



What is the financial impact of COVID-19 on small UK charities working in international development?

SURVEY RESULTS / SEPTEMBER 2020



We have been working with communities for many years. When COVID-19 hit they reached out for emergency support. We were able to respond quickly to their needs, and as the crisis continues we will continue to provide support for the most vulnerable.

As the situation returns to a ‘new normal’... we will be needed in recovery.

This survey includes responses from 100 small UK charities/nonprofits, working overseas.



Small International Development Charities Network (SIDCN)

SIDCN exists to bring together and amplify the voices, needs and concerns of small UK charities working internationally, and the communities we serve.

We would like to thank every charity that completed the survey – we know how precious your time is. We would also like to thank all those individuals, and organisations, including Small Charities Coalition, which are standing with us at this challenging time.

As the coronavirus (COVID-19) crisis continues in many parts of the world, it is those already living in poverty who are being hardest hit. The Sustainable Development Goals Report 2020, by The United Nations, forecasts that the pandemic will push 71 million people back into extreme poverty in 2020 – the first rise in global poverty since 1998. Small international development charities are vital in reversing this trend. They’re agile, hands-on, responsive to the needs of communities and specialists in their fields. They’re working on the frontline, supporting some of the world’s poorest.

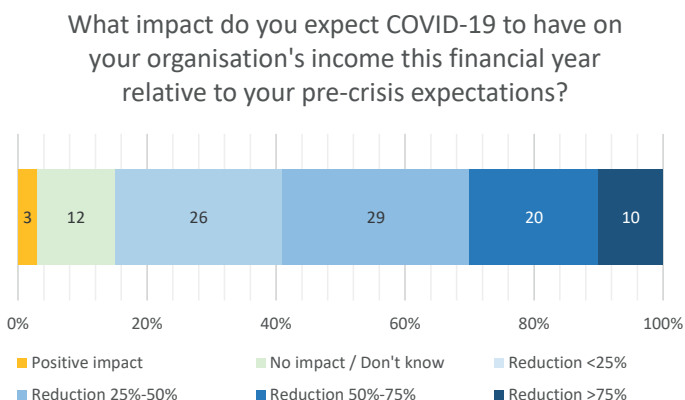
Like many sectors, the UK charity sector is facing a decline in income, but small UK charities working overseas have been disproportionately affected. Our survey in June highlighted the specific situation they find themselves – not eligible for the UK Government charity support package, furlough not a feasible option, without a voice.

Our latest survey goes deeper into the financial impact COVID-19 has had, and continues to have, on these charities. Government and other funders must recognise the vital work these charities do – without support many will not be able to weather this storm.

Key findings from our survey:

FUNDING & FINANCES

- **85% of organisations expect COVID-19 to have a negative impact on their income** this financial year relative to pre-crisis expectations. **Almost a third (30%) expect an income drop of more than 50%.**
- On average, **organisations are facing a 33% loss in income.**



FACING BIGGER LOSSES THAN UK CHARITY SECTOR AS A WHOLE

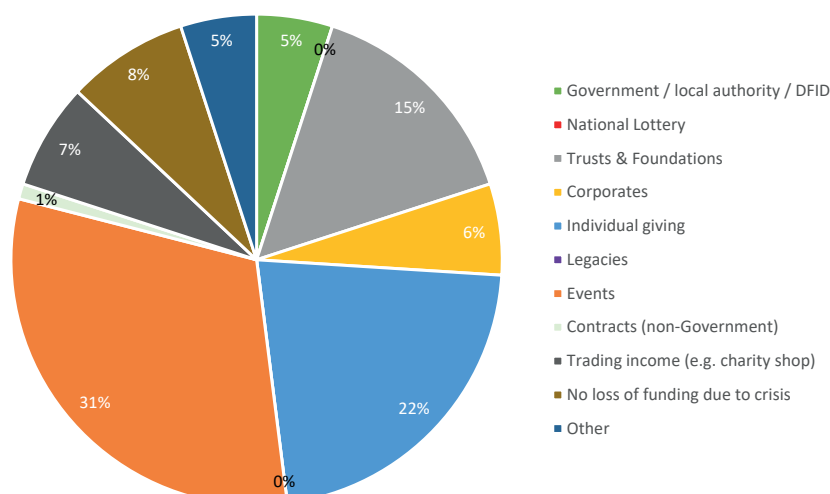
Comparison: Roughly one-in-five (18%) UK charities expect an income drop of more than 50%.

