

The Tony Blair Governance Initiative

Annual Report and Financial Statements

31 December 2012

Company Limited by Guarantee
Registration Number
6779669 (England and Wales)

Charity Registration Number
1132422

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Reference and administrative details of the charity, its Trustees and advisers

Patron	Rt Hon Tony Blair
Trustees	Elizabeth Ann Lloyd Stephen Richard Lewin Rt Hon Hilary Armstrong Tunde Olanrewaju ¹
Company secretary	Broadway Secretaries Limited
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Company registration number	6779669 (England and Wales)
Charity registration number	1132422
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds TSB Bank Plc High Holborn Branch PO BOX 1000 BX1 1LT

¹ Tunde Olanrewaju was appointed to the Board of Trustees on 30 October 2012

² Nick Thompson was appointed Acting CEO on 30 October 2012 due to Kate Gross' absence on long term sick leave

Solicitors

Bircham Dyson Bell LLP
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London
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Trustees' Report – Year to 31 December 2012

The Trustees present their report together with the financial statements of the Tony Blair Governance Initiative (which is known as the Africa Governance Initiative or "AGI") for the year ended 31 December 2012

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and is also a directors' report for the purposes of company legislation

The financial statements have been prepared in accordance with the accounting policies set out therein and comply with the charitable company's memorandum and articles of association, applicable laws, UK Accounting Standards and the requirements of the Statement of Recommended Practice on 'Accounting and Reporting by Charities' (SORP 2005)

1. INTRODUCTION

AGI's mission is to support African leaders who are striving to make their countries more peaceful, stable and prosperous. AGI does this by supporting effective governance and by focusing on the capacity of their governments to implement their vision for their country.

2012 was a year of landmarks and progress for AGI's partner countries. Two Presidents began their second terms: Ellen Johnson Sirleaf in Liberia and Ernest Bai Koroma in Sierra Leone, which also celebrated ten years since the end of its civil war. Guinea secured debt relief under the Highly Indebted Poor Countries scheme, a major step in ensuring the economic health of the country. Rwanda was singled out by the World Bank 'Doing Business' Index for a second consecutive year for rapid improvement in its business climate. And Liberia and Sierra Leone jumped up the internationally respected Mo Ibrahim Governance Index after major reforms.

And 2012 saw landmarks and progress for AGI too. Responding to growing demand from African leaders for our model of support, we began work in three new countries: Nigeria, South Sudan and Malawi. This growth meant that the population that our work can reach jumped from around 20 million to around 200 million, vastly increasing the potential for impact and for our work to improve the lives of the world's poorest people. Working in more countries also increased the potential for learning: as the diversity, challenge, and complexity of our programmes grew.

This report sets out AGI's impact in 2012, our learning through that period, and our development as an organisation.

AGI'S CHARITABLE OBJECTS:

- 1 To promote and advance the efficient public administration of government and public services for the public benefit with a view to relieving poverty by improving the skills and capacities of individuals within government and public services, and the systems and processes of government and public services
- 2 To promote sustainable development with a view to relieving poverty, by the improvement of conditions of life in communities facing poverty and social disadvantage, and the creation of sustainable means of achieving economic growth and regeneration
- 3 To advance the education of the public about good governance and sustainable development

1.1. Growing support for a focus on effective governance

In our 2011 Annual Report we set out the case for AGI's focus on *effective governance* – the ability to translate vision into action and outcomes. This has been AGI's focus since we began work in 2008, for three reasons:

- Because of the **direct impact** of successfully implemented government programmes on citizens' lives, especially the poorest;
- Because of the need to **build the resilience and legitimacy of fragile and post-conflict states**, with the ability to deliver programmes a cornerstone of democracy alongside free and fair elections, and
- Because of the need to **build country ownership**, where governments set and deliver and are held to account for their own priorities

We believe these arguments still hold, but in 2012 we saw evidence of a growing consensus in the international community that effective governance matters and that country ownership and support to leadership are essential to development. For example:

BUSAN

The 4th High Level Panel on Aid Effectiveness in Busan at the end of 2011, at which AGI hosted an event alongside the United States Agency for International Development, set out a new approach to development. The implementation plan following the event focuses on building state effectiveness and country ownership. Included in its list of ten indicators are:

- Development co-operation is focused on results that meet **developing countries' priorities** all providers of development co-operation use country results frameworks
- **Effective institutions** developing countries' systems are strengthened and used

1.2. Our approach

Effective governance is the ability to turn political vision into policies and programmes that can be, and are, implemented, leading to improved outcomes for the people the government serves. There is no 'off-the-shelf' model of effective governance; there is only what works in the particular circumstances of a given country at a given point in its history. AGI's role is to work alongside our partner governments to develop systems and solutions that work for their specific circumstances and requirements.

This means that each of AGI's programmes is unique and tailored to the needs of each partner government. But AGI continues to focus on three core functions that need to work for implementation of government programmes to succeed: prioritisation, planning, and performance management. Although these may sound simple, AGI has found that they are the functions that need to work well for the implementation of policies and programmes to be effective – in the countries we partner with in Africa, but also around the world. And they are also the areas which require effective institutional cultures and capacity to make them work.

AGI supports governments to build their capacity to carry out these functions by embedding teams of skilled staff within our partner governments. AGI's staff, recruited from the best of the international public and private sectors, work shoulder-to-shoulder with local leaders and public servants to develop the capacity of the key institutions in the centre of government. This work is complemented by the support of AGI's Patron, the Rt Honourable Tony Blair, who works on a *pro bono* basis with the government's political leadership to advise on the challenges of leading reform, visiting each country and meeting with the leaders frequently on AGI's behalf.

THE BLAIR ELUMELU FELLOWSHIP

In January 2012 we launched the Blair Elumelu Fellowship Programme, a partnership with the Tony Elumelu Foundation (TEF) that supports reforming African governments to advance sustainable economic development. Both organisations share a commitment to advancing Africa's economic development and prosperity, in order to lift people out of poverty by creating jobs and livelihoods and to help the continent move beyond aid.

The goal of this three-year programme is to strengthen the private sector's role in the economic transformation of select African countries – starting with Sierra Leone and Liberia – by developing the capacity of their governments to enhance competitiveness and attract and nurture private investment for the benefit of their people.

This new partnership offers a unique new model for economic transformation in Africa, bringing together innovative government delivery models with the best of African private sector acumen and execution.

1.3. Where we work

The countries in which AGI operates were selected according to criteria agreed by the Trustees. First, the charity works only in the poorest countries in the world, or in countries where there are deep pockets of absolute poverty as recent research has shown, most of the world's poor now live in middle income countries. In many of these countries across Sub-Saharan Africa, poverty results from years of conflict. Effective governance is a prerequisite for ensuring that such countries escape from the conflict trap and are able to establish state and democratic legitimacy. Second, the charity works with governments committed to reducing poverty through reform, and where there is strong demand for AGI's support. Third, the charity will only seek to undertake projects where an intervention by AGI complements existing development and technical assistance and can be carried out in a politically neutral manner: we do not engage in party politics or electioneering in any way and support the development of institutions and systems that will outlive individual leaders.

