

CHRISTIAN AID ANNUAL REPORT AND ACCOUNTS 2011/12

POVERTY



Poverty is an outrage against humanity.
It robs people of dignity, freedom and hope,
of power over their own lives.

Christian Aid has a vision – an end to
poverty – and we believe that vision can
become a reality. We urge you to join us.

christianaid.org.uk

Christian Aid is a member of the

actalliance

Front-cover photo: supporters of Christian Aid partner Ekta Parishad march past the Jai Gurudev Temple in Mathura, India, during Janadesh 2007. This was the culmination of a campaign that saw 25,000 marchers walk for 28 days from Gwalior in central India to New Delhi to demand land rights from the government

Credit: Simon Williams

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LETTER FROM THE CHAIR



This year marks the beginning of a period of transition and development for Christian Aid. For the last seven years, our work has been steered by our corporate strategy, Turning Hope into Action. During that time, both the outside environment and the challenges we face have inevitably changed. In order to meet those changes and challenges, we decided in 2010 to begin a process that would build on the lessons learnt during Turning Hope into Action and set the direction for the next stage of our work.

Over the last 18 months, we have therefore been discussing and refining a new strategy, Partnership for Change. It builds on the successes and experience of the last seven years – focusing on the principle of partnership, which has always been central to our work and vision, as the way to make the greatest impact in eradicating poverty. It highlights power imbalances and inequality as key drivers of poverty in a changing world, where the majority of the poorest people live in middle-income countries.

The move to the new strategy will not be made overnight. Instead, 2012/13 will be a period of transition, examining our work and partnerships and planning the changes required to refocus our work on our new priorities.

Partnership for Change means that we will continue to work with our partners around the world to respond together to urgent need. That will include large-scale emergencies, such as the west African drought, as well as lower profile, slow onset emergencies, where our support and experience can be particularly vital. Our collaboration with governments and other institutional donors will also allow us to bring about change on a large scale, as we have seen in the Department for International Development funded PACS programme in India. Equally, our campaigning and advocacy work, working with and through partners here, will continue to tackle the scale, scandal and roots of poverty.

In all these areas, we are committed to developing strong relationships with our supporters and sponsoring churches. Our impact and reach would not be able to match the scale of our ambition without the multiplier effect of our dedicated supporters, campaigners and activists in faith networks and church communities.

Developing our new strategy has provided us with an opportunity to reaffirm our values. The latter underpin all the work we do, and everyone who works with and for

Christian Aid, regardless of their personal faith, is committed to honouring them. They are based on our understanding of relational theology, recognising that we each have a special relationship with God, and in turn with each other.

In line with the new strategy, we also commissioned a review of our governance arrangements during 2011/12, and its recommendations will be implemented over the coming year. We need to ensure that the board's structure and ways of working can provide oversight and support for an organisation of Christian Aid's size and complexity, at a time of considerable change and challenge.

This November, I am coming to the end of my term as Christian Aid's chair. After careful thought, and with great regret, I have decided not to stand again. I have learnt so much over the last four years, from the staff, other board members and, in particular, Christian Aid's partners overseas – and I am immensely grateful for that. I've been enormously impressed by the dedicated work of people across the Christian Aid family and the passion of so many to see the scandal of poverty eradicated. My decision is prompted by the need to ensure that those people and that work are properly supported in the years ahead. Christian Aid will remain very close to my heart, and always in my prayers. I know that its future is in safe hands, given the strength and commitment of my board colleagues, the director and her staff.

Finally, I would like to thank those board colleagues who stood down this year – Phil Hodgkinson, Bishop Michael Langrish and George McSorley. We have benefited greatly from their wisdom, work and commitment. We have also had the pleasure of welcoming Alan McDonald and Victoria Hardman to the board this year. I wish them, and all board members, all the very best as they move into the next stage of Christian Aid's work and mission to end the scandal of poverty.

A handwritten signature in black ink that reads "Anne Owers".

Dame Anne Owers DBE

Chair of the Christian Aid Board of Trustees

CHRISTIAN AID'S DIRECTOR



Looking back over all that Christian Aid has accomplished during 2011/12 we can see that once again it was a year of challenges and learning, as well as huge achievement.