- Weathering the storm: PBE Covid Charity Tracker, in August 2020

“The uncertainty around the future funding landscape makes it hard to plan, commit to projects and give confidence to communities. It is shocking that we as UK charities have been excluded from funding opportunities (from Government and others). The charity sector has been hit hard, but those of us working overseas have been disproportionately affected.”

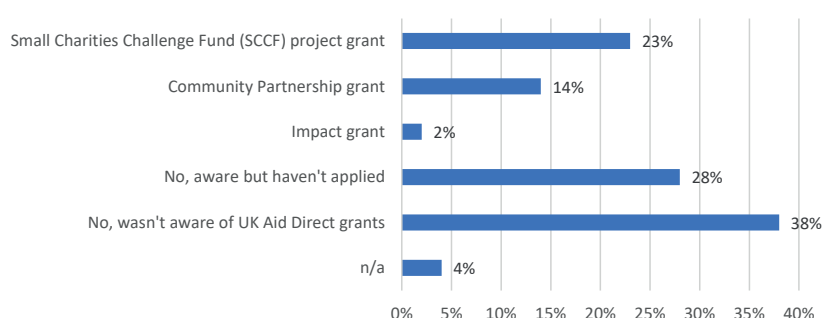
- **Events income has been the biggest loss (31% of organisations)**, followed by individual giving (22%), then Trusts & Foundations grants (15%).

Which of your funding streams has felt the single biggest loss during this crisis?



- **Typically, small international development charities don't rely on Government funding** to operate, therefore only 5% have felt the biggest loss being Government/ local authority/DFID (FCDO) funding.
- **38% were not aware of UK Aid Direct grants** (non-COVID). 28% were aware of these grants, but haven't applied due to:
 - ◇ overly complex and impersonal application process
 - ◇ high level of investment vs. low chance of success
 - ◇ non-proportional due diligence and reporting requirements
 - ◇ believing they are too small to apply
 - ◇ feeling that DFID (FCDO) doesn't understand 'smalls'

Have you ever applied to any UK Aid Direct grants?



- **Two-thirds (67%) think it will take more than one year for pre-COVID incomes to be restored**, with **over a quarter (28%) expecting it to take more than two years**.

“It has been a very stressful time and we are still worried about survival.”

“Funders seem to have forgotten about the countries hit by the socio-economic impacts of COVID-19. We are in danger of losing 30 years worth of development work and progress in key areas such as education and women's rights.”

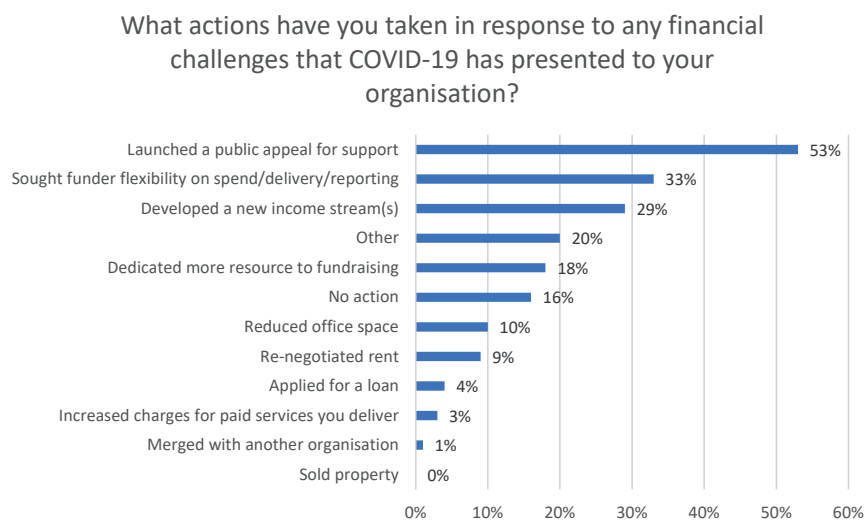
- **Over a third (37%) have less than three months of free reserves** (unrestricted and non-designated funds), suggesting many will struggle to cope as the crisis continues. They will continue to face difficult decisions to remain operational, or face closure.



