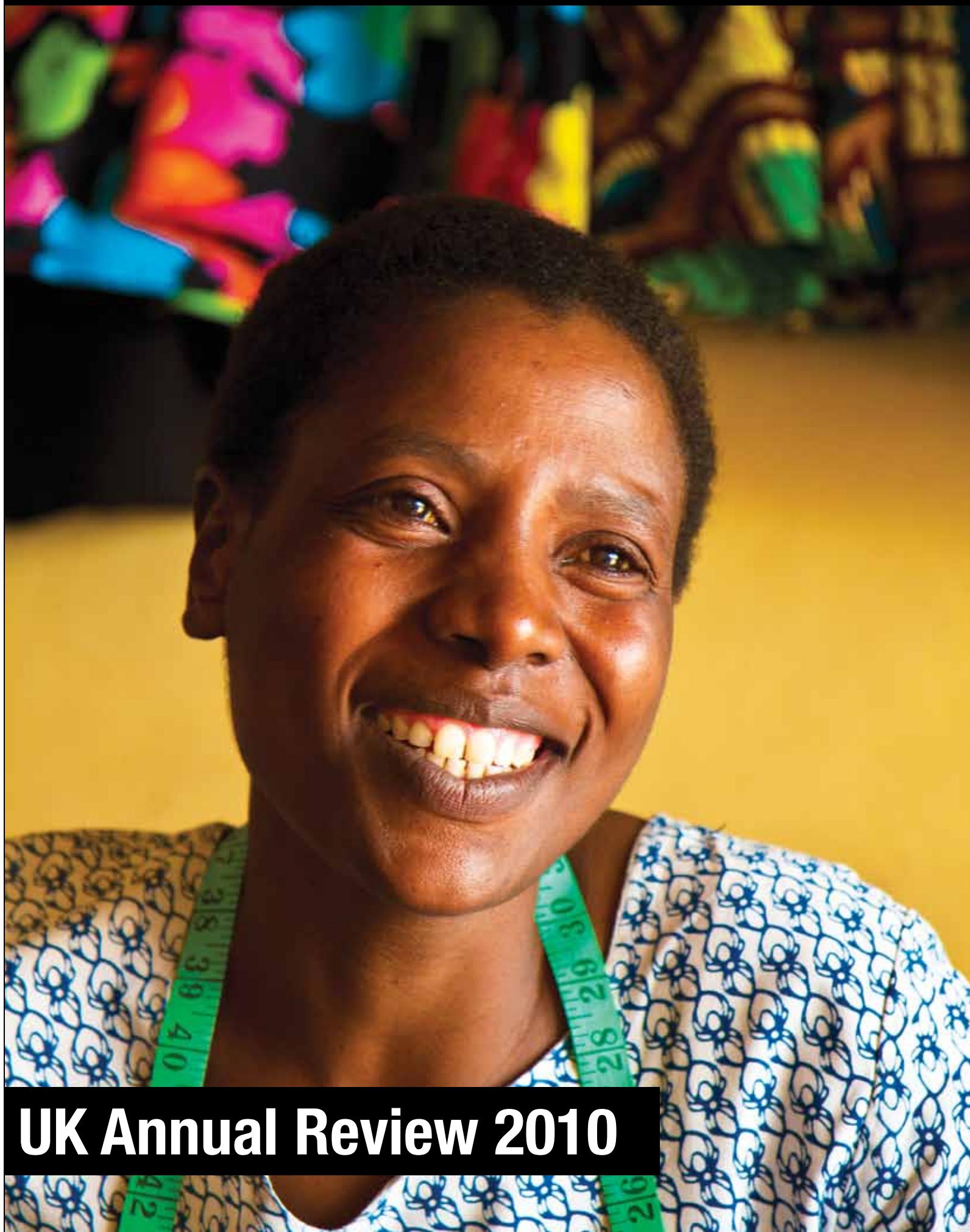


Five Talents

Fighting Poverty
Creating Jobs
Transforming Lives



UK Annual Review 2010

2010 Overview

Sandi Toksvig visited our Tanzania programme to make the BBC television Lifeline Appeal. She met determined women who are using their creativity to turn “five talents into ten”.

