the Southeast, the Southwest, and California's Central Valley.

Dramatic improvements in reading skills put children on the path out of poverty. Robby, age 9, and his classmates at Tamarack Elementary School in Avenal, California, use computers to gain in reading fluency. Save the Children has introduced this program to many schools in the United States.



Reading: the first step to staying in school

During the 2005-2006 school year, Save the Children expanded its literacy initiative from 29 to 50 rural sites. A recent evaluation found that Save the Children's programs in nine states have been effective in increasing the reading levels of regular students. In 2006, 79 percent of the children entering our programs were reading below grade level. By the end of the year, 54 percent had made gains in reading proficiency greater than would be expected if they were just attending school.

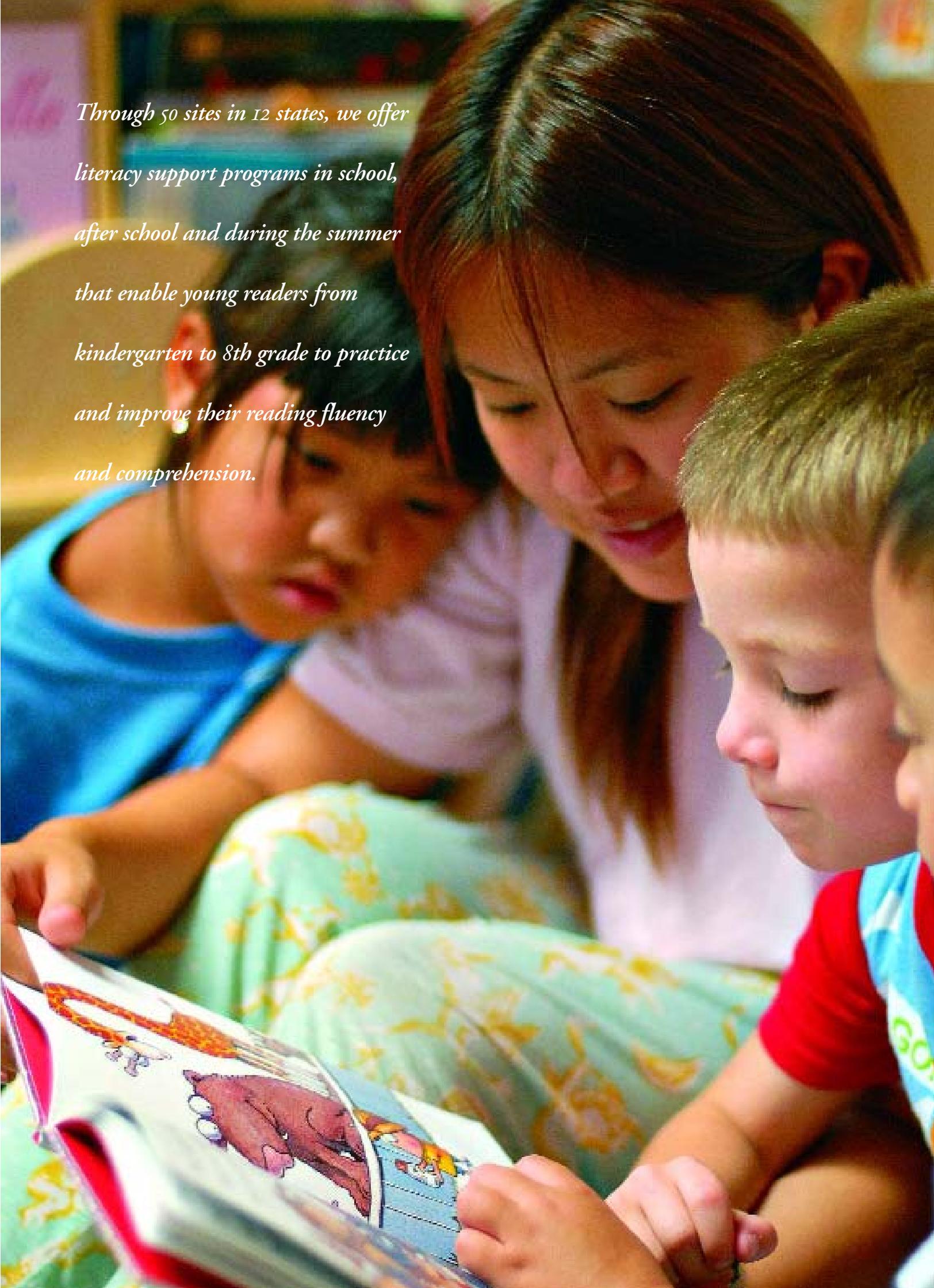
Save the Children works in partnership with local schools and community organizations to improve the literacy of children reading below grade level. We offer literacy support programs in school, after school and during the summer that enable young readers from kindergarten to 8th grade to practice and improve their reading fluency and comprehension. Individual tutorials in phonics, comprehension and vocabulary are provided as well. As part of our programs, we help conduct reading assessments and analyze student data, allowing us to track progress in reading achievement and provide additional help as necessary.

Our partnerships also assist under-funded schools in rural areas. We help to create and expand libraries, hire and train additional literacy staff, upgrade computers, and introduce or improve the use of the "Accelerated Reader" computer software, which helps children improve their skills through practice. Regular, ongoing training and support are essential to ensuring the quality of the services and ongoing evaluation of programs allows Save the Children to recognize successes, learn what actions are feasible and most cost-effective in different environments and improve the program to maximize children's progress in school.

Providing books to boost literacy skills. ▶

An assistant, Teevee, reads with younger children at the Save the Children-supported summer camp program in East New Orleans, Louisiana.

Through 50 sites in 12 states, we offer literacy support programs in school, after school and during the summer that enable young readers from kindergarten to 8th grade to practice and improve their reading fluency and comprehension.



Improving fitness and nutrition

Parents know that children love junk food, but when that becomes a central part of their diet, it can become a serious health problem. In the United States, obesity among children is now at crisis proportions: Over the past 30 years, the childhood obesity rate has more than tripled for children ages 6-11, and rural Americans have a higher incidence of obesity than their urban counterparts.

To tackle this epidemic head-on, Save the Children introduced an initiative at 25 literacy program sites to improve nutrition and physical activity among rural school children. Exercise has become a regular part of our

after-school and summer literacy programs, engaging children in at least 30 minutes of moderate-to-vigorous activity. Children have discovered that exercise is fun, and program attendance is rising.

Healthy eating habits are just as critical to combating obesity. In poor rural communities, children often consume fast foods and high-calorie snacks because they have limited access to nutritious foods. Thanks to our healthy snack program, children are enthusiastically enjoying fruits and vegetables – and asking their parents to purchase these healthier foods for their families at home.

“Our [school] test scores were released today and I’m dancing around the room. Save the Children’s model school two years ago, Paces Creek Elementary, is the Most Improved School in the state of Kentucky. It improved from a 70.9 to a 98. The goal for every school in the state is 100, but you can score higher than that and we have some Save the Children schools that have. You may not know a lot about our accountability in Kentucky, but take it from me – this is a big deal. Clay County is the sixth poorest county in the nation with a free/reduced lunch rate of 80 percent. Rest assured that your program is making a difference in our school system, and more importantly, in the lives of these children.”

DOUG ADAMS
Superintendent

Clay County Public Schools, Kentucky

During the upcoming school year,

children will take part in some

4,000 hours per week of physical

activity through Save the Children’s

new program.



U.S. PROGRAMS

Early childhood education

Successfully educating a child is a process that begins long before that first day of primary school. In reality, it should begin with expectant mothers to make sure that children will have health services and support in developing language and physical abilities. By helping to cultivate social skills in their children through activities and play groups, parents can also prepare for a smooth transition to school.

Save the Children's early childhood education initiative provides education services to expectant parents, support for children from birth to 5 years of age and ongoing training to community educators. In 2006, Save the Children initiated 10 early childhood programs in four states.

Working with local schools and community-based organizations in poor, rural areas, Save the Children builds strong home/school relationships to make sure there is parental support for the transition to preschool and primary school. The program goal is to ensure that children have the skills they need to engage in school activities and learn with confidence.

State support for local programs

An important aspect of our work is identifying additional funding for literacy programs. Save the Children was successful last year in helping leverage state funding in Kentucky for literacy programs in six of our sites and the state increased its funding to 14 sites for the 2006-2007 program year. Save the Children was also instrumental in acquiring funding from the state of Tennessee for five sites and from New Mexico for 11 sites.

- **Fighting obesity through sports and nutrition.** Averi, age 10, participates in sports and other activities organized by Save the Children at the temporary housing site where she lives with her family in Plaquemines Parish, Louisiana.

Corporate partners for children in the United States

In 2006, hundreds of corporations contributed to Save the Children's efforts to improve the well-being of children in need. The corporate supporters that are acknowledged here stand out because of their special interest in helping poor children through our U.S. Programs. Nearly all of these corporate donors are committed to involving their employees and customers in our efforts, helping to reach an ever-broader base of supporters.

ABERCROMBIE & FITCH CHALLENGE EVENT

Runners and cyclists participated in this September 2006 event, with the proceeds of more than \$1.4 million going to Save the Children's U.S. Programs.

CADBURY ADAMS, A CADBURY SCHWEPPE'S COMPANY

Cadbury Adams named Save the Children its National Charity Partner through an employee selection process, and pledged its support to U.S. Programs in 2006.

CARNIVAL CORPORATION & PLC

The world's largest cruise ship operator made a generous donation of \$250,000 toward Gulf Coast relief efforts, and transformed the lounge of a Carnival Cruise Lines' ship docked in Alabama into a child care center that served approximately 70 children each day.

CHEVRON CORPORATION

Chevron provided outstanding leadership and support in rebuilding child care facilities along the Gulf Coast following Hurricane Katrina. The corporation partnered with Save the Children and Mississippi State University to rebuild more than 30 child care centers.

CIBC WORLD MARKETS

CIBC World Markets Miracle Day, which takes place each year in December, benefited Save the Children in 2006.

CISCO SYSTEMS

Cisco Systems' grant to U.S. Programs was accompanied by the services of a Cisco Leadership Fellow, who is helping to refine our business processes and leverage technology to more effectively run programs and support partners.