I was able this year to see first-hand our work in Brazil, Bangladesh and Sierra Leone. These visits brought home the diversity of challenges that we are facing, and the many forms that poverty can take. In Brazil, I was shocked by the evident inequality. On the city streets of this middle-income country, I came upon gleaming new cars alongside manual rubbish carts. I also saw the devastating impact of floods, where mud slides had completely devastated whole communities. Despite the geographical proximity of these communities to Rio de Janeiro, it was our partners rather than the authorities that were offering support to those affected. This was also an example of the kind of 'small' disaster that receives little or no media attention, yet has a devastating impact on people's lives. In any emergency, we know that the first people to respond and give life-saving help are those affected by it. From this understanding comes our commitment to building resilience and the capacity of local partners.

In Bangladesh, a country already badly affected by climate change, our programme has long had a strong focus on disaster risk reduction (DRR). While visiting, I was honoured to be asked to open a building that will primarily be used as a school, but which is also equipped to act as a cyclone shelter for the community to use in the event of an emergency. As well as this tangible benefit from the project, I was delighted to meet the women of the community who had taken such meticulous control of every aspect of the project. The confidence that this work had engendered among those involved was evident, and the status and influence of women in wider community affairs has been increased.

In Sierra Leone, a small country with a population roughly the size of Scotland and rich in natural resources such as diamonds and titanium ore, I again saw huge inequalities. Despite its natural resource wealth, and the monetary wealth that many – often outside Sierra Leone – are deriving from it, the country has one of the highest maternal mortality rates in the world. The injustice of this allocation of resources and wealth was brought home to me on this visit when I learnt that there are whole communities in Sierra Leone that can afford to eat only every other day, and areas where half the population have no access to clean water, and are forced to draw their water from dirty rivers. Christian Aid has worked there for many years now, trying to help those in dire poverty find ways to support themselves, tackle HIV and other health issues, and hold the government to account.

It was experiences such as these that informed our new corporate strategy – Partnership for Change: the Power to End Poverty. Work on this exciting strategy began in 2010, and in readiness for its launch in April 2012 we have begun to realign our structures, systems and processes. I would like to take this opportunity to thank all staff for keeping up such a high standard of work through this period of major change.

In what continues to be a tough economic climate, the hard work and skill of fundraising teams meant that we were able to hold our income levels. As well as continued support from the public, we succeeded in winning funds from institutional donors, and successfully met or exceeded our targets for the first year of our strategic funding arrangements with the UK government.

Christian Aid is an organisation that never shies away from speaking truth to power, and it was inspirational to join with staff and supporters of CAFOD and Tearfund in Manchester on the eve of the 2011 Conservative Party conference to do just that. We stood together and worshipped together, listening to inspiring speakers from around the world. We called on the government to remember its pledge to be the 'greenest government ever', and reminded it that the world's poorest and most vulnerable people are already being affected by climate change.

Nothing that we have achieved this year would have been possible without the dedication of our staff, volunteers and supporters around the world. I would like to take this opportunity to thank all of them, and also like to reflect on the special relationships that we have with our sponsoring churches, which have deepened over the past year. Through giving, acting and praying together for common goals, I believe that we can continue to make real our vision of bringing an end to poverty.

I would also like to pay particular tribute to Dame Anne Owers who after four years as the chair of our board will be stepping down this November. Dame Anne has provided strong leadership during the development of our new strategy, the review of our governance structures and the re-energising of our relationships with our sponsoring churches. She leaves us a stronger organisation, and we are indebted to her.

Loretta Minghella
Director of Christian Aid

TRUSTEES' REPORT

OVERVIEW OF CHRISTIAN AID IN 2011/12

WHO WE ARE

At Christian Aid, we believe that poverty is an outrage against humanity. It robs people of dignity, freedom and hope, of power over their own lives. Christian Aid has a vision – an end to poverty – and we believe that vision can become a reality. The essential purpose of Christian Aid is to expose the scandal of poverty, to help in practical ways to root it out from the world and to

challenge and change the systems that favour the rich and powerful over the poor and marginalised.

Created by British and Irish churches in 1945, and owned by our 41 sponsoring churches, Christian Aid provides urgent, practical and effective assistance where need is great, tackling the effects of poverty as well as its root causes. Our work is based on our fundamental identification with the aspirations and rights of the poor and the oppressed.

We act in situations of suffering and injustice because we believe that they violate God's standards, and devalue us all. For us, responding to what is wrong is not just an option: it is a necessity. We have an obligation to speak with and for the poor. We are obliged to act if there is injustice.

For us, partnership is a matter of principle, not of convenience. All our work is built on mutually accountable relationships, with partners who have roots in the community in which they

Key events in Christian Aid's year

May



In **May**, Christian Aid Week saw volunteers and supporters across Britain and Ireland give, act and pray in support of Christian Aid Week.