This theme of hard work and determination is a feature of the Parable of the Talents (from where our name comes) and of the clients of our programmes. Microfinance supports self-help through enterprise.

Our approach

Five Talents' model is to work with local microfinance partners to:

- train people in basic business skills
- enable them to save money safely
- offer small loans to build a profit-making family business.

Smaller, poorer, riskier

Our focus is to provide SMALLER loans to POORER people in RISKIER places than other financial service providers.

Reaching the parts others cannot reach

Through our strong partnership with the local Anglican church in every programme, Five Talents is able to serve the people that other providers cannot easily reach: rural, post-conflict and marginal communities. This affiliation saves costs, adds trust and multiplies our impact.

Together with the Five Talents office in the USA, we reached the following milestones by the close of 2010:

Active members	29,534	+43% yr/yr
Indirect beneficiaries	120,000	+50%
Loans in circulation	£1,266,000	+32%
Group savings	£391,000	+235%
Average loan per person	£71	-7%
Repayment rate	95%	+4%

Outcomes

Jobs, education, health and housing are among the many outcomes of our work – fighting poverty, creating jobs and transforming lives. 2010 has been another exciting year in the life of Five Talents. I hope you enjoy reading this review and the examples of clients' progress from poverty. Thank you for supporting Five Talents.

Tom Sanderson
UK Director



“These are the Alan Sugars
of Tanzania”

Sandi Toksvig



How we work

“Five Talents gives choices and opportunities to help the determined poor to climb out of poverty. I am highly impressed with this faith-based and professional approach and am delighted to support their work.”

Philip N. Green, Member of the Five Talents Council of Reference

Five Talents supports locally-managed microfinance organisations that operate two models of microfinance:

Credit-led Microfinance

In this ‘traditional’ type, clients in groups take out small loans, repayable with a low interest rate over a fixed period of time usually between 4 and 6 months. The Five Talents programmes in Indonesia, Peru, Philippines, Tanzania and Uganda are run by partners using the credit-led model. The money which is lent out comes from Five Talents in the UK or the USA. Money raised for these programmes helps to serve more clients in new places, sometimes with bigger loans as their businesses grow.

Savings-led Microfinance

Group members regularly save their own money building up a central fund from which members can then borrow. The group agrees a repayment schedule and level of interest to be paid back into the fund. The Five Talents partners in Bolivia, Burundi, Kenya, Sudan and India use this model. Money raised for these programmes covers the cost of training and establishing new groups, as well as monitoring their progress.

In both cases, the Five Talents’ partners encourage savings and provide business training. The aim is to help people to establish a strong family business from which they can meet all their household needs and steadily improve their standard of living.



Five Talents in Latin America



Peru

Five Talents’ partner, ECLOF Peru, supports low-income migrant communities in the informal settlement areas around Lima. Clients organise themselves into groups (or ‘communal banks’) and start saving regularly. They then receive business mentoring and skills training before receiving small loans to improve their livelihoods.

During 2010 ECLOF expanded into the rural district of Huancavelica, the poorest district in Peru. By the end of 2010 the new office was helping nearly 400 people, 80% of whom are women. These women support themselves and their families by running businesses such as small shops, local crafts or producing cheese and milk. Another branch office in Yauli, near Huancavelica is planned to open in 2011 to continue to meet the high demand for ECLOF’s services in these remote rural Quechua communities of the Andes.



Veronica

Veronica lives in Lima, Peru where she sells fish at lunchtime and coffee with pancakes in the afternoon. She used to operate from her home, until a loan from ECLOF enabled her to rent a stall in the local market. She can now reach many more customers and the business is growing. Veronica has two daughters who help with her business after school. Their dream is one day to open a restaurant.