FATHER'S AND MOTHER'S DAY COUNCIL, INC.

All charitable contributions from this group's annual luncheon, including gifts from The Sani Family Foundation, Inc. and The TJX Companies, Inc., were earmarked to support Save the Children's Gulf Coast Hurricanes Recovery Fund.

FOOT LOCKER

Foot Locker, Inc. stores retailed an exclusive red wristband featuring children's artwork to benefit Save the Children's physical activity and nutrition programs in the United States.

HERTZ

Car rental days from Hertz help lower Save the Children's staff travel expenses, which translates into more resources for programs for children.

HOWREY LLP

Howrey LLP's most recent gift of \$50,000 was designated to our critical recovery efforts in the Gulf Coast in response to Hurricane Katrina.

IKEA

Since 2001, IKEA North America Services has supported our literacy programs throughout the United States.

JO-ANN STORES

The leading fabric and craft retailer licensed children's artwork from Save the Children for fabrics and products in 2006, with royalties going to support Save the Children's U.S. Programs.

MATTEL CHILDREN'S FOUNDATION

The Mattel Children's Foundation supports Save the Children's education and literacy programs for young children worldwide, and funds early childhood programs in Appalachia.

PHILLIPS-VAN HEUSEN

Apparel manufacturer and retailer Phillips-Van Heusen raised more than \$242,000 to benefit Save the Children's U.S. Programs through its annual PVH Cares at-register initiative.



U.S. PROGRAMS

SANOFI AVENTIS

The U.S. Corporate Giving and Philanthropy arm of this pharmaceutical leader donated \$500,000 to address the health and education needs of children affected by Hurricane Katrina.

SCHOLASTIC BOOK CLUBS

Through its ClassroomsCare initiative, Scholastic donated 350,000 books to communities served by Save the Children. Since 2001, Scholastic has donated 1.8 million books.

T.J. MAXX

T.J. Maxx raised more than \$1.4 million for U.S. Programs through its sixth annual *Happy Hearts* promotion to customers. T.J. Maxx also made in-kind donations and sponsored over 835 U.S. children – one for each store and headquarters department.

“TODAY SHOW” TOY DRIVE

Thanks to the 12th Annual “Today Show” Holiday Gift Drive, children in the Gulf Coast region received special gifts to celebrate the holiday season.

UNITED AIRLINES

A generous donation of air travel enables Save the Children to focus its spending on high-quality programs for children rather than on travel.

WELLS FARGO

Wells Fargo generously supported Save the Children’s literacy programs in California.

- **Improving school libraries and learning facilities.** Easy access to books is one way Save the Children has made reading a source of enjoyment for children like Sabrina, age 10, in Terra Bella, California.

After Hurricane Katrina, learning is therapeutic

While millions of people across the Gulf Coast suffered the destruction of Hurricanes Katrina and Rita, Save the Children looked out for the unique needs of children. Thousands of children were uprooted, out of school and struggling to cope with shock and loss, often living in overcrowded, noisy, poorly equipped shelters. Homes, schools, neighborhoods and the routines that defined their daily lives were swept away overnight.

Thanks to our emergency team's quick response within days of the storm, thousands of children found their moorings through Save the Children's activities at schools and play facilities that were repaired, resupplied and reopened in record time.

Recognizing the long-term need, Save the Children introduced in-school, after-school and summer school programs that stress literacy, sports and group activities, as well as early childhood education for children in the region.

From our first safe play space for children camped out at the Baton Rouge River Center shelter to the launch of the "Imagination Station" child care center in Mississippi one year later, Save the Children has provided emotional support, protection, and activities while helping to restore schools and child care facilities.

- **Providing emotional support in the classroom.** Save the Children adapted our internationally renowned classroom-based emotional support programs to train more than 1,000 teachers and other adults and help 10,000 children recover from stress following the hurricane.
- **Restoring local schools.** Within days of the storm, we helped to repair schools and distributed educational supplies, games and toys to children in shelters in Louisiana and Mississippi and provided books to children in day care centers.
- **Supporting after-school programs and summer camps.** We organized summer camp programs for more than 12,000 children in the summer of 2006.

Connecting children in need to those who need to give. New Jersey firefighters, Bill Lavin, Paul Palombi and Brian McGorty visit with a kindergarten class at North Bay Elementary School in Mississippi. Following the World Trade Center disaster in 2001, children from this school sent a letter of condolence to the firefighters. Now the firefighters are returning that support by rebuilding the school's playground.

- **Keeping children safe.** Working with child care specialists from Mississippi State University and with support from Chevron, we are restoring child care centers to allow parents to return to work fulltime. Thirty child care centers are now licensed and operating in Harrison County alone.
- **Improving living conditions for children.** In cooperation with the Federal Emergency Management Agency (FEMA), we are working on a pilot project in the Diamond Park community in Plaquemines Parish, Louisiana, to create a safe, accessible environment for children and help families build a sense of community.
- **Preparing for the next emergency.** To prepare for future hurricanes, Save the Children has developed hurricane preparedness plans – for children as well as parents – and held training sessions in how to prepare for natural disasters.
- One key lesson learned from Hurricane Katrina is that the unique needs of children in crisis situations must be addressed in future national emergency response plans to ensure that children are a top priority at every phase of a U.S. humanitarian response. Save the Children has established a domestic emergency management unit and is engaged with policymakers to ensure that the unique needs of children are integral to national emergency response plans – before, during and after a crisis.

"Thanks for all of your help for the students at Karr Secondary School. Many agencies have come in with promises to help, but have actually done nothing. Yours is the one that has actually done what it promised."

EDNA METCALF, LCSW
School Social Worker
Edna Karr Secondary School
New Orleans, Louisiana



*"We were blown away that people
were still living in tents and
children were going to school in trailers.
But when we asked the children
what they really needed, they all
said a playground."*

BILL LAVIN, New Jersey firefighter

Children in emergencies and crises abroad

Saving children's lives in times of crisis

In 2006, Save the Children reached millions of people affected by 10 distinct natural disasters and several conflict situations around the world. Our emergency response teams are experienced professionals who move in quickly following a crisis to assess the needs of children and their families, and work with local staff and partners on recovery efforts to help rebuild their homes, schools and communities.

With years of experience, Save the Children has become a global leader in providing for children who might otherwise get lost in the chaos following a natural disaster or caught in the crossfire of war and conflict.



Helping displaced families start over. With 90 percent of homes destroyed in southern Lebanon, Save the Children supplied families with household goods, health care and emotional support in places like Ain Magadlayne village.

Conflict in Lebanon and the Middle East

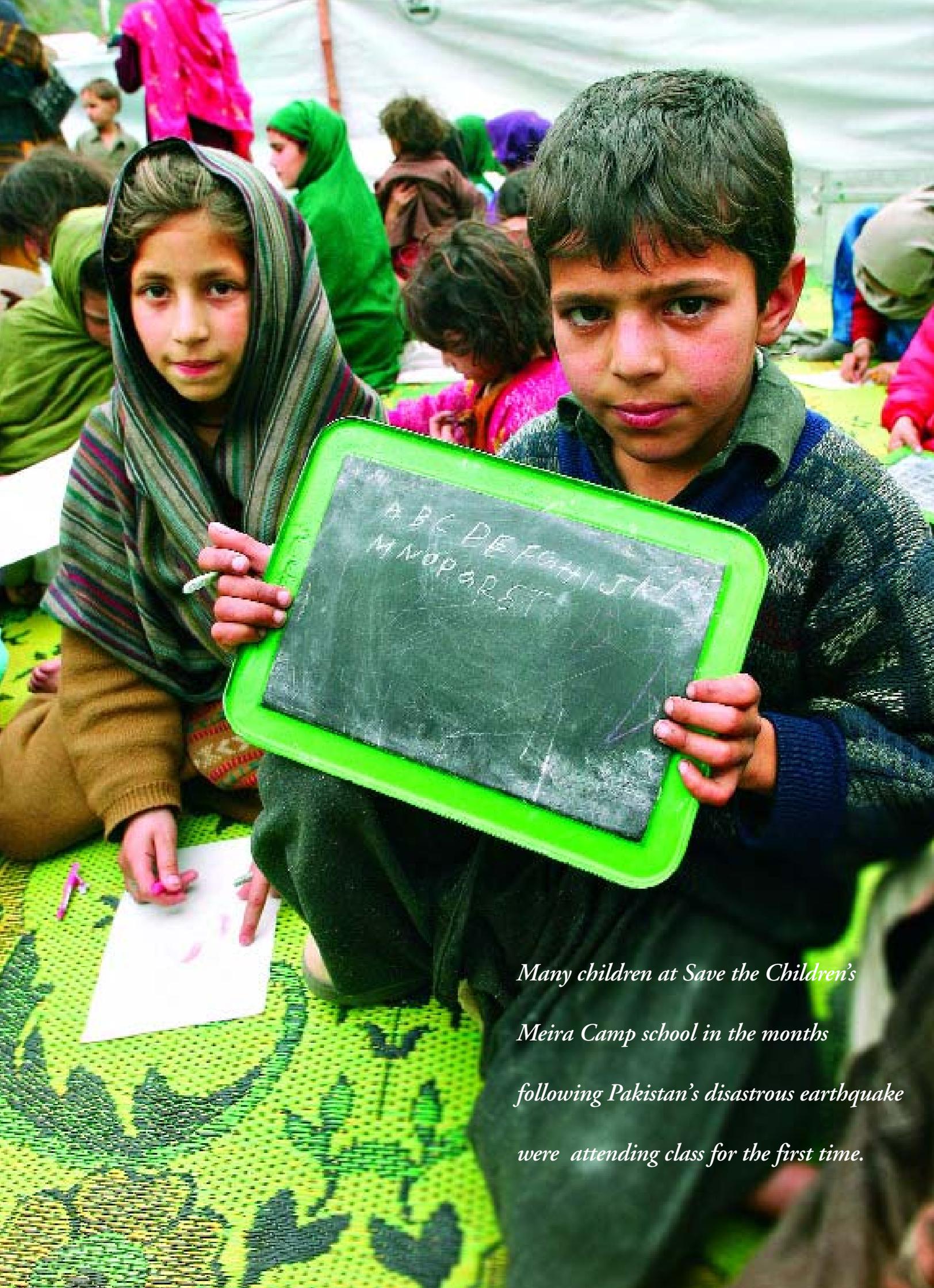
The two-month conflict in the Middle East in the summer of 2006 destroyed up to 90 percent of the homes in southern Lebanon and displaced approximately 1 million people. Thousands of children in temporary camps needed protection, health care, education and emotional support until it was safe for them to return home.

