

## **Charities Aid Foundation Retail Charity Bond 5% due 2026**

### **Social Impact Report 2020**

#### ***Activities***

In April 2016 Charities Aid Foundation raised £20 million through a Retail Charity Bond to allow us to enhance our services to the thousands of charities and donors with which we work, helping them to do more to support the causes we all care about.

Four years on, the bond is helping us facilitate growing volumes of donations to charities around the world. We are continually developing our services to support donors and have launched new ways to allow charities to manage their finances to better effect.

We continue to be an influential voice for civil society, with respected research, insight and policy analysis that informs debate about civil society in many parts of the world.

CAF has delivered on its mission to help people and businesses donate safely and effectively to transform lives and communities around the world. During the 2018-19 financial year CAF distributed a record £646 million to charities in the UK and 95 countries around the world.

Our work facilitating cross-border giving continues to grow, with CAF America showing particular success promoting grant making from donors in the United States to charitable causes across the globe. The CAF American Donor fund has also grown substantially, playing a vital role promoting philanthropy worth millions of dollars on both sides of the Atlantic among the community of US-UK dual taxpayers.

CAF Bank's portfolio of lending to charities has grown to over £100m, for the first time, demonstrating its commitment to responsible lending to UK charities, despite an uncertain economic and geopolitical outlook.

Since the start of May 2019, CAF Bank has increased its lending balances to charitable organisations by over £21.4m and has sanctioned over £54m of loans for charitable organisation.

This year saw the passing of a milestone with donations by CAF Bank personal banking and lending clients having donated over £500,000 to Personal and Company Charity Accounts. CAF Bank remains ambitious to increase its lending and currently has sanctioned and undrawn facilities totalling in excess of £63m.

CAF Bank has refreshed its strategy, with a focus on being the banking partner of choice for small and medium sized organisations.

Our social investment arm, CAF Venturesome, has approved 37 social investments totalling £3.9m so far this financial year, supporting a huge range of impact-focused social enterprises and charities. Our portfolio of over 120 current social investments includes a recent £400,000 social investment in Furniture Resource Centre, 2019 UK Social Enterprise of the Year, to support its growth.

This year, we have launched our new £4m Community Led Housing Fund – a specialist social investment fund to support community-led housing schemes to build 1,000 affordable

new homes. This is the successor to our Community Land Trust Funds I and II which have provided more than £5m in social investment to build 190 affordable new homes, with 470 in the pipeline.

CAF's research and policy teams continue to play an important role in increasing our understanding of civil society and the donors who support its work worldwide, while advocating for an open environment in which charities, and the broader civil society, can flourish.

We completed a ground-breaking series of reports into trends in giving in Uganda, Tanzania, Kenya, and South Africa, working in partnership with the Aga Khan Foundation, the CS Mott Foundation and the UK National Lottery Community Fund.

This important piece of work was borne of a desire by partners in Kenya, Tanzania and Uganda to delve deeper into the obstacles and opportunities to grow charitable giving – and in the process understand factors mirrored in so many emerging economies around the world. It shows that the emerging middle classes in these three countries are giving away roughly a quarter of their earnings each month to help others.

We published our first study into charitable giving in Ireland, launching our research in Dublin alongside colleagues from Philanthropy Ireland, to grow awareness of the scale of donations in one of Europe's most generous nations.

Our policy expertise remains respected and in demand in the UK and around the world, with colleagues contributing to debates hosted by organisations including the Organisation for Economic Co-operation and Development, the World Economic Forum, the Rockefeller Foundation, NESTA and the British Academy. Our Head of Policy presented at the prestigious ARNOVA research conference in San Diego.

We brought together civil society leaders and the major political parties during the recent UK general election to ensure the voice of charities was heard.

Internationally, the CAF Global Alliance of partner organisations goes from strength to strength, promoting strong collaboration between us and our partners in the United States, Canada, Brazil, South Africa, India, Australia, Bulgaria and Russia as well as our new partner, TUSEV in Turkey.

We play a leading role in the global Giving Tuesday movement, leading the campaign in Russia, Bulgaria and the UK, where we brought together 3,300 charities, businesses and other organisations - more than ever before - to promote giving at the start of the Christmas season.

***Outputs, indicators and results***

| <b>Outputs</b>                           | <b>Indicators</b>   | <b>Results</b>   |
|--|---|--|
| Increased CAF Bank support for charities | Maintain and grow sanctioned and drawn loans to charities | Grown CAF Bank's portfolio of lending to charitable organisations beyond £100m for the first time.<br><br>Increased lending balances |

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|---|--|---|
|   |  | to charitable organisations by over £21.4m and has sanctioned over £54m of loans for charitable organisations   |
| Build our digital capacity to grow giving         | Develop a deposit platform for charities to increase their access to market leading interest rates | Working with Flagstone, the UK's leading cash deposit platform provider, we launched the UK's only dedicated deposit platform exclusively for charities |
| Develop a culture of place-based giving in the UK | Pilot approaches to place-based giving in a number of UK towns and cities                          | Worked with the Department for Digital, Culture, Media and Sport to develop and establish pilot place-based giving schemes around the UK                |

### ***Charities Aid Foundation Future Targets and Objectives***

We continue our journey of digital transformation, embedding new ways of doing things to make our work more efficient so we can drive the maximum support to the charitable causes we serve at minimum administrative cost.

While the donations we receive and grant to charities is dependent on the priorities of our donors, our ambition is to grow the total sums we are able to grant out to charities each year.