Bolivia

Five Talents is working alongside our partner organisation ‘Semillas de Bendicion’ (Seeds of Blessing), in the district of Tarija, in the Andean highlands of southeast Bolivia. The focus of the programme is to enable people who are financially excluded to form savings groups to support their families and small businesses.

The programme is only two years old and is growing steadily. In 2010 new groups were established in very rural areas. One group is exclusively for children who save their pocket money to buy Christmas presents. In 2011 we aim to finish training 6 regional facilitators who can each oversee 12 groups in Tarija district to help the programme to scale up.



Gabriela

Gabriela, a single mother of Nohelia, previously worked as a temporary road cleaner. She joined a group of neighbours in a sewing co-operative, ‘Entrepreneurs of Monte Sud’. They save a small sum of money each month that they use collectively to buy fabric. After selling the products they share the profits amongst the group. Gabriela specializes in finishing blankets and mattress covers. She can now cover all of her food, education and housing costs. Her plan is to start making sportswear as she recognises that the local schools provide a good market opportunity which no-one else is meeting.



“Five Talents gives choices and opportunities”

Philip N. Green



Key Indicators:

	Peru	Bolivia
Active members	2,379	294
Loans in circulation	£351,692	£2,698
Group savings	n/a	£2,698
Average loan per person	£148	£36
Repayment rate	90%	100%
FT UK grants 2010	£43,000	£755

Five Talents also supports a small programme in the Dominican Republic.

Five Talents in Africa



“Here you can see the money working. I’m passionate about microfinance. I think it is absolutely the way forward. It gives these women nobility and a chance. Five Talents supports them every step of the way.”

Sandi Toksvig at the launch of the BBC Television Appeal for Five Talents

Burundi

In 2010 a new partnership was launched between Five Talents and the Mothers’ Union in Burundi, with the aim of adding much needed business and financial skills to an existing literacy programme. During 2010 almost 110 group facilitators were trained, delivering additional training to over 2,300 group members, 70% of whom are women. Over the next three years, 8,800 people will receive business skills training and the current literacy groups will develop into savings and credit groups, eventually enabling group members to borrow from a central fund.

Kenya

Five Talents’ partner, The Thika Community Development Trust, is now enabling over 2,000 ‘Trust Group’ members to save and borrow from communal funds to support their families and businesses. During 2010 the neighbouring Diocese of Embu requested help in replicating the system for their communities - representing an exciting development for 2011. Additionally, two of the biggest Trust Groups in Thika are planning to graduate into fully-fledged community banks, providing more convenient services for their entire communities.



Simon

Simon joined his local Trust Group near Thika in early 2008 while he was a subsistence farmer growing maize and beans on rented land. With his first loan from the Group he stocked a shop that he runs with his wife. With his second loan he bought a second-hand motorbike to use as a taxi. Simon is now able to transport people and their goods, as well as transport stock for his own shop without having to hire somebody to do so. His ambition is to move out of his rented house and buy his own piece of land where he can live with his family.



Sudan

Five Talents is currently supporting two microfinance programmes, primarily in the newly-formed “South Sudan”.

The first is linked with the Diocese of Wau, supporting savings groups in and around the town, as well as a community bank in Lietnhom and a new branch in Kwajok in Western Bahr El Ghazal.

The second initiative is in partnership with the Mothers’ Union, where Five Talents has begun delivering training in financial literacy and savings groups which will reach over 30,000 people over the next five years. This programme, which is part-funded by Comic Relief, covers both Southern and Northern Sudan in the regions of Juba, Wau, Renk, Khartoum, Lanya and Malakal.

Both programmes focus on improving the lives of the most vulnerable people, the majority of whom are rebuilding their lives and livelihoods after long periods of conflict and insecurity. Services like training and community banks are especially helpful in reconciling communities because they provide common benefit.