Emergency response team members from the International Save the Children Alliance arrived in the affected areas of Lebanon just 72 hours after fighting began. Our first priority was to help meet the basic needs of children and families. Save the Children distributed thousands of kits containing food, household supplies, medicines and first aid equipment, soap and cleaning products, and even toys for small children.

Save the Children also scaled up its emergency response activities in Gaza and channeled additional emergency funding to its partners in Israel to help displaced children there. Approximately 50,000 children and adults have benefited from Save the Children's programs in that region.

But the violence in Lebanon, Gaza and northern Israel had deeper effects on children who were uprooted from their homes and saw their communities destroyed. Working with local partners throughout the region, we helped children recover emotionally through programs that employ art, drama, storytelling and play to help children cope with stress and anxiety. We also trained them to identify and avoid landmines and other unexploded ammunition.

Promoting education in disaster zones. Education activities that Save the Children started at the Meira Camp immediately after the earthquake in Pakistan were vital to relief efforts. Now Save the Children is helping to re-open schools in remote villages in addition to other community recovery efforts.



*Many children at Save the Children's
Meira Camp school in the months
following Pakistan's disastrous earthquake
were attending class for the first time.*

CHILDREN IN EMERGENCIES AND CRISES

Tending to the needs of displaced children in Sudan

Save the Children is today the largest international organization conducting relief and providing other vital services to displaced children and adults in West Darfur, a role we have maintained for several years. Our presence there, backed by over 20 years of on-the-ground experience in Sudan, is an essential lifeline reaching approximately 500,000 war-weary, displaced children and women in the camps and surrounding communities each month.

More than 2 million children and their families have been forced to flee their homes since violence began in Darfur in 2003. Each day brings new clashes, banditry and random violence to the people of the camps. Children struggle to survive under the difficult conditions of camp life, where food and shelter are inadequate, malnutrition is pervasive and protection and safe places to play are as important as health care.

Working with other humanitarian agencies, we have provided 5,800 tons of food each month for 500,000 children and families, health care to 250,000 children and families, and supplemental food to improve nutrition for 100,000 people, mostly children. Over 100,000 individuals benefit from potable water and sanitation facilities Save the Children provides.

Life does not come to a standstill in the camps. Through our community-based approach, we help individuals develop technical and livelihood skills such as carpentry, masonry and efficient farming practices. Through training, we have helped thousands of individuals improve the quality of life for their families and camp communities. Community leaders have been trained in conflict mitigation and dispute reconciliation, and adolescents have received vocational training. For women, we have provided classes in literacy and such skills as tailoring, crafts and building fuel-efficient wood stoves. Some 40,000 children participate in educational and recreational activities at our 27 children's centers.

Breaking barriers to learning in Sudan. ◀

In southern Sudan, some 20,000 children – including 8,500 girls – are now enrolled at schools in displacement camps as part of the *Rewrite the Future* initiative, a program shared among partners of the International Save the Children Alliance to bring basic, quality education to millions of out-of-school children in countries experiencing war or conflict.





Responding to natural disasters in Indonesia and Central America

Two years after the tsunami swept across Indonesia's northern coast, the occurrence of a series of small, destructive earthquakes reminds us that our unstable Earth can break out in natural disasters at any time and in any place.

In May 2006, a powerful earthquake struck central Java, killing 5,700 people and injuring thousands. Two months later, another earthquake followed by a tsunami forced thousands more from their homes. Save the Children assisted 40,000 survivors, 30,000 of whom were children, providing food, water, shelter and health care to survivors as well as establishing safe play areas for children.

On the other side of the world, Save the Children staff assisted thousands of children and families in El Salvador and Guatemala in the aftermath of Hurricane Stan, which caused torrential rains, floods and landslides. In Guatemala, we distributed more than 21 tons of food, and supplied families with basic needs. In El Salvador, Save the Children worked closely with authorities to assist displaced families, distributing basic necessities such as food, water, sanitary towels, diapers and children's clothes at shelters.

In addition, Save the Children assisted families in El Salvador who live near Santa Ana, the country's largest volcano, which erupted for the first time in 100 years in October 2006.

Meeting the basic needs of disaster survivors. Following the May 2006 earthquake in Java, Indonesia, Save the Children provided water, food, medicines, hygiene items and temporary shelter, with a special focus on ensuring that children were protected and safe.



CHILDREN IN EMERGENCIES AND CRISES

Pakistan: Where one disaster nearly triggered a second

The catastrophic earthquake of October 2005 killed 73,000 people in Pakistan and left towns and villages in shambles. For the 3 million survivors left homeless, the harsh Himalayan winter could very well have spelled a second disaster, were it not for the help Save the Children and others provided in constructing temporary shelters, supplying food, clothing and medical care.

Through the winter of 2006, Save the Children and its Alliance partners reached 300,000 people across the earthquake zone with life-saving relief, including:

- Food and shelter materials for 45,000 families;
- Basic health care for more than 58,500 people;
- Educational opportunities for 59,000 children, some of whom had never attended school before.

Now, more than a year later, Save the Children is ensuring education, health care and protection for children in towns across the North West Frontier Province.

Staying the course for the tsunami's children

For decades, Save the Children has held the distinction of being the only international non-governmental agency granted permission to operate in Aceh, Indonesia, which meant that Save the Children's local staff was on hand to provide relief for survivors of the tsunami immediately after the waters began receding.

Today, Save the Children continues to assist with recovery efforts in Indonesia, and through the International Save the Children Alliance, we are helping in India and Sri Lanka as well. Since the tsunami, Save the Children has significantly improved the outlook for children, thanks to our generous donors and committed staff. Our programs have reached some 290,000 children and families with food, shelter, health care, education, child protection and emergency economic services. Save the Children is helping the government of Indonesia to restore livelihoods, health care, and other services to the people of the region. We are also helping to rebuild homes and communities through our 5-year phased program of relief, reconstruction and recovery.

On the second anniversary of this calamitous event, Save the Children reports its significant results for the families of Aceh, including:

- Distributing over 1,360 metric tons of food to 115,000 people per month, focusing on the needs of infants, children under age 5 and pregnant women.
- Benefiting 165,000 children and families with improved health care services through our cooperation with the Indonesian ministry of health.
- Registering more than 2,800 separated children as part of a regional family-tracing and reunification network. To date, 1,300 girls and boys have been reunited with parents or extended family.
- Getting children back to the classroom by establishing 161 temporary schools, distributing over 400,000 textbooks and training 2,000 teachers. In addition, 2,600 youth have received vocational and life-skills training.
- Creating 66 safe play areas, run by over 600 trained volunteers for the 8,100 children participating in our safe play programs.
- Supplying economic recovery assistance to more than 4,700 people, over 70 percent of whom are women, and employing more than 25,000 people in 191 sites, providing much-needed income to families.

New skills help tsunami-affected families rebuild their lives. Women practice embroidery and other crafts at Save the Children's community learning center in Aceh, Indonesia.





Improving children's survival from hunger and malnutrition

It is estimated that over 840 million people – about one-sixth of the population of the world's developing nations – are malnourished. More than 200 million of them are children. Whether food scarcity is caused by natural disasters, war or conflict, or whether it is the outgrowth of chronic poverty, hungry and malnourished children worldwide are afflicted with stunted growth and poor health, leading to a lifetime of lost potential or even early death.

In crises and disasters, Save the Children responds quickly to feed children and families until they are able to earn the money to buy or grow food for themselves. But our long-term goal is to reduce the number of children suffering from chronic hunger and malnutrition by tackling the underlying causes. In taking a strategic approach to food security, we can improve the well-being of millions of families in regions where getting ample and nutritious food on the table is an ongoing struggle.

Introducing new crops to fight hunger and malnutrition. When Mozambique's primary crop, cassava, was virtually wiped out by disease, Save the Children introduced new tolerant varieties that helped to ward off hunger in the region, and produced over \$30 million of food.

Keeping hunger and malnutrition at bay

In 2006, Save the Children reached approximately 3 million children and families in 17 countries with food aid. One-half of those people were in emergency situations.

Sudan was by far the largest recipient with \$18 million worth of food and other goods reaching approximately half a million children and women each month. Food distribution also continued to be critical on a large scale in Pakistan where earthquake survivors received a total of \$6.5 million of food and goods in 2006. In Indonesia, we supplied \$6.1 million worth of food aid. But in post-tsunami Indonesia, where recovery efforts are under way, Save the Children recently made the successful transition from food aid distribution to a voucher program that enables households to purchase food from local vendors, helping to revitalize the local economy.