“We have decided to close our office and operate as a distributed team (all staff working from home indefinitely) to save funds.”

DECISION MAKING

- Organisations have responded to COVID-19 in various ways. Our survey in June showed that both project delivery (**43% scaled back work**) and staff (**15% have taken temporary pay reductions**) have been affected, and **59% of organisations have/are using their reserves**.
- In this survey we further explored actions taken. **Over half (53%) launched a public appeal for support**. Many charities talk of the public being a “lifeline during this crisis”. **A third (33%) reached out to current funders to request flexibility on spend/delivery/reporting**. **29% have developed a new income stream**, bringing innovative thinking to the table.



- **10% have made redundancies as a result of COVID-19**. Although this is relatively low considering the financial challenges these organisations are facing, we must remember that many are entirely volunteer-led or with one or two members of paid staff. Redundancies for some would mean shutting up shop.

- **Only 10% of organisations used the Coronavirus Job Retention Scheme (furlough)** between March and July. **7% are accessing the flexible furlough scheme** from July onwards. **6% are eligible for, or plan to make use of, the Job Retention Bonus** (£1,000 payment for every previously furloughed employee still employed at the end of January 2021).
- **Over half (51%) were not eligible for the furlough scheme**, reflecting the volunteer-led nature of many organisations.

FURLOUGH IS NOT SUITED TO SMALL INTERNATIONAL DEVELOPMENT CHARITIES

Comparison: Two-in-three (65%) UK charities have accessed the Job Retention Scheme (furlough). Four-in-ten (41%) UK charities expect to make use of the Job Retention Bonus.

- Weathering the storm: PBE Covid Charity Tracker, in August 2020

“All of our UK staff are volunteers so we haven’t been able to take part in any scheme. All staff in Ghana have reduced salaries so that we could keep afloat..”

“Only 1.5 members of staff in UK so no option to furlough as nothing would get done.”

SERVICES

- Our survey in June found **almost three quarters (72%) have seen demand for their services increase due to COVID-19**. In this survey, **almost a third (30%) are expecting more than a 50% increase in demand**. On average, **organisations are facing a 27% increase in demand**.

HIGHER DEMAND FOR SERVICES

Comparison: One-in-ten (12%) UK charities are expecting more than a 50% increase in demand.

- Weathering the storm: PBE Covid Charity Tracker, in August 2020

“We focus on reaching the most vulnerable people, and they are disproportionately disadvantaged by the crisis.”

“We support locally run organisations assisting disadvantaged children... the appeals for help with food, shelter, and now with PPE too, keep on coming.”

- **Despite the challenges facing these organisations, they remain hopeful** about:
 - ◇ the future, working towards a fairer world for all
 - ◇ kindness between neighbours and strangers
 - ◇ access to new volunteers
 - ◇ global solidarity
 - ◇ organisations coming together to amplify voices
 - ◇ better communication and networking opportunities
 - ◇ improvements to digital, supporting communities in new and innovative ways
 - ◇ recognition of work and impact
 - ◇ a support package from Government

“We hope more funders focus their support on grassroots charities.”

THE COMMUNITIES WE SERVE

- Ultimately the lack of support for small UK charities working overseas will hurt the world's poorest. We asked **"What does this mean for the communities you serve?"** Here are just some of the responses.

It means...

... "we cannot restore the sight of people who have gone blind."

... "no access to basics to keep people safe (soap, sanitiser, face masks)."

... "overcrowded classrooms... girls not having a safe space to change and wash during their period."

... "loss of life."

... "levels of poverty, ill health and mental ill health will increase."

... "children are missing out on their education and not receiving a daily cup of porridge."

... "homelessness and hunger."

... "they will struggle to have their voices heard and their rights recognised."



... "closing schools."

... "torturers and those who support/supply them can act with impunity."

... "no play facilities in refugee settlements."

... "we are unable to provide emergency food support for families of children with cerebral palsy and autism."

... "lack of education and training."

... "they will be increasingly isolated and excluded."

... "no access to clean water and health education."

... "malnutrition and lack of education for vulnerable children."

... "reduced therapy services."