In 2012, AGI continued our projects in Rwanda, Sierra Leone, and Liberia, and scaled up our presence in Guinea (where we began work in November 2011). AGI was also honoured to be invited into three new partner countries: the Republic of South Sudan, Nigeria and Malawi. In keeping with AGI policy, AGI began work in each country at the invitation of the government and Head of State. It is a testament to AGI's growing reputation that we received invitations to work in these countries, and indeed others that we were not able to support in 2012.

Working in new countries raised new challenges and risks for AGI. Nigeria is the most populous country in Africa, far larger than the countries AGI began working in; South Sudan was only one year old when our work there began, and Malawi was at a point of political and economic upheaval following the sudden death of former President Bingu wa Mutharika. But such growth also greatly expanded the diversity, experience and learning of the organisation, and in each case it remains an immense privilege to be able to work alongside our partners in the heart of government.

1.4. How we evaluate AGI's impact

The Trustees are committed to robust monitoring and external evaluation of the charity's work in the knowledge that demonstrating our efficacy on the ground is critical for our own work, for our partner institutions, for funders who rightly want to see demonstrable results for the investment they make, and for the benefit of the public in the countries AGI operates in.

At the start of 2012, we appointed Agulhas Applied Knowledge to act as independent evaluation consultants for all AGI's programmes. Agulhas are a leading consultancy with

particular expertise on the evaluation of governance and technical assistance programmes, and are among the consortia providing evaluations of the UK Government's overseas aid programmes for the UK's Independent Commission for Aid Impact. The appointment of a single evaluation partner for AGI has allowed us to harmonise and raise the standard of the evaluations themselves and of results monitoring across the programmes. It has also allowed Agulhas to support us in drawing the common lessons emerging from evaluations in the range of AGI countries. They are an active partner in our organisational learning, and support us in drawing on the latest research on governance and capacity development.

In 2012, Agulhas undertook two evaluations of the Sierra Leone programme as the previous work drew to a close in advance of the November presidential election, as well as baseline evaluations of the Rwanda, Liberia and Guinea programmes. All evaluation visits by the Agulhas consultants seek to investigate AGI's impact, drawing on a combination of anonymous surveys of and private interviews with AGI's government counterparts alongside a review of qualitative and documentary evidence. Independent evaluations of all AGI programmes will be carried out during the course of 2013.

"AGI is unique. I have seen evidence of no other external organisations who have been so close to the centre of political power. Also there is no-one else who has such a clear focus on process rather than policy advice. Much of the work done is not complex but depends on good systems, good relationships and sheer hard work and persistence. AGI staff demonstrate these in large measure. I was very impressed by the morale and commitment of staff and the lack of cynicism in the face of significant logistical and procedural challenges to change."

Agulhas Applied Knowledge, independent evaluation of AGI Sierra Leone programme

2. Activities and achievements

In accordance with our charitable objects, AGI's principal objective in 2012 was to establish and run **programmes to improve the effectiveness of public administration in partner countries in Africa**, so that such governments are better able to deliver policies that lift their people out of poverty.

Alongside this, AGI had two complementary goals:

- **Learning and sharing the lessons** of AGI's work, and engaging in public debate regarding the importance of effective governance to development,
- **Developing AGI as an organisation** to grow to and successfully manage projects in six African countries (with the eventual growth into Malawi unplanned)

Specific activities and progress against each of these objectives are outlined below.

"I was so impressed by AGI and by the people within the organization. During my visit I saw proof of strong personal commitment and a genuine desire to help Sierra Leone with its challenges. I see AGI as an organization without an agenda of its own, instead they provide support and facilitate the government on its priorities. I see AGI as an organization who strives for coordination, cooperation and synchronization on all levels, within the government and with the donor community. My opinion after my visit is that the staff of AGI is its biggest asset and its key for success".

AGI funder, February 2012

2.1. Our programmes: improving government effectiveness in Africa

In past Annual Reports we have given detailed accounts of the progress in each of our country programmes. But in 2012 with the expansion of operations to seven countries we wish to highlight three case studies which provide the best examples of differing aspects of our work – further information on our other programmes is available on our website (www.africagovernance.org) and we will make other information publically available through the course of the year:

CASE STUDY:

FOCUSING CAPACITY ON RESULTS – THE STRATEGIC CAPACITY BUILDING INITIATIVE IN RWANDA

Background and context

Rwanda's progress and challenges since the tragedy of the 1994 genocide have been well-documented and much-debated. What is clear, as identified by the Government itself, is that to reach its ambitious goal to achieve middle income status by 2020 government capacity will need to be improved in order to set and deliver the necessary policy reforms. In summer 2010, recognizing this, President Kagame requested a new government capacity building programme be designed focussed explicitly on policy priorities in four areas critical to the country's economic growth: investment, agriculture, energy and mining.

AGI's approach

AGI has supported the Government of Rwanda to respond to this challenge by helping to design and set up the Strategic Capacity Building Initiative (SCBI), an innovative programme that seeks to deliver policies and build capacity in the four priority areas. In 2010-11 we supported the Public Sector Capacity Secretariat (PSCBS) in laying the foundations for the SCBI programme, by assisting the development and implementation of a five-step design framework.

- 1 Identify policy priorities,
- 2 Identify responsible delivery bodies,
- 3 Assess capacity gaps,
- 4 Design package of support,
- 5 Mobilise support

From these findings we were asked by the Government to support the implementation of the programme AGI's role focussed on the centre of government and on co-ordinating roles in the relevant ministries, as they in turn brought in structured support from international experts in each policy area alongside Rwandan public servants recruited into a new leadership cadre AGI began working under the SCBI in November 2011, and renewed the contract to provide services to the Government in November 2012

Results

After a long setup process, the SCBI is now fully operational. The Rwandan Government, with AGI assistance, has set up structures and systems to coordinate and implement the program and has recruited 26 experts and 65 local counterparts who work across the four primary delivery institutions AGI has helped to strengthen the recruitment processes and to identify the most effective channels to access international expertise

We also supported the PSCBS in determining how to effectively monitor and evaluate the programme and ensure its sustainability It is too soon to draw definitive conclusions about its success in achieving its ambitious policy and capacity building objectives, but important results are starting to emerge an SCBI-supported negotiating team finalized a peat-to-power contract expected to contribute 100MW of power to the national grid, and in the Ministry of Agriculture, an SCBI expert led work to open nine new mechanization centres and to train 50 tractor operators and 200 others to expand access to modern farming methods

What we have learned

The recruitment of international experts and technical assistance on the scale envisaged by the SCBI has been a critical element of the programme, and a lengthy and sometimes challenging process Several issues have contributed to this Rwanda's Permanent Secretary at the Ministry of Finance, Pitchette Kampeta Sayinzoga, summarized some of the challenges of hiring international advisors: "It's not easy. You need to get the person with the right technical skills, the interpersonal skills, [but also] the willingness to adapt to the local context and they need to commit to two years here." This is aligned with recent thinking emerging from the ODI, who have suggested that external advisors working in

government need the ability to act as “brokers and coaches” alongside technical skills and knowhow³. Meanwhile, hiring for the Rwandan counterpart positions has sometimes been difficult because these jobs required technical expertise recent graduates didn't always have. A lesson for governments and partners attempting such a programme of this ambition is to be cautious about timeframes and to think carefully about the best strategies to target the talent that you are trying to attract.