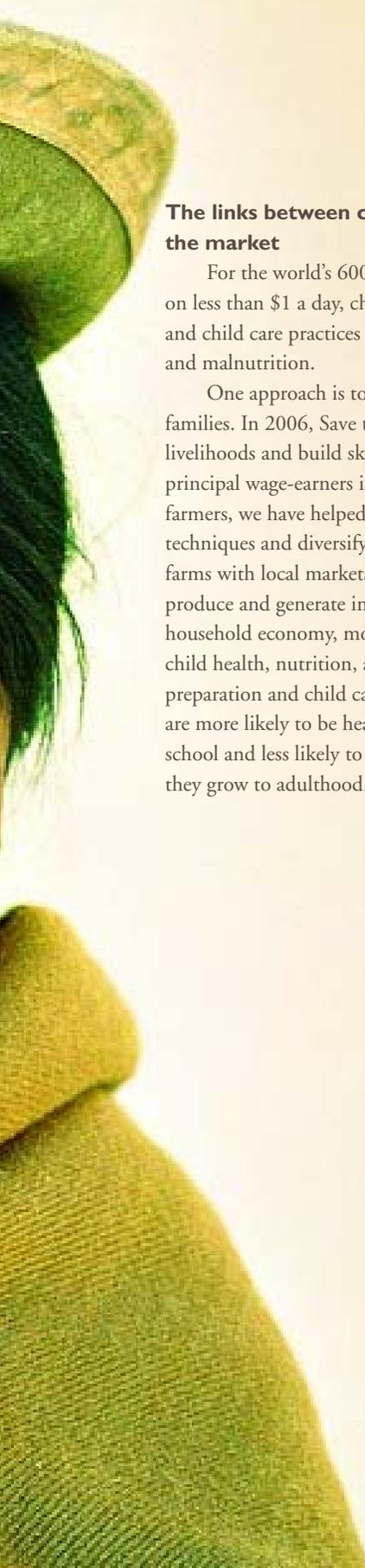
Pioneering responses to severe malnutrition

Save the Children is at the forefront of an innovative program to deliver therapeutic care to malnourished children right in their communities, rather than in hospitals. This successful new approach is benefiting hungry children in Bangladesh, Ethiopia, Haiti, Malawi and Sudan.

Community health workers are trained to identify and treat children with moderate cases of malnutrition before it can become life-threatening. Severely malnourished children are taken to clinics for more intensive care. With this community-based approach, Save the Children has achieved a 90 percent recovery rate.

Save the Children is also taking the lessons learned from emergency settings and applying them in other contexts. In Malawi, Save the Children is investigating the use of a ready-to-use high-nutrient food called Plumpy'nut to treat AIDS patients, following the success of this product in treating severely malnourished children in Sudan.





The links between child nutrition, farming and the market

For the world's 600 million children in families living on less than \$1 a day, changes in family livelihoods, health and child care practices are needed to eliminate hunger and malnutrition.

One approach is to increase income among rural families. In 2006, Save the Children has helped promote livelihoods and build skills and knowledge among principal wage-earners in 12 countries. Working with farmers, we have helped to improve agricultural techniques and diversify crops. The next step is to link farms with local markets where farmers can sell their produce and generate income. With growth in the household economy, mothers can improve maternal and child health, nutrition, and household practices for food preparation and child care. And well-nourished children are more likely to be healthy, more likely to succeed in school and less likely to have developmental problems as they grow to adulthood.

Jump-starting a market economy for Bolivian families

In rural Bolivia, 38 percent of children under age 5 suffer from chronic malnutrition, and 82 percent of the population lives below the poverty line. But statistics can be changed: Through an integrated program to improve child nutrition and at the same time increase farm income, Save the Children has witnessed a 5.9 percent reduction in malnutrition among children and helped stimulate a local economy in just 18 months.

In 194 communities within the department of La Paz, Bolivia, Save the Children introduced a new marketing approach: *Produce what sells – instead of selling what you produce.*

Using technical support and marketing research, Save the Children is working with farmers to add value to their produce and target specific markets. Apples are dried and sold to a company producing fruit teas. High-quality fava beans are exported to Japan, while lower-quality beans are sold to a local company producing dried soup. Fruits are certified, labeled and marketed to grocery stores. As a result, farm incomes have increased, operations are expanding and new farmers are getting involved. Most of all, their families are benefiting from improved health as well as better and more nutritious food.

- ❶ **Helping farmers and mothers to improve child nutrition.** Bolivian children, like 7-year-old Susana, enjoy the benefits of improved health and nutrition through Save the Children's linked programs in agriculture, household nutrition and health care.

Development programs for children

Saving the lives of children under age 5. “Since his first [zinc] treatment Mory did not feel sick with the diarrhea and as you can see he is healthy and very good-looking.”
Assata, 22-year-old mother of 8-month-old Mory

Development programs for children’s health

For more than 30 years, the global health community has made enormous strides in saving the lives of children under age 5 in developing countries. Programs to vaccinate children, treat diarrhea, pneumonia and malaria, as well as to improve infant and young child feeding have all succeeded in saving millions of children’s lives. A child in a developing country today is half as likely to die as a child 40 years ago. Still, 11 million children under age 5 die each year, largely from preventable or treatable causes.

Poor health takes a toll on those who survive as well. For millions of children the world over, disease, stunted development and inadequate nutrition can result in poor attendance and performance at school. Poor health may handicap children well into adulthood as chronic illness and poor productivity make them a burden to their families and communities.

Save the Children’s goal is to improve the health and survival of all children – and especially those most in need. We continue to expand the reach and quality of health programs for children, and in 2006 supported programs that helped deliver services to children in 37 countries.

To achieve this goal, Save the Children works to build the knowledge and skills of mothers, families and communities necessary to ensure that all children survive and thrive.

Creating a safety net for mothers and newborns

Over Save the Children’s 75-year history, we have learned that the key to successful health care for children is keeping pace with their evolving needs as they grow from birth to adolescence. But Save the Children’s health program really starts with the health of the mother, because proper nutrition and health care during pregnancy are vital to newborn health and survival.

In many countries, childbirth can be a death sentence for a mother and her baby. Each year, more than 529,000 women die from complications of pregnancy and childbirth, and 4 million newborn babies die before they are a month old. While many maternal complications are hard to predict, effective treatments for medical causes of maternal death exist. Many newborn deaths also could be averted with simple cost-effective interventions.

Unfortunately, effective delivery of life-saving care

remains an enormous challenge in developing countries, where each year 53 million women give birth at home – most without a skilled provider. For many of these women, getting to a clinic or hospital can be difficult, either because of the distance, or because transport is simply unavailable or unaffordable. In addition, cultural barriers such as women’s lack of mobility and decision-making authority can prevent women and newborns from seeking care.

The primary health care clinics that are closest to their homes and familiar to the family typically lack the skilled staff and necessary supplies and equipment to resuscitate a newborn, help a woman who is hemorrhaging during childbirth, or treat infections or other complications in mothers and newborns. Even if a woman or newborn is brought to a hospital, timely and appropriate medical care may not be available.

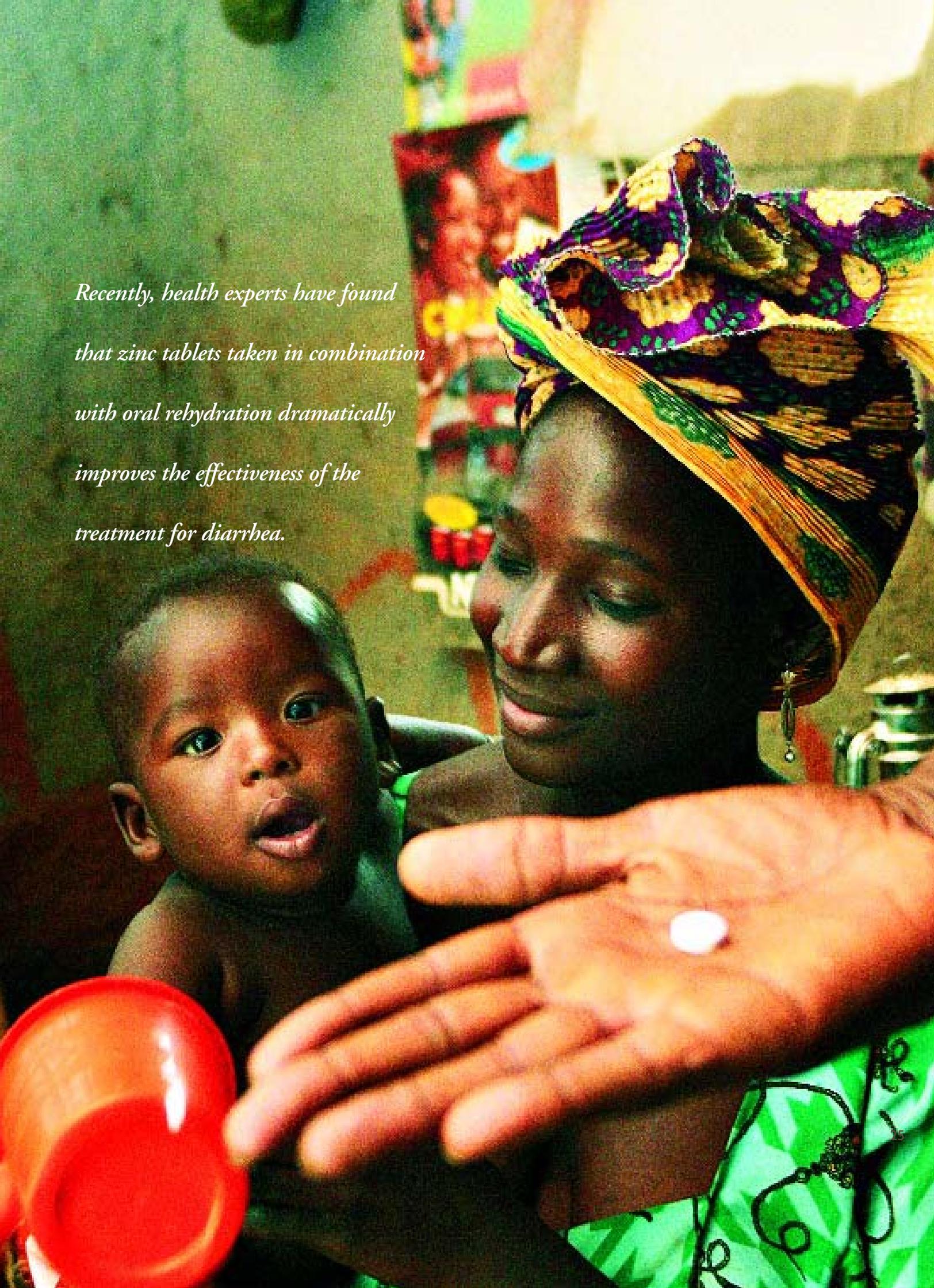
Pioneering new solutions to old problems

Oral rehydration therapy is a simple sugar and salt solution that helps remedy diarrhea in children and has been key to reducing annual child deaths from diarrhea by more than 30 percent worldwide. Recently, health experts have found that zinc tablets taken in combination with oral rehydration dramatically improves the effectiveness of the treatment.