Tanzania

Five Talents’ partner the Mama Bahati Foundation (MBF), featured in the BBC Lifeline Appeal in May 2010, is now reaching almost 2,000 women clients. In 2010 the project expanded into the rural area of Kilolo, and in 2011 will establish an office in Mafinga, another district within Iringa region. The Foundation focuses on providing women with business training and the ability to save and borrow small sums of money. The range of business activities is vast, including basket weaving, small-scale agriculture, market stalls and food production.



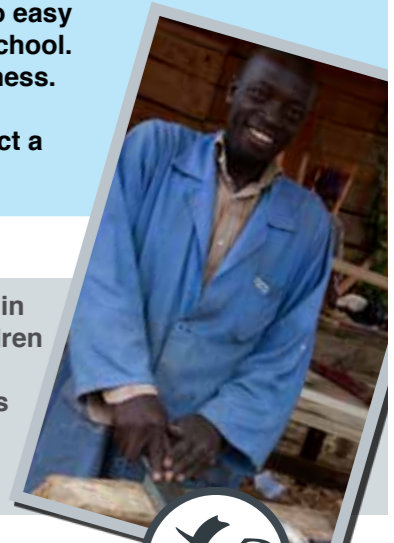
Shukuru



Shukuru says “Loans from MBF have improved my living style. Increase of income has enabled me to send my children to school with all of the necessary equipment which was not so easy before taking loans.” Daughter Jackline helps after school. “I love seeing my father and mother doing their business. This has motivated me to think of being an educated entrepreneur in future so that I can manage to conduct a profitable business.”

Uganda

Five Talents Uganda (FTU) is reaching the active poor in Uganda through branches in Namirembe, Kabale and Kasese. Clients report that they are now able to send children to school, improve their houses, provide more meals for their family per day and access healthcare when needed. In 2011 FTU will continue to expand their services to more people in the three current locations. Plans are also being prepared to expand into another region in Uganda, based on the results of needs and capacity assessments.



Grace



Grace (left) sells ladies’ clothes and children’s shoes. She has been in business for seven years. Two years ago, with a loan from Five Talents, she moved from a back alley to one of the main shopping streets in Kabale town. She now has a much larger shop and continues to expand her client base, her stock and services – she now mends garments as well.



Key Indicators:

	Burundi	Kenya	Sudan-Wau only	Tanzania	Uganda
Active members	2,368	2,272	1,036	1,831	3,300
Loans in circulation		£181,645	£5,835	£91,575	£266,015
Group savings	Training only	£256,615	£14,099	n/a	n/a
Average loan per person		£160	£22	£35	£80
Repayment rate		97%	97%	97%	93%
FT UK grants 2010	£54,993	£33,333	£33,332	£36,000	£80,300

“I am delighted to be involved with Five Talents. I have experienced first hand the difference these small loans make to individuals, families and whole communities. I am particularly excited that Five Talents works with women in poor countries because I am confident that every penny or shilling lent will be well used.”

Margaret Sentamu, Member of the Five Talents Council of Reference.



Five Talents in Asia

“Through Five Talents’ support these women are now standing confidently on their own feet, sending their children to school and maintaining their families, no longer living vulnerably from hand-to-mouth. It was profoundly inspiring to witness this transformation.”

Rev. Rachel Carnegie, Archbishop of Canterbury’s Secretary for International Development, on visiting the womens’ savings groups outside Chennai, India.



Gowri

Gowri and her family used to depend on the fishing industry for their income. But after the tsunami they struggled to meet their family needs, so Gowri decided to start her own business. She sought help from the Five Talents group to start a jewellery business. With her loan she bought expensive jewellery and now rents the items out for special occasions. This gives her a much bigger income which she is investing in her children’s education.



Philippines

The Centre for Community Transformation (CCT) works with the poorest communities in the city of Manila, including street vendors, people living in slums and orphaned or abandoned children. The microfinance programme supports clients by giving loans for small informal businesses, which in turn enable families to cater for their basic needs of food and shelter, and to send their children to school. CCT also offer life and health insurance and a healthcare programme. Five Talents has funded the microfinance programme in previous years and we continue to monitor the revolving fund. Now our partnership is focused on sharing best practice and training new leaders.