Our 2011 Christian Aid Week report *Hungry for Justice* highlighted the scandal of food-related poverty, and presented a number of examples of how we are working with partners to seek its eradication.

June



In **June** Christian Aid launched an appeal for east Africa, where drought and displacement combined with rising food prices left more than 13 million people in the east and the Horn of Africa in urgent need of humanitarian support. The public responded generously, with Christian Aid's appeal raising more than £4.3m, while the Disasters Emergency Committee (DEC) appeal – of which we were a part – raised a total of £75m.

As part of a coalition of international development agencies we helped organise a mass lobby of more than 130 MPs at Tea Time for Change, calling on them to help tackle tax dodging and to protect the aid budget.

July



Following an overwhelming result in a January 2011 referendum, the 10 southernmost Sudanese states separated from the rest of the country in **July**, forming the new South Sudan. This was the culmination of the Comprehensive Peace Agreement, which ended decades of civil war. However, the months since separation have not been peaceful and more than 120,000 people have been displaced by violence. Christian Aid's ACT Alliance partner Lutheran World Federation has provided food and other essential items to displaced communities.

are working. We help to fund their work, facilitate their learning and develop their capacity, and in turn they enrich us with their wisdom, experience and vision.

We work with faith-based networks and alliances and with secular groups that share our passionate determination to end poverty. We are committed to working with governments, the private sector, and other actors who can influence development and help improve

the lives of poor people, and to promoting dialogue between faiths and communities to help bring about peace and justice.

Since 2005, our work has been guided by our corporate strategy, Turning Hope into Action. 2011/12 was the final year of this strategy, and an opportunity to take stock of all that we have achieved and learnt, and ensure that we are in a position to make the greatest impact on poverty in the future. In 2011/12 we worked

towards goals across six Strategic Focus Areas; secure livelihoods, economic justice, accountable governance, HIV, strengthening the movement for global justice and strengthening the organisation. As ever, this was a year of achievements and challenges, and in this report we would like to share some of these, as well as introduce our vision for the next strategic period.

October



On the eve of the Conservative Party Conference in **October** supporters of Christian Aid, CAFOD and Tearfund took part in Bearing Witness. More than 1,200 people gathered in Manchester for an inspiring day of campaigning and worship on climate change and global poverty.

December



One hundred and fifty African climate activists travelled more than 4,000 miles through 10 countries to the United Nations climate talks in **December**, in Durban, South Africa. They marched to highlight the effects that climate change is already having on their lives, and to collect signatures for the African People's petition calling for the richest countries to agree to further binding cuts on carbon emissions and a fair deal for Africa. Christian Aid staff, and partners from the global South, attended the summit and with Archbishop Desmond Tutu delivered the Time for Climate Justice photo petition to Christiana Figueres, executive secretary of the talks, during an interfaith rally.

March



In **March**, a perfect storm of failed rains, widespread drought, spiralling cereal prices, migrant unemployment and mass displacement due to conflict left close to 13 million men, women and children in the Sahel facing acute hunger and severe malnutrition during the months to follow. Christian Aid launched an appeal to support our response in Burkina Faso, Mali and Niger.

We prepared to launch our new corporate strategy, Partnership for Change: the Power to End Poverty, which will guide Christian Aid's work from April 2012.

WHERE WE WORK

Partners and country programmes financially supported by Christian Aid in 2011/12

We gave grants to 578 partner organisations in 48 countries and have offices in 29 of these.

Africa

(£'000s)

- 1 **Angola** £732
- 2 **Burkina Faso** £1,659 (office in Ouagadougou)
- 3 **Burundi** £432 (office in Bujumbura)
- 4 **Democratic Republic of Congo** £1,814 (offices in Kinshasa, Bukavu and Kindu)
- 5 **Ethiopia** £1,437 (office in Addis Ababa)
- 6 **Ghana** £619 (office in Accra)
- 7 **Kenya** £2,663 (office in Nairobi)
- 8 **Malawi** £1,073 (office in Lilongwe)
- 9 **Mali** £863 (office in Bamako)
- 10 **Niger** £31
- 11 **Nigeria** £2,425 (office in Abuja)
- 12 **Rwanda** £244 (office in Kigali)
- 13 **Senegal** £158
- 14 **Sierra Leone** £2,047 (offices in Bo, Freetown, Kenema and Makeni)
- 15 **South Africa** £308 (office in Pretoria)
- 16 **Somalia** £25
- 17/18 **Sudan/South Sudan** £1,061 (offices in Khartoum and Juba)*
- 19 **Tanzania** £87
- 20 **Uganda** £231
- 21 **Zambia** £523
- 22 **Zimbabwe** £1,618 (office in Harare)