... "no route out of poverty."

CONCLUSION

Small international development charities have shown great resilience over the last six months - fighting to remain operational and serve communities in need, despite the overwhelming lack of support from the UK Government.

There are 10,093 small UK charities working in 'international aid/famine relief' - representing 5% of the UK charity sector*. These grassroots organisations are led by small teams and an incredible network of volunteers. They are embedded within, and supported by, communities in every corner of the UK. They are humble and human-centred, proven to alleviate poverty but they often go unnoticed, their work and impact not receiving the recognition it deserves.

COVID-19 has shown that we can no longer afford to only think local. Small international development charities are needed now and will be needed well beyond to aid recovery, rehabilitation, and reconstruction.

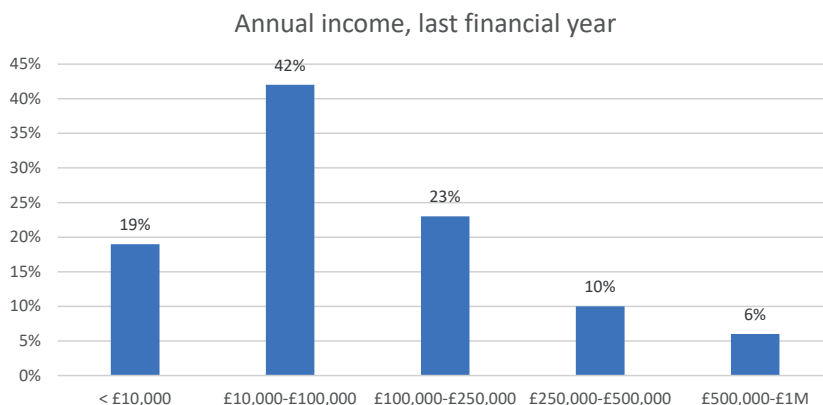
We urge Government, businesses and the wider public to support these charities so they can continue to deliver vital services to the world's poorest.



* On 15th September 2020 there are 10,093 charities, with an annual income below £1 million, under cause area 'international aid/famine relief', registered with Charity Commission England and Wales. This constitutes 5% of the total number of registered charities - 184,629.

THE RESPONDENTS

100 small UK charities/nonprofits took part in the survey. 98% of these are registered charities, with 90% based in England. Annual income levels range from £250 to £980,000. This survey particularly shines a light on the experience and views of micro charities and the 'smallest smalls' (61% below £100,000 annual income).



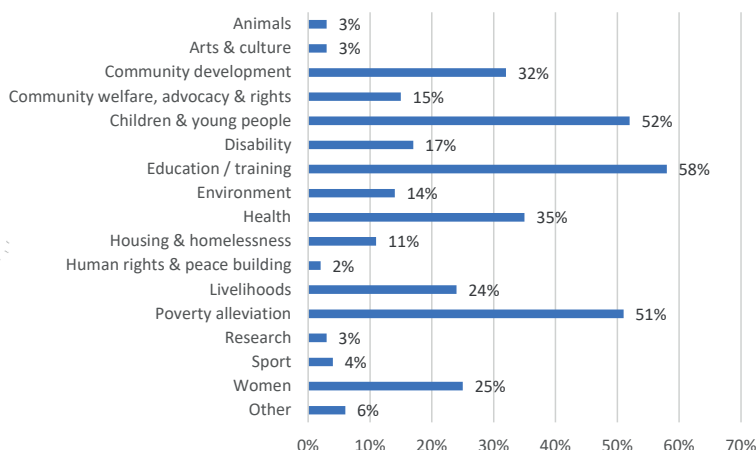
The average number of team members is:

- ◇ 2 (UK) and 7 (overseas) full-time staff
- ◇ 1 (UK) and 1 (overseas) part-time staff
- ◇ 18 (UK) and 3 (overseas) volunteers

They support communities in 53 countries, across 5 continents. 58% provide education and training. Supporting children and young people (52%), and poverty alleviation (51%) are also common cause areas.



What cause area(s) best describes your organisation?



Small International Development Charities Network (SIDCN) welcomes the opportunity to discuss the specific challenges identified in this report with funders, influential groups, lobbying organisations and the UK Government.

Please contact us at sidcn@outlook.com