



1—How do charities use the money we give them?

In 2003, people in the UK gave a total of £7.1 billion (or £7,100 million) to charity. That's a lot of money – more than many poor nations have to run a whole country! That year, schools in England alone raised around £230 million. It still doesn't solve all the world's problems and so some people say, 'Why bother trying?' But there's another way to look at it: just how much worse would the world be without that money to improve things?

These four kinds of charity were given the most by the UK public in 2003:

- Those engaged in medical research
- Those that benefited children and young people
- Religious organisations
- Those engaged in relief work overseas

Usually, charities need money for three things:

1. By far the largest part of any donation – usually around 80% – goes directly to meet the need the charity is tackling. For example, it may pay for people, equipment, food or medicines, or the cost of transporting them. The charity asks the people it is trying to help what they want it to do, and its experts then make sure that our donations are spent as effectively as possible to that end. Often this includes finding volunteers to help, so that the money goes further.
2. A smaller proportion of any donation – usually 10-15% – pays for the charity's fundraising. This is the side of charities we most often see, which is why people get the impression that they are always asking for money. Of course they are – but not for themselves!

3. The third part of the money – between 1 and 5% – goes towards the cost of running the charity (eg paying the rent for its offices, and paying the people who work in them).

Different charities spend different proportions of money on these three things. There are no rules on how to divide the money up – it may depend on the size of the charity, how much it needs to spend on things like campaigning or how much it costs to send (for example) specialist aid workers to other countries. You can find out how much a charity spends on such things and decide for yourself whether you want to support it.

Working with governments

Sometimes a government works in partnership with charities for some good cause – eg medical research or rebuilding local communities.



Often, governments give grants to charities that provide valuable local services.

Many charities try to influence government policy in order to improve things for the people or causes they are trying to help. This is called 'lobbying'.

The British Government also passes on to charities any income tax people have paid on the money they have donated. This is called Gift Aid.

How does Gift Aid work?

When someone makes a donation to charity, there is a box they can tick on the donation form to say they pay income tax in the UK. This tells the charity that they have paid tax to the Government on the money they are giving – and the charity is then entitled to claim that tax from the Government.

What this means in effect is that for every £1 someone gives it, a charity can claim a further 28p or so from the Government – which makes that £1 worth £1.28!

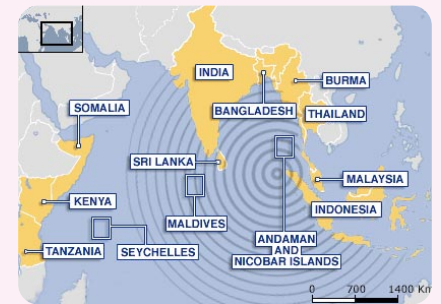
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Resource—3 Side—2
www.g-nation.co.uk



2—Case study: the 2004 Asian tsunami disaster



Map from bbc news at bbcnews.co.uk

On 26 December 2004, a huge tsunami hit a number of countries in south-east Asia. It killed at least 200,000 people (and very possibly 300,000) and destroyed many homes, schools, hospitals and places of work. It was caused by a massive earthquake deep under the ocean floor 50 miles off the coast of the Indonesian island of Sumatra.

It came as a terrible shock to the world, and not least to those people who only the day before had been happily celebrating Christmas. The Disasters Emergency Committee

The Department for International Development is the government department that manages the aid the UK gives to poor countries. It supports long-term programmes that help to tackle the causes of poverty, and also responds to particular emergencies, both natural and man-made.

immediately set about organising help for the survivors. The DEC brings together 13 of the UK's biggest aid charities to co-ordinate their response to major disasters and make sure that money goes to the charities that are in the best position to use it where it is needed most.

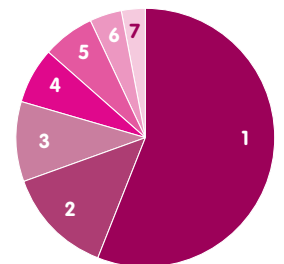
One thing the DEC did was to launch an appeal for funds to help the hundreds of thousands of people whose lives had been devastated by the tsunami. There had been lots of appeals after other disasters, but this one raised five times as much as any other in just three months. Soon after the appeal was launched, the Government promised to match the money the British public gave, but it quickly became apparent that people were going to give much more than anyone had imagined.

In the end, the public donated about £350 million (including Gift Aid), to which the Government added another £75 million through the

Department for International Development (see the box below right). The DEC then allocated the money it received to particular charities for work in the countries hit by the tsunami. The charities then worked in partnership with local people to find solutions to their problems that used the money in the best way.

Some charities, such as Médecins Sans Frontières, received so much that they had to call some donors and ask their permission to spend their donation on some other work. (The charities had to do this because people had given specifically to the tsunami appeal and charities can only spend money on the work it has been given for.

Oxfam Expenditures by Programme Area as of 31 March 2005



- 1 Preventing the spread of disease £7.9 million
- 2 Emergency food £1.9 million
- 3 Shelter £1.4 million
- 4 Social Services e.g. education £1.0 million
- 5 Helping people get back to work £0.9 million
- 6 Organising the help £0.6 million
- 7 Helping people recover from a disaster £0.4 million

Some useful websites

- www.charity-commission.gov.uk – how charities report on what they have done with the money we give them
- www.dec.org.uk – the Disasters Emergency Committee (DEC)
- www.dfid.gov.uk – the Department for International Development (DfID)
- www.givingcampaign.org.uk – more information on Gift Aid
- www.msf.org – Médecins Sans Frontières