Save the Children collaborated with Johns Hopkins University in a pilot study to see how communities in southern Mali would accept zinc tablets. Save the Children trained and supervised local health workers who then helped educate families on the benefits of zinc treatment in combination with oral rehydration therapy.

Across the Bougouni region of Mali, community reaction to the zinc treatment was positive. Ninety percent of children in the study received at least the minimum recommended dose for 10 days, and most parents said that their child’s diarrhea was resolved in only a few days. The project is being expanded to more villages, and will inform changes in national health policies.

Recently, health experts have found that zinc tablets taken in combination with oral rehydration dramatically improves the effectiveness of the treatment for diarrhea.



The household-to-hospital continuum of care

Communities and health care providers need to work together to ensure that pregnant women and newborns receive appropriate and timely care, preferably as close to home as possible. To achieve significant reductions in maternal and newborn deaths, social, health and operational issues must be addressed at all levels – in the household, in local clinics and in hospitals. This integrated approach to community- and facility-based maternal and newborn health is called “the household-to-hospital continuum of care,” which Save the Children is currently testing in Vietnam, Afghanistan and Nigeria.

Getting newborns off to the right start

With a generous grant from the Bill & Melinda Gates Foundation, Save the Children has demonstrated that newborn deaths can be averted through low-cost, low-tech solutions that benefit both mothers and babies. In just five years, we have reached 20 million women and babies with proven measures such as tetanus immunizations for pregnant women, programs to train attendants for childbirth and newborn care, and education for mothers about the importance of warmth and breastfeeding for their newborns.

In December 2005, the Bill & Melinda Gates Foundation renewed support for Save the Children with a \$60 million grant to expand our initiative to 18 countries and improve our understanding of the chief causes of death among newborns in the first week of life.

STATE OF THE WORLD'S MOTHERS REPORT 2006



Save the Children is recognized worldwide as a leader in saving the lives of newborn babies, millions of whom still die every year from easily preventable or treatable causes.

In May 2006, Save the Children published its seventh annual *State of the World's Mothers* report focusing on “saving the lives of mothers and newborns.” The report presented the latest research on newborn mortality and highlighted a dramatic finding: *2 million – or one half – of the 4 million babies who die each year in the first month of life do so in the first 24 hours after being born.*

The report generated across-the-board media coverage on TV, radio, print and the Web in both English and Spanish, reaching more than 62 million people in the United States and millions more worldwide.

On the day the report was released, Senators Gordon Smith (R-OR) and Chris Dodd (D-CT) introduced new legislation – the *Child Health Investment for Long-term Development (CHILD and Newborn) Act* – to provide a national strategy and resources to reduce high death rates of mothers and children throughout the developing world. Representatives Betty McCollum (D-MN) and Chris Shays (R-CT) had earlier introduced similar legislation in the House of Representatives. The bill was co-sponsored by an additional 46 members of the House of Representatives.

DEVELOPMENT PROGRAMS FOR CHILDREN – HEALTH

Child survival through “community case management”

Of the many diseases that kill 30,000 children around the world each day, nearly 70 percent are easily preventable, and most could be treated with proven, low-cost measures. Despite the barriers of poverty, geographic isolation, poor roads and communications, Save the Children is helping those children who have yet to benefit from the low-cost measures we know can improve health and survival. One way we achieve greater impact is by working with global and national policymakers to expand access to these life-saving interventions in countries where we work.

Save the Children has identified “community case management” as a priority strategy that is based on reaching children with life-saving interventions for serious childhood infections in communities far removed from health facilities. Typically we train community members to identify and treat children with signs of infection, and work with local partners and government workers to support these efforts. We also engage families and children themselves to recognize symptoms and seek care when it is needed for life-threatening diseases such as pneumonia, malaria and diarrhea.

This strategy is currently being used in remote areas of Afghanistan, Bangladesh, Bolivia, Ethiopia, India, Mali, Myanmar, Nepal and Nicaragua.

Adolescents making the right choices for reproductive health

The years of adolescence test children. Suddenly, health is knowing how to take care of yourself. Young adults must understand how their behaviors and choices may shape their health – perhaps for a lifetime. The outlook for young people in 2006 is grim:

- Worldwide, young people from 15-24 years of age have the highest rates of sexually transmitted infections, including HIV. Almost 40 million people live with HIV, and approximately 60 percent of all new cases are among those 15-24 years of age.
- Each year, 15 million women aged 15-19 give birth, accounting for 10 percent of all births. In some countries, such as Bangladesh, the average age of a girl at marriage remains as low as 14 years.
- At least one-third of all rape victims worldwide are 15 years old or younger, and young adults who are victims of abuse are more likely to engage in risky behaviors such as drug use and prostitution.

Save the Children is fighting these trends by giving young people the knowledge and skills to stay healthy and to seek quality health services when they need to. Because adolescents still rely on adults to help them with decision-making, we also work with parents, teachers and religious and community leaders to encourage young people to make better choices regarding their health and future.

Each year, Save the Children reaches 20 million young people globally with information and services that help them lower their risks of poor health outcomes including early pregnancy and HIV/AIDS. With their improved awareness and some coaching in using their communications and other skills to protect themselves, young people can choose to delay sexual activity, practice abstinence or obtain access to contraception.

Protecting children from preventable and treatable diseases. In Armenia, where an estimated 55 percent of the population lives on less than \$2 a day, Save the Children works to raise demand for high-quality health care, especially for mother and child services.





Being healthy to learn and learning to be healthy

In developing countries where maintaining steady access to health care, nutrition and awareness of sanitation and personal hygiene is an ongoing challenge, schools have become an important means of delivering health measures and health education to school-aged children. School health and nutrition programs benefit the educational system as well, because illness and malnutrition keep children out of school or leave them too tired and listless to learn.

In 2006, Save the Children delivered health and nutrition interventions to approximately 900,000 children in nearly 1,800 schools in 16 countries.

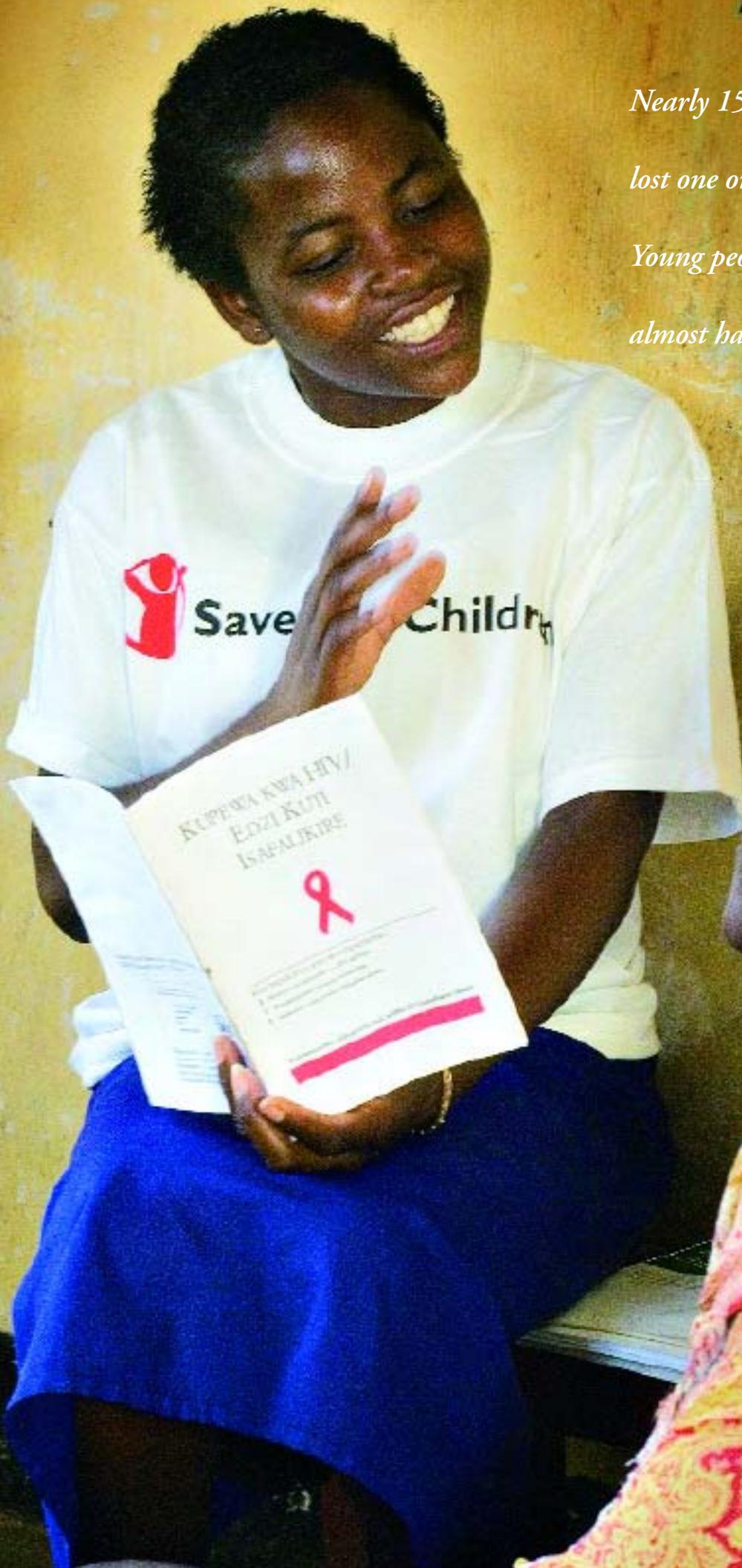
Promoting health and hygiene in the schools.

Health and nutrition are on the upswing in Tajikistan and Bangladesh, thanks to support from GlaxoSmithKline. Save the Children is educating children in hand-washing and hygiene, and providing deworming treatments and iron supplements for school children, many of whom were infected with intestinal worms or suffered from anemia. This school health and nutrition program has benefited 48,000 children at 127 schools in Bangladesh and 91,000 children at 95 schools in Tajikistan.