SCBI has also illustrated the importance of genuine and wide government ownership. President Kagame's personal commitment has helped the Rwandan Government to push through obstacles to get the programme launched. But many others beyond the President have also played critical roles at different stages. A lesson for governments and partners is that a single government champion isn't enough and that it's essential to be cognizant of the multiple dimensions of government ownership and strive to develop them.

³ <http://www.odi.org.uk/publications/7469-governance-politics-aid-service-delivery>

CASE STUDY:

SEIZING THE MOMENT– LIBERIA'S 150 DAY PLAN

Background and context

On 8 November 2011, Ellen Johnson Sirleaf was re-elected President of Liberia. In the weeks that followed, President Sirleaf and her team decided to begin her second term with a "150 day plan" to implement priority projects, define the President's agenda for the public and respond to the mood of tension in the country after the election period. This was a crucial moment to seize the opportunity of a new electoral mandate and use it to achieve real change.

AGI's approach

AGI had been working with President Johnson Sirleaf and her team since March 2010, but had scaled down our presence during the election and played no direct role in it. The relations and trust that we had built however meant that we were able to re-enter and provide support immediately from Day 1 after the election result.

With a small team working in the Office of the President, AGI's initial role was as a facilitator. We worked with her closest advisors on defining her second term priorities and from that the deliverables that would set the direction for reform. A process was then set up by which Ministries were asked to identify projects so that priorities could be established and resources allocated. From this 85 actions were categorized into five pillars: reconciliation, youth empowerment and national visioning; jobs, education and better services, infrastructure and economic development; governance, rights and transparency, security, justice and the rule of law.

As the 150 day plan moved into the implementation phase, which ran from February to June 2012, AGI shifted into more active support of key implementation systems and structures. A Steering Committee was established to monitor progress and remove blockages as necessary; and we also supported the President's Program Delivery Unit which was tasked with driving the execution of the plan.

Results

By the end of the period the Government of Liberia had completed 74% of the plan's 85 actions⁴. Some of the top achievements included:

⁴ Government of Liberia 150 Day Action Plan final report

- Establishing a Trust Fund to rehabilitate the 64MW Mount Coffee hydropower station and 20MW of heavy fuel oil plants in Monrovia
- Renovating roads from Fish Town to Harper, Caldwell to Louisiana and more than 250km of feeder roads in Bong and Lofa counties
- Reconstructing the first 160 metres of the marginal wharf at the Freeport of Monrovia and dredging that port and the port of Greenville
- Providing scholarships for vocational and technical training for 3000 youths

Less tangible but no less important, the success of the plan helped create momentum for the Government of Liberia as President Johnson Sirleaf started her second term and provided a positive response to a sceptical public after the tense election period

What we have learned

The 150 day plan in Liberia holds a number of lessons for both reforming governments and partners such as AGI working with them.

For governments, the powerful example set by the Government of Liberia was to open itself up to outside accountability. A local civil society organization, the Liberia Media Center (LMC), tracked and publicly reported on the progress of the 150 day plan which pressured the Government into an accelerated and highly successful final 50 days of implementation. The Government, to its credit, had created the conditions that enabled the LMC to play this constructive role by welcoming NGOs to monitor the plan and by sharing information and data. The wider lesson for governments is the need to create the incentives to drive your own performance. Where a constructive relationship can be built between government and civil society, then a strong accountability mechanism can increase the chance of successful implementation.

For development partners, the critical lesson is to recognise and navigate (without interfering in) political momentum. This was central to our ability both to see the momentum created by the election, to understand the motivations of the President and her top team, and to have the relations and flexibility to move quickly to support them in this unique period. The development community is increasingly recognising that understanding political conditions is a prerequisite for reform; but in going one step further from understanding to acting within the political environment, external partners do not have to sacrifice their independence or take on political roles themselves in order to achieve the World Bank's Verena Fritz's goal of working in "smart ways with existing political economy dynamics"⁵

⁵ Verena Fritz, Senior Governance Specialist. From <http://blogs.worldbank.org/governance/what-a-political-economy-perspective-can-contribute-to-development-effectiveness>

CASE STUDY:

SUPPORTING A NEW LEADER – INVITATION TO WORK WITH PRESIDENT JOYCE BANDA OF MALAWI

Background and context

In April 2012 Joyce Banda unexpectedly found herself President of her country following the sudden death of her predecessor, President Bingu wa Mutharika. The democratic transition of power followed a tense 48 hours that was only concluded by the commitment of the Army to uphold the Constitution against the claims to power of the former President's brother.

The country was in the midst of an economic crisis. Under the previous administration \$800m of aid had been withdrawn, leading to a budget shortfall which in turn had triggered a shortage of foreign exchange reserves and high inflation, a crippling shortage of fuel and depleted exports.

Against this backdrop, the President immediately took a number of bold decisions to stabilise the economy, most notably the devaluation of the currency by 33%. The devaluation, whilst necessary to redress the imbalances in the economy, led to short-term increases in food prices, seemingly exacerbating the hardships faced by Malawi's poor.

By the September of 2012 President Banda had given substance to her mission to eradicate poverty through economic growth and wealth creation through the articulation of her Economic Recovery Plan (ERP). The ERP set out both the short and medium term measures she wanted to put in place to set Malawi on a path to a brighter future. The medium term measures focused on reforms in priority sectors – energy, tourism, agriculture, mining, transport and ICT.

AGI's approach

Following an initial recommendation from Liberian President Ellen Johnson Sirleaf, AGI was invited by President Banda to provide support to her and her team. We agreed to undertake a short 6 month project, with a small team of two people based in State House and focussed on the President's Executive Office and Communications functions.

We conducted a diagnostic of the existing systems and processes around the President and found a small and highly dedicated team coming to terms with the task in front of them. From this we made a series of practical recommendations around, for example, the way her time and her interactions with the wider system were managed and her narrative communicated. In the following months, we were privileged to work alongside her team to implement a number of these recommendations. In August 2012, AGI's Patron, Tony Blair, visited Malawi to launch the project and meet with President Banda.

Following this initial period of support, at the end of 2012, the President invited AGI to extend its support through 2013, with a continued focus on the overall effectiveness of key functions in State House and the delivery of her Economic Recovery Plan

Results

In the President's Executive Office we helped to establish a common understanding as to what the President should be channelling her time and energies towards, along with an improved system to plan for her near and mid-term schedule. This has led to tangible changes in how the President is spending her time.

On communications, AGI worked with President Banda's team to set up a new system of daily media summaries, improved media planning and coordination, and increased engagement from the Presidency with the media, including a radio phone-in interview on a commercial radio station – a first in Malawi. To help build the quality of the President's externally focused communications, AGI also supported the President's team on briefing for key events like the United Nations General Assembly and European Union Development Days.

Finally, the establishment of a system of delivery meetings with line Ministries, chaired by the President, has given her greater visibility of ministries' performance against annual targets and provide a structured forum for the President to engage with them on policy and delivery issues.