Kim

Kim and Dordes used to work as a childminder and a tricycle driver respectively. To earn extra money, Kim helped her mother-in-law repair clothes. Kim and her husband also had a tricycle of their own. When they joined CCT, they used their savings and their loan to start a clothes shop. Disaster struck the family when their one month old baby died from a blood infection. Soon after, Kim’s father died. This exhausted the family’s savings and they had to sell their tricycle and close the shop. But Kim was determined to provide a good life for her family and CCT has helped her to re-establish the shop. “I make dresses, trousers, curtains, bed sheets, and a lot more,” Kim says. Recently they were also able to buy a new tricycle that Dordes drives for his business.



Indonesia

Five Talents’ partner is GERHATI (an acronym in the local language for ‘Gateway of Hope for Human Transformation’). Directly and in partnership with other organizations, GERHATI provides access to credit, basic business and life skills training as well as health clinics. GERHATI is working in two communities in the capital Jakarta: Bekasi and Cipayung. These communities have many economic immigrants who are vulnerable to precarious housing, disease and crime and where basic services - water, sanitation and healthcare – are desperately lacking.



In 2010, Five Talents helped GERHATI to open a new branch office in the Tanjung Priok area in order to reach clients in North Jakarta. In 2011, GERHATI plans to open a second branch office in the Cipayung area of East Jakarta.

Karni

Karni lives with her husband and two sons. Before becoming a member of GERHATI, she had a mat-making business which provided a very low wage. Her husband works as an expedition driver which also pays a low wage, not sufficient to meet their living costs. To improve the family finances Karni joined GERHATI and took a loan to start selling children’s snacks and drinks from their home. “Little by little, I am able to sell more goods. Now my business is growing and I am able to pay the medical bills for my family,” Karni says.



India

Five Talents began working in partnership with the Church of South India in 2005 in response to the devastation caused on the east coast of India by the 2004 tsunami. Since then, Five Talents has contributed to the growth of self-help groups for women on Pulicat Island and in Kalapaet and Kalpakkam, as well as for Dalit communities near Chennai. By the end of 2010 Five Talents was supporting 3,935 women in 268 self-help groups, who were successfully saving and lending to each other, supporting group members’ individual and group-based income generating activities. Five Talents is continuing to support these communities in their economic recovery in 2011.



Key Indicators:

	Indonesia	India	Philippines
Active members	3,853	3,935	7,485
Loans in circulation	£74,044	£37,167	£219,302
Group savings	n/a	£117,925	n/a
Average loan per person	£19	£38	£29
Repayment rate	100%	100%	90%
FT UK grants 2010	£24,539	£13,000	£3,000

Five Talents also supports small programmes in Nagpur (India) and Myanmar (Burma).



2010 Events & Administration

Awards

Five Talents won the 2010 Global Citizenship award run by the Sustain Magazine group. We were also amongst 5 shortlisted candidates (from 39 applicants) for the Financial Times Sustainable Banking Awards in the category "Banking at the base of the pyramid".



Organisation

During 2010 our programme oversight responsibilities have been shared across the Five Talents offices in the UK and USA. The UK office is responsible for overseeing progress and performance of our partners in Uganda, Kenya and Tanzania. The US office covers the remaining programmes and both offices continue to report and fundraise for all programmes. This has helped us build capacity and efficiencies in programme oversight and better serves our partners on the ground.

Events

The BBC Lifeline Appeal was broadcast on BBC1 television and featured our Tanzanian programme. We had a drinks reception sponsored by our bankers, the Cooperative Bank, and a private screening with Sandi Toksvig and Immaculate Mwaungulu (our Tanzania programme leader). Five Talents was also a lead speaker in a public debate on microfinance at the House of Commons.