*Nearly 15 million children have
lost one or both parents to AIDS.*

*Young people aged 15-24 account for
almost half of all new infections.*



DEVELOPMENT PROGRAMS FOR CHILDREN – HIV/AIDS

Fighting for children in a global pandemic

Treating HIV/AIDS is not just treating a disease; it is also helping those who are infected, preventing further spread of the virus and caring for the children who are left behind.

Across sub-Saharan Africa and Asia, millions of children grapple with what AIDS has done to their families and to their own chances for survival. Nearly 15 million children have lost one or both parents to AIDS. Young people aged 15-24 account for almost half of all new infections.

As of 2006, Save the Children has reached thousands of orphans and vulnerable children with care and support activities in 12 countries.

Care, support and protection of children affected by AIDS

In sub-Saharan Africa, we have reached more than 366,000 children affected by AIDS, chiefly through communities that have taken a leadership role in their care, support and protection. Chief among our activities are:

- Emotional support for children and their caregivers to cope with loss and grief;
- Educational support to ensure children are enrolled and attend school;
- Expanded programs for community-based child care to meet the needs of younger children for early childhood development;
- Food and nutritional support;
- Community-based livelihood options for AIDS-affected households.

Preventing of mother-to-child transmission of HIV

In 2006, Save the Children supported programs in Haiti, Malawi, Mozambique and Myanmar to help pregnant mothers get tested for HIV and services to protect their newborns from infection during pregnancy, childbirth and the postpartum period. Because babies can become infected with HIV from their mothers during childbirth or breastfeeding, it is important that HIV-positive women are aware of safer feeding practices and ways to minimize transmission risks and protect children from common childhood illnesses. Prevention of mother-to-child transmission helps HIV-positive mothers and babies access treatment and care and strengthens services for other mothers and newborns as well.

Reaching higher-risk youth

All young people need access to information, services and social support to ensure they are able to protect themselves from contracting HIV. Youth represent the highest rates of rising infection, and girls are affected at higher rates than boys their own age. Save the Children works to identify young people at greater risk, and reaches them with information, services and peer support to ensure they are better able to protect themselves.

In Ethiopia, we are helping 160,000 high-risk young people, many in an area where long-distance truck drivers have contributed to the rapid spread of HIV. We also work with more than 200,000 young people at risk in Malawi, Mozambique and Uganda. Also, as a member of the ONE campaign, Save the Children is helping to rally Americans to address the problems of global AIDS and extreme poverty.

In 2006, we expanded programs in Asia to reach young people in Bangladesh, Myanmar, Nepal and Vietnam. In Bangladesh, we work closely with the government and nongovernmental partners to lead, manage and support the national program to prevent HIV infection among youth. This program reaches young people through media, school curricula and community and workplace programming. In addition, we engage religious leaders and policymakers to create a more supportive environment for effective prevention among youth.

❖ Preventing the spread of HIV/AIDS.

A Save the Children health worker in Malawi talks with a patient about HIV/AIDS. In 2006, our programs in Ethiopia, Malawi, Mozambique and Uganda provided children and their families with care and support for better health, nutrition, education and economic well-being.

DEVELOPMENT PROGRAMS FOR CHILDREN – EDUCATION

Childhood is a time to learn

Sometimes the barriers between the world's 77 million out-of-school children and opportunities for education seem insurmountable. An estimated 41 million girls are not in school for cultural reasons or because they are needed at home. Forty million children are prevented from learning because they live in countries affected by war or conflict. And children orphaned by AIDS stay home to support their families or stay away from school because of the stigma they bear.

At Save the Children, providing education for children who face these odds is one of our most important goals. In 2006, Save the Children worked in 33 countries to help children embark on learning, from preschool-age children just starting out to young adults about to launch into the world of work.

Making sure that children everywhere have the opportunity to learn outfits an entire generation with the knowledge and skills they need to be confident and productive. Moreover, educated people are an essential resource for nations striving for economic growth and stability.



Educating girls in Afghanistan. Of the 77 million children worldwide who are not in school, more than half are girls. For Save the Children, educating girls is a top priority that involves creating “girl-friendly” classrooms to keep girls in school, and also talking with parents and community leaders about the advantages of education for girls. These two girls in Afghanistan use photography to make a statement about why education is important to them.

Preparing young children to be successful students

Educators recognize that a child's healthy development begins in infancy and influences performance in school and success later in adulthood. But many children in developing countries enter primary school unprepared for the challenges ahead and their first days in the classroom can be confusing – even overwhelming.

Save the Children has developed a cost-effective early childhood program that provides a range of services for early learning in the home and child care centers through the early primary school years. As children grow, Save the Children works with families to maintain their children's health and introduce positive behaviors and learning skills. We train community teachers in effective strategies in early learning with toys and child-friendly environments and curricula.

In 2006, Save the Children initiated new programs in 10 poor rural communities in Appalachia and the Gulf Coast of the United States and continued its support of early childhood programs in 16 countries around the world from Nicaragua to Nepal.

Investing in early childhood development pays back significant returns: The World Bank has estimated the rate of return at \$3 for every \$1 spent overseas and in the United States the range is as high as \$17 for every \$1 spent.

Opening schools where there were none before. 7-year-old Alecandre waits patiently for his class to start at the Tampouy Village Formal School in Burkina Faso.

A young child with dark skin and short hair is sitting on the ground against a bright blue, horizontally-slatted wall. The child is wearing a white, heavily worn and torn long-sleeved shirt with a blue strap across the chest and yellow pants. The child's expression is somber and they are looking directly at the camera. The background is a solid, vibrant blue wall with some minor wear and tear.

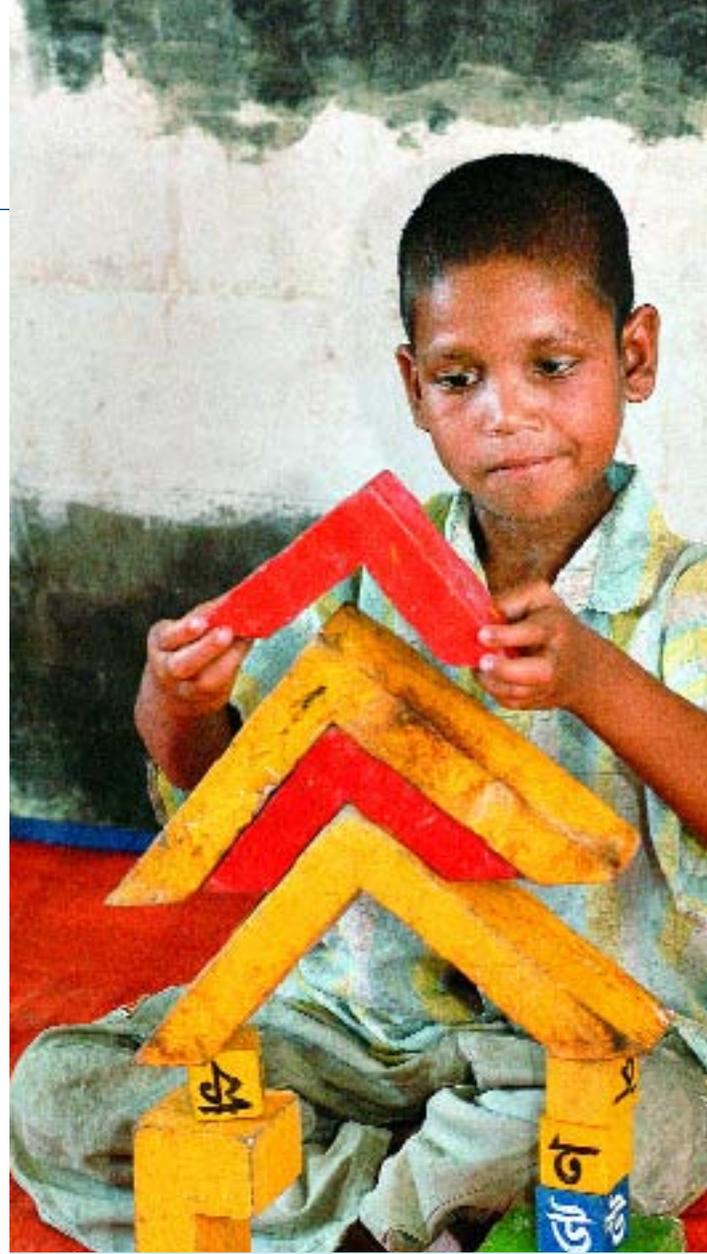
*Worldwide, 77 million
children are out of school.*

School readiness – the social and intellectual maturity to learn – is the basis for Save the Children’s early childhood development program. A boy in preschool in Bangladesh works on a block structure.

Schooling for children – anytime, anywhere

Village schools bring education directly to children living in some of the most remote rural surroundings. For children who cannot reach distant, centralized schools, Save the Children has made community-based learning a part of daily life and a hopeful future. Our approach is to address the needs of children, integrate learning with the local language and culture, and involve parents as active participants in the education process.

- In Malawi, Save the Children has now reached over 330,000 children through 455 community schools whose pupils’ test scores are 30 percent higher than those at better-funded government schools.
- In the Republic of Georgia, our mobile outreach team in Rustavi works with two groups of children: those living on the streets and those at immediate risk of going to the streets. Children receive education, health counseling, informal creative and recreational activities, and a variety of social integration opportunities.
- In Uganda and other sub-Saharan countries, Save the Children works with teachers, community leaders and parents to ensure that children orphaned by AIDS receive the education they need to retain hope and remain free from HIV. Getting a good education is central to protecting against the spread of HIV, especially for adolescent girls, who are several times more likely to become infected with HIV than boys of the same age group.
- Thanks to Save the Children’s early childhood education programs in Bangladesh, 39,000 children – among them nearly 20,000 girls – are acquiring the skills and confidence they need to enter primary school and continue to achieve.



BANGLADESH: EARLY LEARNING BUILDS SCHOOL SUCCESS

Bangladesh has improved its school enrollment rates over the past two decades, but the number of drop-outs in rural districts is still cause for alarm. Among those enrolled in primary school, 40 percent dropped out before completing second grade, and 40 percent of those who remained had to repeat the year. Less than 2 percent of 8-year-olds were working up to expectations for their grade.