What we have learned

Although AGI has only been working in Malawi for a short period we have already learned and reaffirmed some valuable lessons. We have learned again the importance of speed and flexibility in order to react to and seize political momentum, not for partisan reasons but because it is political momentum that drives reform. When we first visited President Banda and her team in May 2012 it was evident that AGI's support would be most valuable if it could be mobilised quickly, and we were fortunate that our 'Rapid Action Fund' enabled us to do this.

In terms of the content of our work, our time in Malawi has reaffirmed the importance of strong strategic communications linked to government delivery, particularly around tough but necessary government decisions. Any reform programme will inevitably create winners and losers, and the medicine of economic reform will often bring with it short term pain, and this has certainly been the case with President Banda's Economic Recovery Plan. It is therefore essential that mechanisms for delivery sit alongside a communications plan to clearly explain what the reforms are, why they are necessary, and what the eventual benefits should be, in a way that people can relate to and understand. Malawi's experience here can be compared to a number of other countries across Africa where, for instance,

managing the challenge and opportunity of a natural resources boom is not just about the governance arrangements, critical though they are, but also how a democratic mandate and public confidence can be built into the development of the sector. Both external agencies and governments themselves could consider further how support to strategic communications and sectoral programmes and technical assistance can be more closely aligned

2.2 Lessons, insights and influencing

AGI is committed to increasing our understanding of what works in supporting leadership and building capacity in effective governance – both to improve AGI's ability to have impact and to share learning with the wider development community, as well as to share with other governments themselves

The emerging consensus on capacity building

In 2012 there was growing evidence that AGI's approach was at the cutting-edge of development thinking, with a number of leading thinkers proposing similar ideas or showing interest in the lessons from AGI's work. Three lessons from our work were particularly prominent in the development literature:

LESSON 1: Focus on a 'functional problem'

AGI's model of capacity development has always emphasised the need to focus on the skills and systems needed to deliver a specific development outcome rather than viewing capability and performance as something generic that can be built in a vacuum. This was one of the core principles of the *Strategic Capacity Building Initiative* (SCBI) approach developed in partnership with the Government of Rwanda in 2010-11 and implemented in 2012. Two highly influential papers come to the same conclusion. The paper "Capability Traps? The Mechanisms of Persistent Implementation Failure" first published in late-2010⁶ but becoming increasingly influential in 2012, and the World Bank's Rapid Results Approach⁷ both argued that capacity could only be built effectively by focusing on the specific 'functional problem' to be solved.

LESSON 2: Align the political and technical sides of reform

Similarly, AGI has always believed that effective political leadership is a prerequisite for successful reforms; that the right technical and policy advice is not enough on its own. This is why a focus on outcomes is so important, as that is what provides the leadership and momentum for systems-reform and institution-building. And it also requires technical

⁶ http://www.cgdev.org/sites/default/files/1424651_file_Pritchett_Capability_FINAL.pdf

⁷ <https://openknowledge.worldbank.org/bitstream/handle/10986/9518/449600BRI0Box0327425B0find29001PUBLIC1.pdf?sequence=1>

assistance having the ability to read and respond to local political circumstance. This is clearly seen in the case of AGI's work supporting Liberia's 150 days plan⁸ – where a political mandate was used to secure real, and rapid, outcomes. AGI's focus on ensuring that political leadership is used effectively is supported by the research of the Africa Power and Politics Programme.⁹

LESSON 3: Take an iterative approach

Finally, in implementing these principles AGI has always followed an approach of developing innovative solutions alongside our partner governments and tailored to local context, rather than attempting to deliver 'best practice' answers. Matt Andrew's seminal paper on *Problem Driven Iterative Adaption* (subsequently followed up in a well-known book¹⁰) makes the academic case for the same model. That is, once the problem to be solved is clear, or in AGI's case the specific development outcome defined, the best approach is experimental: develop a solution that fits the specific requirements of a given country and issue, and then gradually try to improve it.

This approach is exemplified in AGI's work on improving the management and coordination of service delivery in Sierra Leone. In early 2011, AGI supported the Government to design and introduce a system of presidential 'stocktake' meetings on progress in the implementation of the Government's flagship programmes. These demonstrated their value through enabling a number of early delivery successes, for example providing a forum for the Minister of Trade and Industry to steer the completion of a set of investment climate reforms that saw Sierra Leone jump nine places in the World Bank's *Doing Business* index between 2011 and 2012. But the system was not perfect in its first incarnation. AGI supported the Government of Sierra Leone to draw the lessons from the challenges encountered during their first phase to adapt the design of the stocktakes process and the institutional architecture supporting it, in order to ensure that both the quality and the ease of the process would guarantee its sustainability. We are now supporting the Government to put the next evolution of the process in place, consisting of less frequent but more strategic stocktake meetings involving a greater number of actors and supported by an expanded dedicated analysis team.

Telling the AGI story

To contribute to the wider debate on capacity development and governance AGI took part in a number of thought-leadership events and publications in 2012. AGI's Patron spoke at Stanford University on *Strengthening Governance in Africa* and AGI's then CEO, Kate Gross, published a piece in the *Stanford Social Innovation Review* on the same theme. AGI also

⁸ http://blair3cdn.net/172f582a632702fd9c_7fm6i2r8g.pdf

⁹ <http://www.institutions-africa.org/page/appp+synthesis>

¹⁰ Andrews, Matt, "The Limits of Institutional Reform in Development", Cambridge University Press, 11 Feb 2013

made efforts to explain the day-to-day nature of our projects through a series of *AGI in Action* videos on the AGI website

Finally, the Innovations for Successful Societies centre at Princeton University published case studies on AGI-supported reforms on the completion of the Bumbuna hydroelectric dam, the launch of the Free Healthcare Initiative, and the role of the Strategy and Policy Unit and Presidential 'stocktakes' in Sierra Leone, as well as two more recent case studies on reforms made by the Governments of Rwanda and Liberia which illustrate the importance of the effective use of leaders' time and improving Cabinet processes¹¹

"AGI has rekindled the zeal for work. They have significantly added value to our professionalism and to the overall effectiveness of the Office of the President. We are appreciative of their mature attitude towards work and colleagues. They have adapted quickly and are making good impact."

Presidential Advisor, November 2012

3. Organisational development

Year of growth

2012 was an important year for AGI, and saw us expand our presence from 4 to 7 countries. As indicated in our previous Annual Report, growth was central to our strategy from the start of the year, in order to have impact on the experience of government of a much wider number of people and to test our model of support to leadership in different political contexts and government systems. By the end of 2011 we were in a strong place to achieve this having built openings and new relationships in Guinea, Nigeria, and South Sudan, and by

¹¹ Friedman, Jonathan, "Turning On The Lights In Freetown, Sierra Leone: Completing The Bumbuna Hydroelectric Plant, 2008 - 2009", Innovations for Successful Societies, Princeton University

(<http://www.princeton.edu/successfulsocieties/content/focusareas/CS/policynotes/view.xml?id=174>)

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2009 - 2010", Innovations for Successful Societies, Princeton University

(<http://www.princeton.edu/successfulsocieties/content/superfocusareas/traps/RT/policynotes/view.xml?id=188>)

Scharff, Michael, "Delivering On A Presidential Agenda: Sierra Leone's Strategy And Policy Unit, 2010 - 2011", Innovations for Successful Societies, Princeton University