We also gave grants to Africa regional programmes of **£553,000**

Asia and the Middle East

(£'000s)

- 23 **Afghanistan** £1,000 (offices in Herat and Kabul)
- 24 **Bangladesh** £1,115 (office in Dhaka)
- 25 **Burma** £2,289
- 26 **Cambodia** £386
- 27 **Egypt** £258
- 28 **India** £4,210 (office in Delhi)
- 29 **Iraq** £176
- 30 **Israel/occupied Palestinian territory** £1,170
- 31 **Kyrgyzstan** £127
- 32 **Lebanon** £223
- 33 **Pakistan** £2,200
- 34 **Philippines** £1,243 (office in Manila)
- 35 **Sri Lanka** £333 (office in Colombo)
- 36 **Tajikistan** £631 (office in Dushanbe)
- 37 **Thailand** £92

We also gave grants to Asia and Middle East regional programmes of **£207,000**

Grants across regions and to partners in the UK and Europe that cover more than one country **£671,000**.

* On 9 July 2011 South Sudan became an independent state. As this occurred during the financial year, support for partners in Sudan and South Sudan has been given as a single figure.

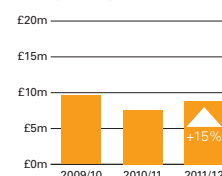
Latin America and the Caribbean

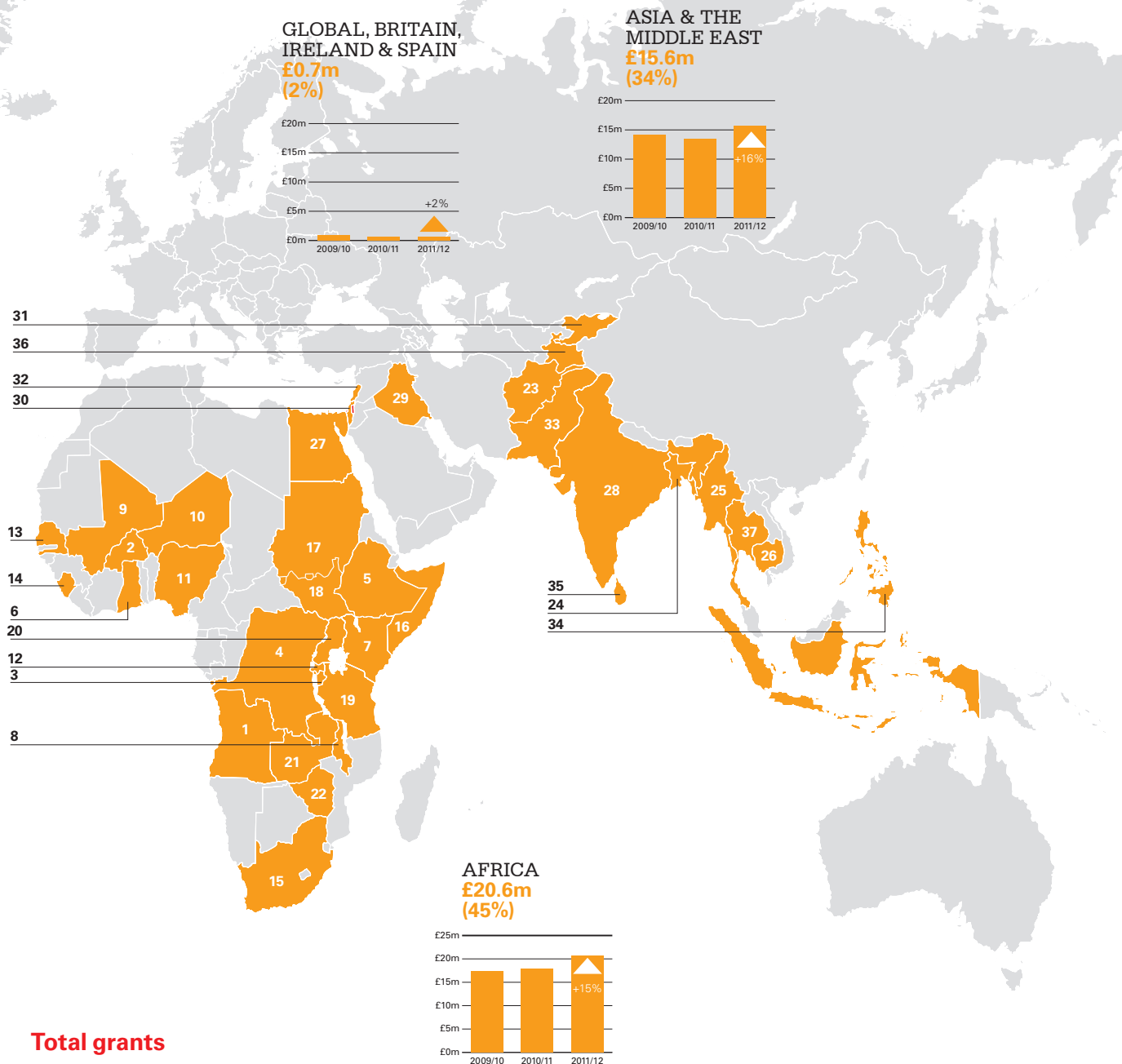
(£'000s)