The problem, as Save the Children saw it, was school readiness – children were not intellectually or socially prepared to learn. Those who failed were disadvantaged by poverty, disability, gender or ethnicity. But poor communities are actually rich in learning opportunities for young children, if properly tapped.

Save the Children promotes neighborhood early childhood programs as the means to get children ready for primary school. In Bangladesh, we have established 1,800 innovative, affordable preschools in five regional hubs. By recruiting and training community teachers, gaining parental support and using a child-friendly curriculum and materials to lay the groundwork for language and math, we are helping young children succeed in primary school.

DEVELOPMENT PROGRAMS FOR CHILDREN – EDUCATION

Promoting peace in the South Caucasus

Through an innovative television show supported by Save the Children, children in Armenia, Azerbaijan and Georgia are learning lessons in tolerance. A weekly television puppet show along the lines of “Sesame Street” introduces young children to issues such as conflict prevention, cultural understanding and mutual respect. This show has had such great success that a children’s talk show series is being broadcast as well. An estimated 2 million viewers, both children and adults, have watched these shows in school and at home.

Save the Children has taken advantage of the enormous popularity of the television show. In collaboration with the ministries of education in all three countries, we have encouraged teachers to use ideas from the show for classroom discussions so their students will learn to think critically and act responsibly. Teachers have engaged their students on such issues as mediation, gender and environmental stewardship. Recent survey research has shown significant improvements in children’s knowledge, attitudes and practice of tolerance.



Sharing lessons about community, tolerance and responsibility. Marlina, 7, shares a secret with kindergarten classmate Sona, 6, in their classroom in Yerevan, recently renovated as part of a larger Save the Children program to improve social and economic conditions in Armenia.

Life skills for young adults

In the developing world, the number of young people aged 12-24 has reached 1.3 billion – the largest number of youth in history. Although in some regions of the developing world they are healthier and more educated, many still lack the skills to make decisions that will promote sustained health, lifelong learning and decent livelihoods. Save the Children works with youth in 12 countries to prepare for the future through improved access to educational and economic opportunities as well as education and services in reproductive and sexual health.

School-to-career growth in Jordan

More than 70 percent of the population in Jordan is under the age of 30. In partnership with the ministry of education, Save the Children is linking more than 50,000 young adults into a network of school-to-career transitional programs that encourage learning-by-doing approaches. Young people are introduced to job opportunities or supported while continuing their education. Save the Children fosters an entrepreneurial spirit in young people and encourages them to access credit, business development services and training. As a result, youth grow more connected to their communities and the economy. These innovative economic education and school-to-career approaches are being mainstreamed into the ministry of education’s national curriculum.



*Today, Save the Children's
microfinance network provides
financial services to more than 520,000
entrepreneurs, mostly mothers.*

DEVELOPMENT PROGRAMS FOR CHILDREN – ECONOMIC OPPORTUNITIES

Small loans on a substantial scale

Today, Save the Children's microfinance network provides financial services to more than 520,000 entrepreneurs, mostly mothers, whose success in running their small businesses contributes to family income and opens the door to health care, nutrition and education for their children. All told, this program impacts the lives of more than 1 million children in 18 countries.

Microfinance is a powerful concept, based on the maxim that mothers need "a hand up, not a hand out." In 2006, Save the Children and its partners disbursed a total of \$82 million in loans. Many women have started out with loans as small as \$25 or \$50 to launch start-up ventures and then returned for second loans to expand their successful businesses. Virtually all loans are paid back in full.

Strategically, microfinance is most effective when integrated with other services. Mothers launching into the world of business, even on a small scale, require support from their peers and from lending institutions. Wherever possible, Save the Children's partners provide group loans as well as individual loans and nonfinancial services, such as business training, financial education and information about health and nutrition.

Inspiring teen entrepreneurs

In Nepal, as in other developing countries, two trends are on a collision course: 46 percent of the population is under 18 years of age, but work prospects for young people are practically nonexistent because of the country's uncertain economy.

To avoid the loss of thousands of young adults to low-paying jobs overseas, Save the Children has piloted an initiative to prepare out-of-school adolescents to manage their own businesses. Four hundred young people have received skills training and product grants enabling them to go to work for themselves. Through this program, Save the Children encourages the close involvement of parents, helps in purchasing necessary goods and managing cash flow, and oversees loan repayments within one year.

The results have affirmed our hunch that young adults are eager to meet new challenges. From the growth of small businesses such as bicycle repair shops, shoe shops and vegetable stands, they can contribute to family income and help to increase the prosperity of their communities. These young people display a new self-confidence and a willingness to participate in community affairs.



Teaching business skills to youth.

Adolescent entrepreneurs in Nepal are running their own businesses with support and training from Save the Children. These teens are proud of being role models to others in their village.

◉ **With start-up loans for small businesses, we help mothers to improve health and education for their children.** Dong Anh district, Vietnam.

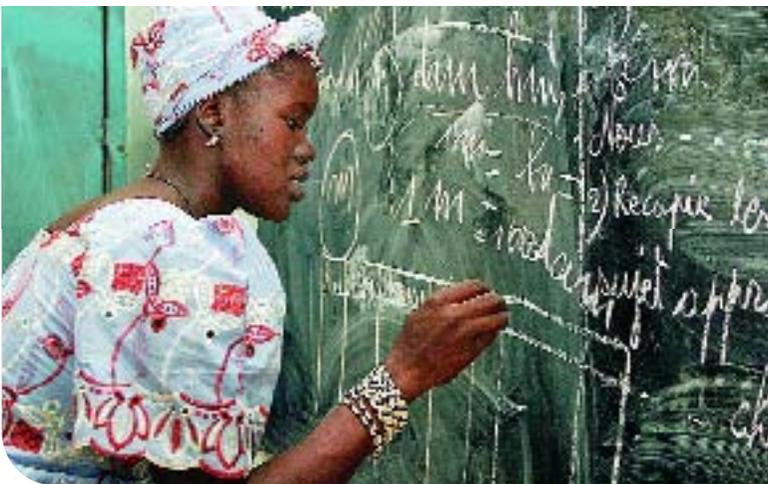
Community solutions through sponsorship

Support for one child serves the greater good

We sometimes think of Save the Children's sponsorship program as a channel connecting contributors to the lives of children in need. It is a unique experience for sponsors to get a glimpse into the lives of the children they support, and absorb the full impact of their contributions on communities where nothing is taken for granted.

In 2006, 81,000 sponsors were linked with 47,500 children in 23 countries and 11 of the U.S. states and an additional 14,500 donors contributed to sponsorship programs. This support is the anchor for Save the Children's critical programs in health, nutrition and education, and enables us to launch new initiatives and extend the range of our "best practices" in early childhood development, primary education, school health and nutrition, adolescent development, and HIV/AIDS prevention, care and support. Sponsorship support for U.S. Programs strengthens our efforts in literacy, physical activity and nutrition and makes them available to increasingly larger numbers of children.

Participation in sponsorship programs, however, is not limited to individual children; most children in communities where we offer sponsorship programs may participate. In 2006, sponsorship programs benefited over 1.7 million children and adults in need.



Children who benefit often give back to their communities. Aissata, 22, was formerly in Save the Children's sponsorship program and now teaches in one of our village-based schools in Mali.

Some of our program achievements for 2006 include:

- **Philippines.** In a country where only 67 of every 100 children who enter the first grade will complete the sixth grade, our primary education program strives to give more children the opportunity to succeed. In 2006, over 10,000 children in 42 schools benefited from improvements to their classrooms through audiovisual equipment, better instructional materials, improved resource and learning centers and science rooms. New programs enrich the manner in which they learn. For instance, daily reading sessions with parents at home and weekend sessions with community volunteers help readers in the first three grades practice their new-found skills.
- **United States.** Throughout the Southwest, Save the Children is working to improve the literacy skills of children in need. Save the Children partners with rural schools like St. Joseph's Mission School in San Fidel, New Mexico, where literacy coordinator Jeannette Garcia has seen remarkable growth. "When we started the program, we had a lot of children that didn't want to read," Garcia remembers. "We especially had a lot of upper-grade-level children that were frustrated because they were so far behind grade level. Now that they have improved they are excited and motivated to read." Save the Children's independent evaluation confirms her optimism. During the 2005-06 school year, children at St. Joseph's showed growth that was more than four times what would be expected without intervention. These results make Jeannette Garcia happy, but she adds, "What makes me especially happy is that children are excited about reading."

Changing lives through sponsorship. Patuma carries her books and lunch to Kamundi School in Malawi.



*In 2006, sponsorship programs
benefited over 1.7 million children
and adults in need.*

SPONSORSHIP

A menu of giving opportunities

In recent years, the variety of giving opportunities through Save the Children's sponsorship program has grown to match the preferences of our contributors. Our sponsorship options include:

- **One-on-one sponsorship.** One child may be linked to one sponsor, but contributions do not go directly to a specific child. Instead, gifts from all sponsors and donors are combined to support projects that help make life better for all children who participate in our community-based programs. New sponsors receive a kit with their child's photo, biography, information about programs in that child's country and a sponsor handbook. Each year, sponsors receive a new photo and progress report as well as regular program updates.
- **Lifeline sponsorship.** Lifeline sponsors are linked to a representative child who acts as an ambassador for all the children participating in sponsorship programs in the community. Because a Lifeline ambassador has many sponsors, individual correspondence is not offered; however, throughout the year, the Lifeline child will send letters or drawings to all participating sponsors. Linking many sponsors to one ambassador child achieves a significant level of administrative savings for a field office.
- **Program sponsorship.** Program sponsors invest in the support of programs in a particular country. Each year, progress reports and program-related photos are sent out to show how the programs are helping to improve the lives of children and local communities.



Learning the basics of health.

Sixth grader Claire measures the height and weight of Dimple, age 7, as part of Save the Children's school health program in the Philippines to teach students first aid and how to take care of sick children.