(<http://www.princeton.edu/successfulsocieties/content/focusareas/CS/policynotes/view.xml?id=187>)

Friedman, Jonathan, "Shifting The Cabinet Into High Gear: Agile Policymaking In Rwanda, 2008 - 2012", Innovations for Successful Societies, Princeton University

(<http://www.princeton.edu/successfulsocieties/content/focusareas/CG/policynotes/view.xml?id=205>)

Scharff, Michael, "Improving Decision Making At The Center Of Government: Liberia's Cabinet Secretariat, 2009 - 2012", Innovations for Successful Societies, Princeton University

(<http://www.princeton.edu/successfulsocieties/content/focusareas/CG/policynotes/view.xml?id=208>)

the middle of the year we had people operating full time in each of these countries, supporting President Condé's private office and structure of the Office of the President in Guinea, providing support to Dr Okonjo-Iweala and the ministerial Economic Management Implementation Team in Nigeria; and supporting the development of a strategic plan in the Office of the President in South Sudan. In addition, in April 2012 following a recommendation from President Johnson Sirleaf we received a request for support from the new President of Malawi, Joyce Banda. We therefore also began a short-term piece of work to support her top team, with a focus on private office and communications – initially to the end of 2012 with a view to further extension if requested. This growth was a considerable step up for AGI as we moved away from being a start-up and took us into the next phase of our organisational development.

As well as expanding our operations, we also took a number of steps to maintain and to further strengthen the foundations of the organisation, most notably

- ***Finding and keeping the best people*** – we continued to recruit and retain the very best from the international public and private sectors. Over the course of 2012 we received over 1000 applications from around the world, interviewed over 100 candidates and recruited 23 people to a range of positions in our London team and the Africa programmes, including bringing on 4 new Country Heads to our leadership team. We were particularly pleased that, in our annual staff survey, over 70% of our staff said they planned to spend 2-4 years or longer with AGI, exceeding our target and providing the foundation for future success. During the course of the year we also undertook a review of our policies and procedures and the support we provide to staff in Africa, to ensure we remain attractive to an increasingly diverse workforce whilst ensuring efficiency and value for money.
- ***Finances and fundraising*** – we continued to strengthen our processes and structures around financial management and fundraising so as to meet the demands of a growing and more complex organisation. We also continued to expand our funding base with donors in the US, maintaining the overall balance of funding received from the three sources of international foundations, institutional donors and governments, and private individuals.
- ***Moving into our own home*** – finally, May 2012 saw us move into our own office space for the first time, shared with the Tony Blair Faith Foundation (previously both charities had rented space from the Office of Tony Blair). This was an important sign of our independence, and a proud moment for the organisation. As a consequence of the move AGI continues to share a number of support services (eg reception, cleaning, utilities) with the Tony Blair Faith Foundation.

4. FUTURE PLANS

Our business plan for 2013 is based on the following three priorities:

Impact – delivering measurable and sustainable improvements in effective governance in our partner countries leading to tangible results in policy outcomes

After a year of growth our primary objective in 2013 will be to consolidate our current programmes and to provide high quality support to our partner governments, leading to real improvements in effective governance and policy outcomes. This will include

- In **Sierra Leone**, we will utilize the unique post-election window of opportunity to implement reform, while developing a long term programme to support the Government's plans to extend access to electricity beyond the capital Freetown,
- In **Rwanda**, we will build on the solid foundations created in the first year of the Government's innovative *Strategic Capacity Building Initiative* to deliver tangible outcomes in electrification, agricultural productivity, transparency in the mining sector and investment in strategic infrastructure projects,
- In **Liberia**, we will deliver a project to drive economic reform from the centre of government and ministries focussed on road building, attracting investment and reforming the oil sector,
- In **Nigeria**, we will continue to support the strengthening of the secretariat to the Economic Management Implementation Team;
- In **Guinea**, we will move towards a new model of support explicitly looking to bring in staff from the diaspora,
- In **Malawi**, we will provide ongoing support to the President's team whilst also supporting the new Project Implementation Directorate to deliver the priorities in the Economic Recovery Plan;
- And in **South Sudan**, we will work with the Office of the President on the establishment of a delivery function to bring prioritisation and performance management to the nascent government system

We will also look to pursue further growth, based on the approach and lessons learned in 2012, but in a more limited way. By the end of 2013 we expect to be active in 8 countries, and our overall goal is to be in a position to manage a portfolio of 8-10 programmes, including exiting current work where appropriate, by 2015.

Influence – establishing AGI as a recognised thought leader on approaches to effective governance and capacity building

Our second goal is to use the unique insight we have from working at the very heart of partner governments to influence the wider governance and development agenda. We will do this in 2013 by

- Working with the major institutions to share, innovate and expand our model of development and to develop potential partnerships for future interventions,
- Talking publicly about AGI's work through, for example, blogs and case studies, sharing lessons of what has worked and what hasn't, and producing a practical 'toolkit' of reforms and systems we have worked on

Infrastructure - continuing to build an organisation with the resilience and flexibility to manage complexity and growth, built on the cornerstones of people and money

Our final goal is to continue to strengthen the organisation so it is capable of achieving our ambitious plans. In 2013 we will

- Continue to diversify our funding base to balance the short term flexibility necessary to work in complex and fluid political environments with the long term predictability we need to run 3-5 year reform programmes,
- Continue to recruit new people from the best of the international public and private sectors whilst responding to the heightened needs of an organisation in which people are looking to build their careers,
- And finally, increase the Management Team capacity both to manage the current programmes and to create the room for further growth in the future

5. PUBLIC BENEFIT

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's objectives and aims and in planning future activities

The Trustees consider that The Tony Blair Governance Initiative's aims are demonstrably to the public benefit. The charity's main activities are.

- Focussed on advancing the quality of public administration to deliver sustainable development and achieve poverty reduction,
- Educational, and
- Available to partner governments in some of the poorest countries in the world, and to the public more broadly through the charity's website.

The ultimate beneficiaries of the charity's work are the public in Rwanda, Liberia, Sierra Leone, Malawi, Nigeria, Guinea, and South Sudan – though the Trustees believe there is a benefit to the public in the UK, and internationally, from poverty reduction in Africa and the development of more effective strategies and approaches to capacity development and effective governance

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

Governance

The Tony Blair Governance Initiative is a company limited by guarantee (Company No 6779669), and operates under the terms of its Memorandum and Articles dated 23 December 2008. It was registered with the Charity Commission (No 1132422) on 3 November 2009. The Trustees have control of the charity and its property and funds.

Trustees are appointed by an Ordinary Resolution or by a simple majority of all the members entitled to attend and vote at any meeting of the members. A new Trustee, 'Tunde Olanrewaju, joined the Board by Ordinary Resolution on 30 October 2012, whilst the other 3 Trustees all retained their status throughout the period. The full Board of Trustees as of 31 December 2012 was

Elizabeth Ann Lloyd

Appointed 20 February 2009

Stephen Richard Lewin

Appointed 20 February 2009

Rt Hon Hilary Armstrong

Appointed 20 February 2009

Tunde Olanrewaju

Appointed 30 October 2012

Patron's role

AGI is grateful for the continued support of its Patron the Rt Hon Tony Blair. The Patron assists, for the benefit of the Africa Governance Initiative, the development and fulfilment of the aims of the charity, in particular through his role mentoring AGI partner governments in Africa. The Patron also generally promotes the charity and its activities, taking a significant role in fundraising for the charity, in addition to being a significant personal donor to AGI.