Our multi-year programme of IT renewal continues as we upgrade our back office systems to take advantage of the efficiencies and service improvements offered by cloud computing. This work is a vital enabler of our digital transformation and CAF's agility to respond successfully to customer needs.

We are developing enhanced cross-border giving capabilities, aiming to streamline and develop our ability to move money safely, quickly and easily to where it is needed around the world.

We are also looking to develop our offering to encourage employee giving and work with regulatory authorities to build on our very successful work channelling environmental and regulatory charges, such as the recent plastic bag levy, to charity.

With a business model heavily influenced by interest rates, we have worked hard to control costs and to invest in fee-generating growth to mitigate the effects of the long term low interest rate environment. While the progress of the Covid19 pandemic remains uncertain, we are monitoring closely the effects of the Bank of England's emergency decision to lower rates in March 2020 and current market volatility resulting from the Covid19 pandemic. However, we are seeing an uplift in enquiries about banking services from charities, and new enquiries from private clients anxious to contribute to civil society at this time.

CAF has responded strongly to the challenges presented by the Covid19 pandemic, for example launching a £5m CAF Coronavirus Emergency Fund to support small charities affected by the outbreak, and facilitating hundreds of thousands of pounds in donations to

rapid response efforts such as the WHO Covid19 Fund and the National Emergencies Trust Coronavirus appeal. We have largely transferred our operations to remote working, enabling our services to be maintained. Our Treasury policies require us to hold a significant level of liquid funds and consequently we believe that we are appropriately positioned for the current situation.

### **Impact story: Beekeeping in Burkina Faso**

Fifty women in rural Burkina Faso are paving the way for future generations of female beekeepers in their community.

The group of women, who previously struggled to provide for their families, now hope to triple their average earnings, and teach others how to produce honey in a clean and safe way through modern bee hives.

This comes after a year-long project funded by a CAF client and carried out on the ground by local organisation PNCE-BF in partnership with UK based charity Shared Interest Foundation, an organisation that supports the development of sustainable businesses to empower communities and improve livelihoods.

Now, the hope is that this project will have long-lasting positive impact for the women and their families.

Fatoumata Ouattara, 34, one of the beekeepers, said: "Before this project I was not positive about the future and the biggest challenge I faced was securing a future for my children. Now I have this opportunity to earn an income I will be able to pay for the health and schooling expenses for my children and provide them with three meals per day so they can concentrate better in their class."

Trevor Dickety, who funded the project using his CAF Charitable Trust, chose the charity with the help of his CAF client manager.

The funding has helped to transform traditional beekeeping methods by equipping each of the women with five modern bee hives, as well as training on how to sustain their bee population to sell honey to the local market or to larger buyers.

The donation has also been used to plant 1,000 Moringa trees, which are helping to increase local biodiversity, attract bees, and provide shade so that crops can be grown underneath them.

The trees, which are drought-resistant, are also providing the women with an additional income source as their nutritionally rich leaves can be dried and sold on the local market.

Its leaves are also used in herbal medicine, and its seed pods and oil can be used for cooking purposes.

### **Impact story: Grace Eyre**

People with learning disabilities or mental health needs should be able to live their lives as equal citizens.

That's the mission of Grace Eyre, a charity that provides safe, comfortable housing for people who need support to live independently.

Thanks to a £720,000 loan from CAF Bank, Grace Eyre has been able to offer accommodation to people with learning disabilities and mental health needs who are on benefits and are usually allocated housing without a choice of where or who to live with.

To do this, the charity gets to grips with each individual's needs, and supports them through the process of finding a home, whether that is through Grace Eyre's supported housing properties or by acting as the link between individuals and landlords in the private rented sector.

The charity's specialist trained staff work with landlords and local authorities to manage a tailored service, which includes paying for deposits and rent to ensure their beneficiaries can move into properties where they normally would not be able to afford to live.

Based in Brighton and the south-east, Grace Eyre's team have seen an increase in demand for housing in the area, which makes securing suitable properties more challenging.

With person-centred care integral to its approach, the charity also encourages their service users to get involved in a range of activities to foster inclusion.

### **Impact story: University of East Anglia**

Nearly £1million is being awarded to emerging entrepreneurs from non-privileged backgrounds in a Dragons' Den-style scheme at the University of East Anglia (UEA).

These young entrepreneurs will be able to use the funds to bring business plans to life, with the aim of making a positive difference in Norwich and beyond.

The funding for the UEA Enterprise Fund comes following a generous legacy gift from local builder Arthur Hamlin, who entrusted his estate to CAF to exercise professional discretion in its distribution.

According to the Letter of Wishes he left with the legacy team at CAF, he was determined to "help the man on the street." CAF undertook an extensive search for a suitable grant recipient that matched as closely as possible his charitable intentions.

Before passing away at the age of 76, Arthur built five properties in Norwich, renting them out to students who were making plans for their future. Meeting these students, Arthur got to know the challenges they faced.

His gift of £943,000 will now help to transform the lives of young entrepreneurial minds at UEA. The University will be encouraging those from less advantaged financial backgrounds to apply for a portion of the Enterprise Fund.

Professor David Richardson, Vice-Chancellor at UEA, said: "Arthur Hamlin's gift will help transform the lives of UEA's emerging entrepreneurs by supporting new business ideas that will have a lasting impact both here in Norwich and globally.

"His legacy will ensure that UEA continues to instil the spirit of innovation and enterprise, on which UEA's very foundations were built. It will enable our entrepreneurs from all backgrounds to create good in the world for many generations to come and we are very grateful to CAF for their support in helping us realise Arthur's wishes."