- **eProject sponsorship.** eProject is an entirely Web-based sponsorship, currently available only for Ethiopia sponsorship programs. eProject sponsors receive a link to online quarterly updates on the progress that Save the Children is making in Ethiopian communities through photos, stories and video clips.
- **Mission supporter.** Like sponsors, Mission supporters give on a continued basis to support Save the Children's work, but they do not maintain a direct link to a specific child or country. Mission supporters provide funds that may go to any area with sponsorship programming or where sponsorship support is needed most.

A headstart in acquiring skills. Youngsters in a preschool in Nepal are learning the national language for their future education.



SPONSORSHIP IN THE COMMUNITY

“It was Friday at last! Phones were ringing and kids were coordinating rides to and from the dance at the center. After all, there were new faces at the Save the Children center every week and we didn’t want to miss a thing. In rural Jackson County, Kentucky, there wasn’t much for young people to do except drive through town and hang out in the local gas station parking lot. A dance at either the Silver Dollar or the Whispering Pines center was always big news.

It was the adults who made things happen – Cindy, Helen, Judy, Jean, Kathy, Ruthie, Margaret, Tammy, among others – who cared enough to make a safe, fun place for local kids. Through their work with Save the Children, they showed us that there was more to life than working at the local factory or a convenience store. The field trips, the dances and, most of all, the support these folks gave encouraged us to reach for more and work toward our goals. We could make it happen.

Today, I travel all over the U.S. as a communications technician. I’ve been in small towns and big cities, shipyards and hospitals and met many people from all different backgrounds and cultures. Through my experience with Save the Children, I was encouraged to reach for more than what I had known.

Today, my wife Katherine and I have made our home in Jackson County, where she is now the sponsorship manager for Save the Children’s Southeast Area Office. It’s funny how things come full circle.”

JAMES T. GOLDEN, JR.
Jackson County, Kentucky
Former participant in a Save the Children sponsorship project



A SPONSORSHIP PROGRAM IN NEPAL

The 3- and 4-year-olds rush to the door and join their hands in namaste, the traditional Nepal greeting, as soon as you enter their classroom. “Earlier, whenever an outsider visited, kids would go all shy and quiet. Now look at them!” says Jugram Chaudhary, who heads up the Laligurans Community-Based Early Childhood Center in Kailali district in Nepal. The bright confidence of these children is clear evidence of how much the center has achieved in the past three years.

Save the Children opened the Laligurans Center in 2003. Located in the heart of a resettlement camp, it accommodates children from the local families that formerly served as *kamaiyas* – or bonded laborers – for generations. Their native tongue is Tharu, but children must learn Nepali to enter the government schools. Because Jugram is from their community and speaks both Tharu and Nepali, he is helping the children pave the way to achievement in primary school.

Every month parents meet to discuss concerns about their children’s progress with the management committee, composed of a primary school principal, parents and community volunteers. With Save the Children’s support and encouragement, they will continue to nurture their children through this crucial stage of their lives. The Laligurans Center is an excellent example of what a community can achieve when will and dedication are complemented with support.

Breaking the cycle of poverty. Sponsorship programs can transform the lives of children who live in homes like this one in rural Kentucky,



Financial Report

Fiscal Year 2006 ended with strong results for Save the Children. We had planned a substantial deficit resulting from the effects of spending funds raised and accounted for in our FY 2005 for the Asia Earthquake/Tsunami Relief Fund (AETRF). However, with stronger than expected revenues, this operational deficit was smaller than expected. A doubling of non-operating activities resulting from our successful fundraising campaign produced an overall increase in cumulative net assets for the organization. I am also happy to report that, for the fourth year in a row, at least 90 percent of total dollars spent went to program services and that we maintained our cost to raise a dollar near or below 13 cents (10 cents in 2006). In addition, we saw strong growth in our endowment from \$56.5 million to \$73.6 million.

Save the Children experienced growth in all areas of our operations with the exception of emergency response through the successful execution of year two activities within our 3-year strategic plan (FY 2005-2007). There were two accounting transactions of interest during FY 2006 that impact some metrics and thereby change the appearance of operations: one relating to foreign exchange gains, where we have distinguished between operating and non-operating activity. This resulted in a gain of \$2.2 million being shown as non-operating activity. The second is an accounting reclassification that changes what had previously been food aid expenses to inventory on hand. These inventories will be expensed in future years when the food is actually distributed. This change had no effect on net assets.

Operating revenues were \$332 million, down 16 percent from FY 2005, non-operating revenues exceeded \$22 million (more than twice that in FY 2005) and operating expenses were \$334 million, growing at 3.3 percent. The decrease in revenue reflects a return to more normal giving after the unprecedented private giving received in FY 2005 for our tsunami relief efforts. The growth in expenses was somewhat slower in FY 2006 as compared to FY 2005, primarily due to moving from relief efforts to reconstruction in Aceh, Indonesia. Emergency efforts in general were also not as active in FY 2006 as in FY 2005. This results in an overall increase in cumulative net assets of \$20.9 million.

Save the Children Federation, Inc. has met its commitment for the past four years to direct maximum funds possible toward program delivery. In this year, the planned efficiency was affected slightly by the second of the two accounting transactions mentioned above. Because of this change, total program expenses were reduced to 90 percent for FY 2006 of all expenses, as opposed to 91 percent in FY 2005.

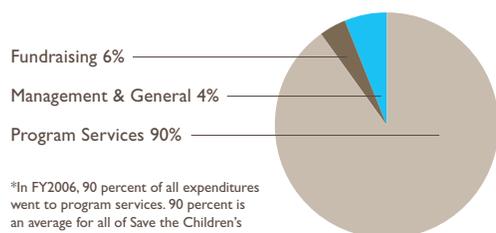
The full financial statements, audited by PricewaterhouseCoopers LLP, are available upon request by calling 1-800-728-3843 or on our website at www.savethechildren.org.



VICKIE J. BARROW-KLEIN
*Vice President, Finance & Information Management
Chief Financial Officer & Treasurer*

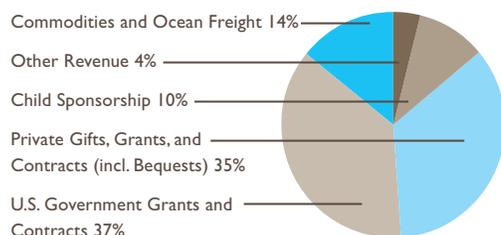
CONDENSED AUDITED FINANCIAL INFORMATION

HOW WE USE OUR FUNDS*



*In FY2006, 90 percent of all expenditures went to program services. 90 percent is an average for all of Save the Children's programs worldwide; the percentage in a particular program may vary.

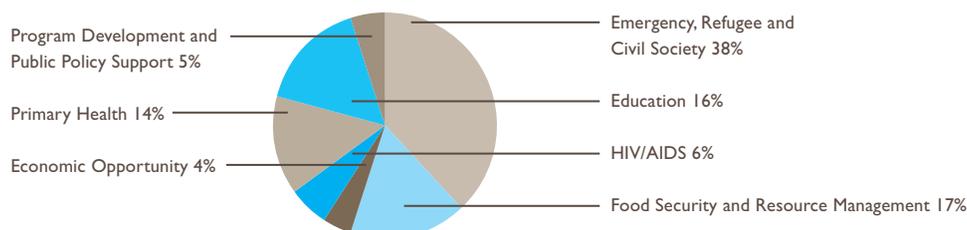
SOURCES OF SUPPORT AND REVENUE



WHERE WE WORK



NATURE OF OUR PROGRAMS



	FY 2006	FY 2005
OPERATING REVENUE		
Child Sponsorship	32,335,000	30,764,000
Private Gifts, Grants, and Contracts (incl. Bequests)	116,818,000	174,873,000
U.S. Government Grants & Contracts	124,974,000	128,120,000
Commodities and Ocean Freight	46,652,000	53,711,000
Other Revenue	11,641,000	9,154,000
Total Operating Revenue	332,420,000*	396,622,000

OPERATING EXPENSES AND CHANGES IN NET ASSETS

OPERATING EXPENSES AND CHANGES IN NET ASSETS		
Program Services		
Education	49,273,000	36,817,000
Primary Health	41,198,000	38,751,000
HIV/AIDS	19,596,000	18,248,000
Economic Opportunity	11,611,000	9,537,000
Food Security and Resource Management	50,908,000	44,952,000
Emergency, Refugee and Civil Society	115,227,000	134,686,000
Program Development and Public Policy Support	13,682,000	10,174,000
Total Program Services	301,495,000	293,165,000
Fundraising	20,345,000	19,055,000
Management & General	11,726,000	10,789,000
Total Operating Expenses	333,566,000	323,009,000

Excess/(Deficit) of Operating Revenue over Operating Expenses	(1,146,000)	73,613,000
Excess/(Deficit) Related to Temporary Restricted Funds	(1,280,000)	65,716,000
Excess/(Deficit) Related to Unrestricted Funds	134,000	7,897,000
Non-Operating Activity (Endowment Campaign Gifts and Pledges)	22,010,000	10,420,000

Total Operating Revenue and Non-Operating Activity	354,430,000	407,042,000
Total Operating Expenses	333,566,000	323,009,000
Increase/(Decrease) in Net Assets	20,864,000	84,033,000
Net Assets, Beginning of Fiscal Year	161,304,000	77,271,000
Net Assets, End of Fiscal Year	182,168,000	161,304,000

*Operating revenues in 2005 were greater than those in 2006 because of gifts received for the Asian tsunami crisis. These will be expended over a 5-year period.

In Fiscal Year 2006 on average, based on 2005 costs to administer gifts donated for current use, Save the Children charged 6 percent for fundraising, 3 percent for management and general, and 3 percent for program development and public policy support.

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Sisters Lourdes, 3, Maribel, 7, and Ima, 11, benefit from Save the Children's agriculture, water and health programs for their village in Bolivia.

Save the Children is the leading independent organization creating lasting change for children in need in the United States and around the world.

For 75 years, Save the Children has been helping children survive and thrive by improving their health, education and economic opportunities and, in times of acute crisis, mobilizing rapid life-saving assistance to help children recover from the effects of war, conflict and natural disasters.

Save the Children is a member of the International Save the Children Alliance, a global network of 28 independent Save the Children organizations working to ensure the well-being and protection of children in more than 110 countries.

For more information visit our website at www.savethechildren.org.



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