The Patron does not direct the charity's activities and the Trustees and the Patron have agreed a memorandum to confirm the regulations governing the relationship between AGI and the Patron. The Patron undertakes his role on a *pro-bono* basis.

Statement of Trustees' responsibilities

The Trustees (who are also directors of The Tony Blair Governance Initiative for the purposes of company law) are responsible for preparing the Trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP),
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

CEO and Management structure

A CEO is appointed by the Trustees to manage the day-to-day operations of the charity and ensure the overall implementation of the organisational strategy which is agreed by the Trustees. Sadly, in October 2012 the AGI CEO, Kate Gross, was diagnosed with cancer and took extended sick leave. The Trustees consequently appointed Nick Thompson, Chief Operating Officer and Deputy CEO, as Acting CEO on 30 October 2012 on a temporary basis. In February 2013 Kate confirmed her desire to step down from the role whilst she concentrates on her health, and in April 2013 the Trustees ran a public recruitment process following which Nick Thompson was confirmed in the role on a permanent basis. This will be reported fully in the 2013 Annual Report. The Board would like to formally record their deepest thanks to Kate for her contribution as AGI's first CEO, and look forward to her planned return in a new role in autumn 2013.

The Chief Executive heads AGI's Senior Management and Management Teams. The former comprises the Chief Operating Officer, Director of Projects and Performance and the Director of Strategy and Fundraising, the latter also includes the Country Heads who run the Africa programmes. The Trustees have agreed appropriate levels of authority and delegation within the Senior Management and Management Teams to effectively lead the organisation and the work in Africa. There is regular communication between the Chief Executive, the Senior/Management Teams, and the Trustees.

Meetings of the Board of Trustees are held approximately quarterly, informed as necessary by recommendations from the Chief Executive. In 2012 the Trustees met five times, in February, May, July, October and December.

Risk management

Each AGI programme maintains a risk register which is reported on quarterly. In addition, the Senior Management Team maintains an organisational risk register, again reviewed quarterly. The major risks are highlighted to the Board of Trustees at each meeting, and can be categorised as follows:

- **Security and Personnel** AGI works in fragile and challenging environments, particularly given the new programmes in South Sudan and Guinea. Injury or illness to members of staff, road traffic accidents, risk of deterioration in the security situation and national emergencies are all real risks. AGI has an emergency protocol in place in each programme and provides first aid training to staff; and regularly reviews security procedures and risks.

- **Sustainable delivery** AGI works in low capacity and political environments, with an ongoing challenge of building sustainable capacity that will significantly outlast AGI's involvement with our partner governments. This is particularly the case in complex environments, like South Sudan, and in the run up to presidential elections, like in Malawi. AGI has invested in improved evaluation and learning from our work to manage and mitigate this risk.
- **Funding:** AGI is reliant on the generous support of our funders, and our budget has inevitably grown with our activities. We are expanding our funding base and seeking further restricted as well as unrestricted funding so as to be able to manage both funding and cashflow risks.
- **Reputational** AGI works in countries whose trajectory towards socio-economic and political development will not always be straight or predictable. Moreover, we recognise the high profile of our Patron and the associated attention paid to the charity. As such there is a risk of damage arising from the actions of the charity or its employees, or the actions of partner governments, or partner organisations. The Trustees regularly hold discussions about political and economic developments in our partner countries, and determine appropriate interventions accordingly.
- **Compliance:** AGI works across a number of geographies in complex environments, and as such has robust systems in place to ensure compliance with our charitable objects and other relevant laws and regulations, including e.g. the Bribery Act and avoiding any perceived or real conflict of interest. We have sought professional advice where relevant in this regard over the course of 2012, and have updated our related parties' policy.

The Trustees have determined the major risks to which the charity is exposed, the potential impact if an individual risk materialises, and what action is to be taken in order to reduce such risks to a level which the Trustees consider to be acceptable. The Trustees are satisfied that where risks have been identified, the appropriate mitigating actions are in place. The charity is committed to implementing and maintaining best practice with regard to risk management and that the concept and related processes are embedded into routine operations in all the countries the charity operates in.

Investment policy

The charity's investment policy is to hold cash balances in interest bearing accounts with UK and African banks.

The investment strategy is set by the Trustees and takes into account income requirements, the investment risk profile and future expenditure commitments. The charity's investment policy is considered periodically by the Trustees.

During the period the charity received a small amount of interest. The Trustees are satisfied with this performance and that their investment objectives are being met.

Reserves policy

The charity carries out a diverse range of activities which generally comprise long term and externally funded projects in Africa requiring significant ongoing financial commitment and investment. The policy of the charity is to enter into agreements with donors and grantors to receive funding to cover the anticipated costs of the project prior to commencing work. Over the last year we have also grown our unrestricted funds to allow AGI to meet the demand to explore programmes in new African countries as well as support existing programmes where necessary through the designated 'Rapid Action Fund'.

The Trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees consider that, given the nature of the charity's work during the next financial year, the level of free reserves should remain at approximately 3 months of core expenditure to meet the future costs of the charity.

The Trustees are of the opinion that this provides sufficient flexibility to cover temporary shortfalls in incoming resources due to the timing differences in income flows, adequate working capital to cover core costs, and will allow the charity to cope and respond to unforeseen emergencies whilst specific action plans are implemented. The Trustees will review the reserves policy again in 2013 as the organisation grows.

Financial review

Results for the period

A summary of the incoming and outgoing resources for the period can be found below.

Overall income for 2012 was £3,486k, an increase of £328k (10.4%) from 2011 (£3,158k). The majority of AGI's income, £2,433k (70% of total income), is project-specific restricted funding. During 2012, AGI raised unrestricted funds of £1,053k, to cover core costs and to contribute towards discretionary project funds. Total expenditure increased by £889k to £3,948k; of this total, 94.4% of expenditure related to AGI's charitable activities. This includes £582k (2011: £95k) of expenditure towards new and emerging programmes in Nigeria, South Sudan and Malawi predominantly funded from AGI's designated 'Rapid Action Fund'.

Financial position

The charity's balance sheet shows total funds of £1,664k (2011: £2,126k).

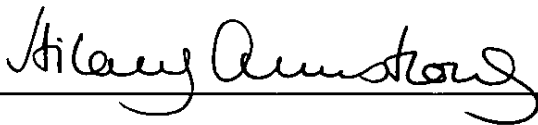
These funds include £460k (2011: £989k) which are restricted. These monies have either been raised for, and their use restricted to, specific purposes, or they comprise donations subject to donor imposed conditions. Full details of these restricted funds can be found in note 12 to the financial statements together with an analysis of movements in the year.

The balance sheet shows total unrestricted funds of £1,204k (2011: £1,137k). Of this, £535k has been designated as the 'Rapid Action Fund', full details of which can be found in note 13 to the financial statements.

General funds of the charity at 31 December 2012 total £669k, which after deducting £23k tied up in fixed assets leaves a balance of free reserves of £646k.