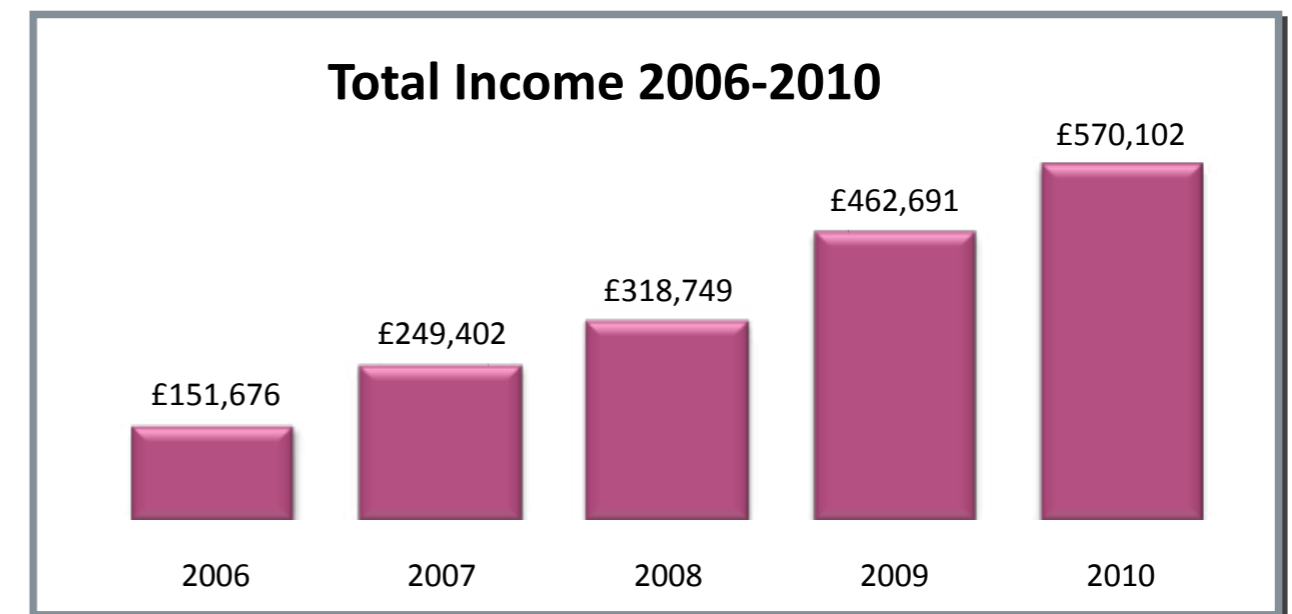
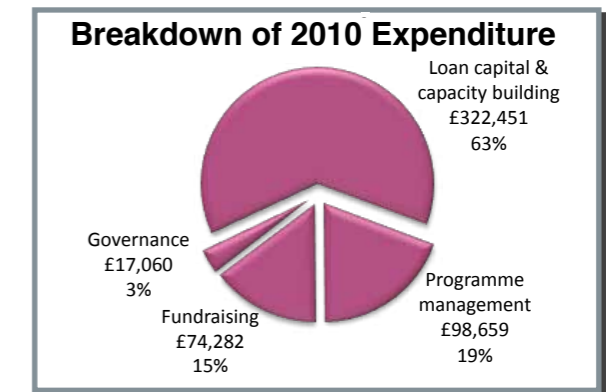
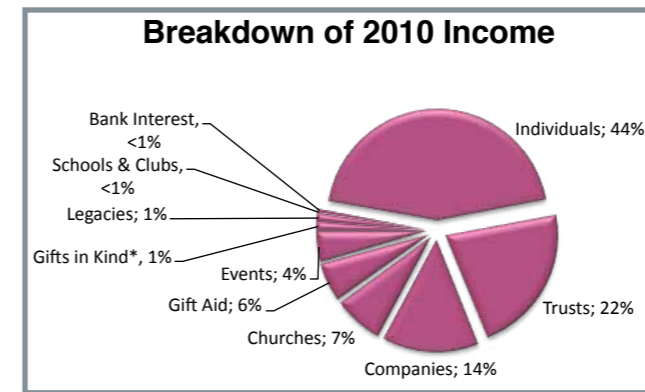
Volunteers