The balance of free reserves is in excess of the reserves policy outlined on page 27. The free reserves in excess of those required to fulfil the reserves policy represents funds raised in advance which will be utilised on the planned activities of the charity during 2013, as outlined in this report.

Approved by the Trustees and signed on their behalf by:

Trustee 

Approved by the Trustees on 17.09.2013

Independent auditor's report to the members of The Tony Blair Governance Initiative

We have audited the financial statements of The Tony Blair Governance Initiative for the year ended 31 December 2012 which comprise the statement of financial activities, the balance sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

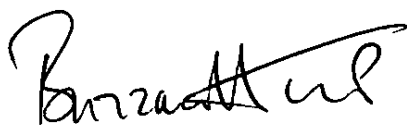
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Edward Finch, Senior Statutory Auditor for and on behalf of Buzzacott LLP, Statutory Auditor 130

18/9/13

Wood Street London EC2V 6DL

The Tony Blair Governance Initiative
Statement of Financial Activities - Year to 31 December 2012

		Restricted funds £000	Unrestricted funds £000	2012 Total funds £000	2011 Total funds £000
	Notes				
Income and expenditure					
Incoming resources					
Incoming resources from generated funds					
Voluntary income	1	2,431	1,050	3,481	3,155
Interest receivable		0	2	2	2
		<u>2,431</u>	<u>1,052</u>	<u>3,483</u>	<u>3,157</u>
Other incoming resources		2	1	3	1
Total incoming resources		<u>2,433</u>	<u>1,053</u>	<u>3,486</u>	<u>3,158</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	2	48	132	180	117
Charitable activities					
Effective governance projects	3	2,625	478	3,103	2,696
New and emerging projects		249	333	582	95
Insight, learning and knowledge sharing projects		40	4	44	110
		<u>2,914</u>	<u>815</u>	<u>3,729</u>	<u>2,901</u>
Governance costs	5	0	39	39	41
Total resources expended		<u>2,962</u>	<u>986</u>	<u>3,948</u>	<u>3,059</u>
Net movement in funds/ net (expenditure) / income	6	<u>(529)</u>	<u>67</u>	<u>(462)</u>	<u>99</u>
Fund Balances brought forward at 1 January 2012		989	1,137	2,126	2,027
Fund Balances carried forward at 31 December 2012		<u>460</u>	<u>1,204</u>	<u>1,664</u>	<u>2,126</u>

There is no difference between the net movement in funds stated above and the historical cost equivalent

All of the charity's activities derived from continuing operations during the years indicated

The Tony Blair Governance Initiative
Balance Sheet - 31 December 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Tangible assets	9	68	42
Current assets			
Debtors	10	840	121
Cash at bank and in hand		<u>1,224</u>	<u>2,534</u>
		2,064	2,655
Creditors amounts falling due within one year	11	<u>(468)</u>	<u>(571)</u>
Net current assets		1,596	2,084
Total net assets		<u><u>1,664</u></u>	<u><u>2,126</u></u>
Represented by			
Funds and reserves			
Income funds			
- Restricted funds	12	460	989
- Unrestricted funds			
- Designated fund (Rapid Action Fund)	13	535	391
- General funds		669	746
Total net assets	14	<u><u>1,664</u></u>	<u><u>2,126</u></u>

Company registration number 06779669

Approved by the Trustees and signed on their behalf by

Trustee Hilary Armstrong

Hilary Armstrong

Approved on 17-09-2013

The Tony Blair Governance Initiative
Principal Accounting Policies - Year to 31 December 2012

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the requirements of the Companies Act 2006. Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of these financial statements.

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Gifts of goods and services in kind are accounted for where the goods or services would have been acquired by other means if not provided free of charge. The amount included in both incoming resources and resources expended in respect of these gifts in kind is an estimate of the amounts which would have been paid by the charity.

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT which cannot be recovered.

Resources expended comprise the following:

- a The costs of generating funds include the salaries, direct costs and overheads associated with generating donated income.
- b The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the Trustees' report. Such costs include associated salaries, direct costs and overheads.
- c Governance costs are the costs associated with the governance arrangements of the charity that relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. Included within this category are costs associated with the strategic as opposed to day to day management of the charity's activities.

The majority of costs are directly attributable to specific charitable activities. Staff costs are apportioned to the expenditure headings listed above on the basis of time spent. Other non-directly attributable costs are allocated on the basis of apportioned staff time.

Tangible fixed assets

All tangible fixed assets costing more than £500 are capitalised and depreciated at the following annual rates in order to write them off over their estimated useful lives:

Computer & IT Equipment	3 years
Plant & Domestic equipment	3 - 5 years
Motor Vehicles	5 years

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions. Unrestricted funds are monies raised for general charitable purposes as established by the Trustees which are not subject to donor imposed conditions.

Within total unrestricted funds of the charity the Trustees have designated amounts for specific purposes.

Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

The Tony Blair Governance Initiative

1 Voluntary Income

	Unrestricted	Restricted	2012 Total	2011 Total
	Funds	Funds	Funds	Funds
	£'000	£'000	£'000	£'000
Voluntary income				
Grants	703	2,431	3,134	2,328
Donations	347	0	347	827
Total	1,050	2,431	3,481	3,155

2 Cost of generating funds

	Direct costs	Support costs (note 4)	2012 Total	2011 Total
	£'000	£'000	funds £'000	funds £'000
Cost of generating voluntary income				
Staff costs	99	12	111	105
Premises costs	0	2	2	2
Operational costs	62	5	67	10
Total	161	19	180	117

3 Cost of activities in furtherance of the charity's objects

	Direct costs	Support costs (note 4)	2012 Total	2011 Total
	£'000	£'000	funds £'000	funds £'000
<i>Effective governance projects</i>				
<i>Rwanda</i>				
Staff costs	540	56	596	548
Premises costs	37	9	46	39
Operational costs	443	27	470	320
	1,020	92	1,112	907
<i>Sierra Leone</i>				
Staff costs	398	47	445	668
Premises costs	36	8	44	55
Operational costs	339	23	362	401
	773	78	851	1,124
<i>Liberia</i>				
Staff costs	299	31	330	322
Premises costs	27	5	32	50
Operational costs	206	15	221	175
	532	51	583	547
<i>Guinea</i>				
Staff costs	234	23	257	47
Premises costs	26	3	29	4
Operational costs	260	11	271	67
	520	37	557	118
Sub Total	2,845	258	3,103	2,696
<i>New & emerging projects</i>				
Staff costs	199	17	216	34
Premises costs	21	3	24	1
Operational costs	334	8	342	60
	554	28	582	95
<i>Insight, learning and knowledge sharing projects</i>				
Staff costs	27	2	29	68
Premises costs	0	1	1	6
Operational costs	13	1	14	36
	40	4	44	110
Total	3,439	290	3,729	2,901

The Tony Blair Governance Initiative

4 Support costs

The following costs have been allocated based on staff time attributable to each activity

	2012 £'000	2011 £'000
Staff costs	188	168
Premises costs	31	24
Operational costs	90	102
	309	294

5 Governance costs

	Direct costs £'000	2012 £'000	2011 £'000
Auditor's remuneration	19	19	16
Staff costs	19	19	20
Other governance costs	1	1	5
	39	39	41

6 Net movement in funds / net income

This is stated after charging

	Restricted funds £'000	Unrestricted funds £'000	2012 £'000	2011 £'000
Auditor's remuneration				
Statutory audit services current year	0	17	17	16
Statutory audit services prior year	0	2	2	0
Depreciation	24	11	35	20
Operating lease charge - land and buildings	0	30	30	0

7 Employees and staff costs

AGI's staff are its greatest asset and the foundation for fulfilling the charity's objectives in Africa. Staff costs during the year were as follows

	2012 £'000	2011 £'000
Employees		
Wages and salaries	1,528	1,223
Social security costs	121	136
	1,649	1,359
Seconded, Consultants and Sub-contractors	354	453
Total employment costs	2,003	1,812

AGI has benefited substantially from the contribution of staff seconded from other organisations. Such staff form an integral part of the organisation and the project teams in Africa. Seconded, consultants and subcontractor costs of £354k (2011: £453k) incurred during the year by the charity in furtherance of its charitable activities are included in total employment costs.

Wages and salary costs include occasional employee home return flight costs that are a contractual benefit. The cost of such flights include all relevant tax and social security liabilities.

Staff costs analysed by activity were as follows

	2012 £'000	2011 £'000
Costs of generating funds	111	105
Charitable activities		
Effective governance projects	1,628	1,585
New and emerging projects	216	34
Insight, learning and knowledge sharing	29	68
Governance of the charity	19	20
	2,003	1,812

The Tony Blair Governance Initiative

7 Employee and staff costs (Continued)

The average number of staff during the year, calculated on a headcount basis, analysed by function, was as follows

	2012			2011
	Employees Number	Secondes / Subcontractors Number	Total Number	Number
Costs of generating funds	2 2	0 0	2 2	2 2
Charitable activities				
Rwanda	10 2	2 2	12 4	9 7
Sierra Leone	8 5	2 0	10 5	12 1
Liberia	6 4	0 5	6 9	5 8
Guinea	4 6	0 4	5 0	0
Insight, learning and knowledge sharing	0 5	0 0	0 5	1 2
New and emerging projects	3 4	0 4	3 8	1 2
Governance of the charity	0 4	0 0	0 4	0 2
Total	36 2	5 5	41 7	32 4

(2011 comparison 26 3 6 1 32 4)

As of 31 December 2012 AGI had 36 employees (2011 30) and 3 secondees and subcontractors (2011 4)

There was one employee who earned £70,000-£79,999 (2011 Nil) and one employee who earned £60,000 - £ 69,999 per annum (2011 2), (including taxable benefits)

None of the Trustees received any remuneration in respect of their services during the year. No trustee were reimbursed in the year (2011 £1,942 for a visit to a programme country)

8 Taxation

The Tony Blair Governance Initiative is a registered charity and therefore is not liable to income tax or corporation tax on any income derived from its charitable activities, as it falls within the various exemptions available to registered charities

The charity is unable to reclaim VAT suffered on expenditure. Irrecoverable VAT suffered during the year amounted to £131,000 (2011 £ 67,000)

9 Tangible fixed assets

	Computer Equipment	Plant & Domestic Equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2012	67	3	4	74
Additions	30	23	10	63
Disposals	0	0	(4)	(4)
At 31 December 2012	97	26	10	133
Depreciation				
At 1 January 2012	29	1	2	32
Disposals	0	0	(2)	(2)
Charge for year	27	6	2	35
At 31 December 2012	56	7	2	65
Net book values				
At 31 December 2012	41	19	8	68
At 31 December 2011	38	2	2	42

10 Debtors

	2012 £'000	2011 £'000
Due within one year		
Prepayments	80	106
Accrued income	689	15
Other debtors	71	0
	<u>840</u>	<u>121</u>

The accrued income figure includes two large grants relating to 2012 accounting period, and with a signed grant agreement in 2012, where the funds were received in 2013

The Tony Blair Governance Initiative

11 Creditors amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	90	156
Accruals and deferred income	378	415
	<u>468</u>	<u>571</u>

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of grants received and donations held on trust to be applied for specific purposes

	At 1 January 2012 £'000	Incoming Resources £'000	Resources expended £'000	At 31 December 2012 £'000
Rwanda	300	568	(861)	7
Sierra Leone	489	393	(773)	109
Liberia	175	425	(471)	129
Guinea	0	642	(520)	122
Insight, learning and knowledge sharing	25	75	(40)	60
New and emerging projects	0	282	(249)	33
Fundraising & organisational development	(0)	48	(48)	(0)
	<u>989</u>	<u>2,433</u>	<u>(2,962)</u>	<u>460</u>

These funds will be spent on the planned activities of the charity during 2013, and may only be used for the purposes specified in the relevant grant agreement

13 Designated Fund

The trustees have set aside funds to allow AGI to meet demand to explore programmes in new African countries as well as support existing programmes where necessary, whilst mobilising stable long term funding

	At 1 January 2012 £'000	New designation £'000	Utilised/ released £'000	At 31 December 2012 £'000
Rapid Action Fund (RAF)	391	703	(559)	535

As reported in the Trustees' Report, through this fund we were able to fund the launch of new work in Nigeria, Malawi & South Sudan and to support AGI's work in Rwanda

14 Analysis of net assets between funds

	Restricted funds £'000	Unrestricted Designated funds £'000	Unrestricted General funds £'000	At 31 December 2012 Total funds £'000	At 31 December 2011 Total funds £'000
Fund balances at 31 December 2012 are represented by					
Tangible fixed assets	45	0	23	68	42
Net current assets	415	535	646	1,596	2,084
Total net assets	<u>460</u>	<u>535</u>	<u>669</u>	<u>1,664</u>	<u>2,126</u>

15 Connected entities

The Tony Blair Governance Initiative – US is an independent charitable entity governed by an independent Board of Trustees. Its mission and objectives are similar to those of the charity.

The charity received a grant of £265,451 (2011: £34,741) from the Tony Blair Governance Initiative – US during the year. There were no amounts owed between the entities as at 31 December 2012 (2011: £Nil). The funds are used to support the RAF and AGI-UK's fundraising activities.

Legal and professional fees amounting to £12,752 (2011: £14,022) were charged by Bircham Dyson Bell LLP, of which Stephen Lewin, a trustee, is a partner.

16 AGI Patron

AGI is grateful for the continued support of its Patron the Rt Hon Tony Blair. The Patron assists, for the benefit of the Africa Governance Initiative, the development and fulfilment of the aims of the charity, in particular through his role mentoring AGI partner governments in Africa. The Patron also generally promotes the charity and its activities, taking a significant role in fundraising for the charity. The Patron does not direct the charity's activities and the Trustees and the Patron have agreed a memorandum to confirm the regulations governing the relationship between AGI and the Patron. The Patron undertakes his role on a pro bono basis.

17 Leasing commitments

Operating leases

At 31st December 2012 AGI had annual commitments under non-cancellable operating leases as follows

	2012 £'000	2011 £'000
Land & Buildings operating leases which expire		
Within two to five years	62	0

18 Liability of members

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1.