During the year we had over 100 volunteers help us, either in the Croydon office, at events or remotely in other parts of the country. We estimate these volunteer hours have benefitted the charity by as much as £25,000, equivalent to a fulltime member of staff. This has enabled us to keep our expenses down and achieve more with less. In addition a number of people have completed sponsored challenges (e.g. the London marathon, climbing Ben Nevis) which has increased our fundraising. We are extremely grateful to all our volunteers - thank you!

Finances

In the midst of a worldwide recession, Five Talents' income grew by 23% in 2010 enabling us to increase our direct grants to overseas programmes by 21%. Our ratio of expenditure on charitable activities improved from 80% in 2009 to 82% in 2010. We are committed to good stewardship of donor funds, with a dual responsibility of sending as much direct funding overseas whilst also keeping firm track of progress, performance and impact.

Our ratio of expenditure on fundraising costs has dropped from 17% in 2009 to 15% in 2010. Our costs of governance have remained at 3% reflecting the importance of international cooperation with our US office and the increased responsibility of governance as our programmes have grown. A summary of the 2010 audited accounts is shown below. A complete version is available on the Charity Commission website or from the Five Talents office.



Bank: The Cooperative Bank plc. Auditors: Haines Watts South LLP
 All figures relate to Five Talents UK only
 **"Gifts in Kind" includes the value of donated goods and services but not the value of volunteer time.



Governance & Supporters

“I am delighted to be involved with Five Talents, to hear the good news that it brings and to see the excellent modelling of the development work ethic. This is a deeply creative and constructive way forward.” Archbishop of Canterbury, Dr Rowan Williams, Patron of Five Talents

Patron

The Archbishop of Canterbury,
Dr Rowan Williams



Council of Reference

Lord Griffiths of Fforestfach (Chair)
Dr Maria Akrofi
Annette Brooke MP
Baroness Cox of Queensbury
Dr Alan Gillespie CBE
Philip N. Green
Humphrey Norrington OBE
Margaret Sentamu

Trustees

Graham Carr (Chair)	Chartered Accountant and Management/Microfinance consultant
Charles Eve	Managing Director, Goldman Sachs International
David Fletcher	Head of Analytics & Insight, MEC UK
Dr Cheryl Freeman	Senior Director, Advocacy & Justice for Children, World Vision International
Rev. David Mace	Former Regional Coordinator Africa & Latin America, BP
Andrew Maclay (Treasurer)	Director, Forensic Accountancy Services, BDO LLP
Grant Masom (Vice-chair)	Independent Company Chairman
Shona Passfield	Managing Director, Total Affinity Ltd
Rt. Revd. Keith Sinclair	Bishop of Birkenhead

With thanks to the following Trusts and Companies that have supported Five Talents during 2010, as well as many others including churches, schools, organisations and individuals.

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Bernard Sunley Charitable Foundation
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Headley Trust
Hintze Family Charitable Foundation
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Ingram Trust
Lakarmissionen
Lloyd's Charities Trust
Maurice and Hilda Laing Charitable Trust
The Reed Foundation
Souter Charitable Trust
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Digital Media Services
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Goldman Sachs International
Hannah Genders
MEC UK
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We are very grateful to Parragon Books for designing and printing this Annual Review as part of their charitable contributions. All photos were taken by Five Talents staff and volunteers. Cover photo of Lydia the seamstress from the Five Talents programme in Kagarama, Uganda, taken by Adam Dickens 2010 ©. Five Talents is a Registered Charity in England and Wales No. 1113969 and a Limited Company in England and Wales No. 5641704.