- 38 **Bolivia** £743 (office in La Paz)
- 39 **Brazil** £1,330 (office in São Paulo)
- 40 **Colombia** £767 (office in Bogotá)
- 41 **Dominican Republic** £280 (office in Santo Domingo)
- 42 **El Salvador** £399
- 43 **Guatemala** £361
- 44 **Haiti** £2,724 (office in Port-au-Prince)
- 45 **Honduras** £281
- 46 **Jamaica** £224 (office in Kingston)
- 47 **Nicaragua** £584 (office in Managua)
- 48 **Peru** £471 (office in Lima)

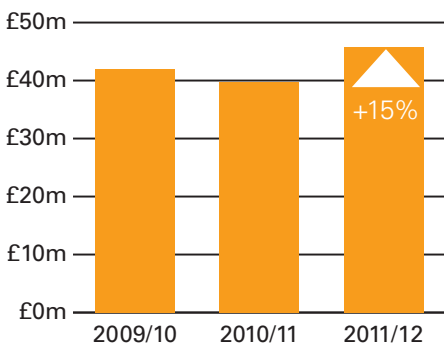
We also gave grants to Latin America and Caribbean regional programmes of **£601,000**

LATIN AMERICA & CARIBBEAN
£8.8m
(19%)





Total grants



See page 34 for a full overview of our income and expenditure.

Staff

On 31 March 2012, Christian Aid had 901 staff (average 838 full-time equivalents) – 95 more than in 2010/11. The number based overseas was 409 (45 per cent), compared to 327 in 2010/11. Of these, 109 staff were based in Asia and the Middle East, 241 in Africa and 59 in Latin America and the Caribbean.

In Britain, Ireland and Spain, we had 491 staff based in 24 offices (in 2010/11, we had 479 staff based in 24 offices).



Christian Aid/Peter Scott

We helped people in Bangladesh become more resilient to challenges

Communities in Harirampur Upazila are affected every year by extreme weather, food shortages and poor health. Frequent disasters have increased poverty and exacerbated inequality. Communication and transport links are poor, and development work is not enough to counter the risks faced by communities or their vulnerability to these.

The three Harirampur villages in which Christian Aid works are some of the most vulnerable to floods in the area. In the most affected parts, 28 per cent of the community are at risk of losing their homes and land because of river erosion. Fifty-seven per cent of households live in extreme poverty, and their lack of land exacerbates this.

To tackle this, Christian Aid supported partner Bangladesh Centre for Advanced Studies (BCAS) to undertake participatory vulnerability and capacity assessments (PVCAs). A PVCA helps people to reach a shared understanding of their situation and the changes that they need, and to identify appropriate, sustainable ways to bring these about. It allows people to analyse their problems and suggest solutions, drawing on their strengths and capabilities.

Only months later, the impact of this can already be seen. Since developing their own action plans, the communities with which BCAS has worked expect to receive less relief assistance than in the past; instead, they are now more likely to request support for resilience-building activities. Training has heightened community awareness of climate change risks, and what can be done to mitigate against them. With support from local organisations and authorities,

households are raising well-heads and houses above flood level, establishing tree nurseries to offer flood and storm protection, and developing new ways to earn a living. People are earning more and are less likely to experience food shortages since they started growing more flood- and drought-resistant crops and using more organic farming techniques. They are more knowledgeable, assertive and united, and feel able to contact local authorities to find out about and use resources and services.

This project, which targeted women, the poorest households and other vulnerable groups, has also addressed underlying inequalities in the region, where women have been disproportionately vulnerable and excluded. About 40 per cent of participants were women, who have followed up the PVCA with activities that raise awareness of hazards, and adaptation work such as home gardening, nursery development, drinking-water management and preparing for disasters. Women also took part in local adaptation groups.

Local government officials have become more engaged with communities and are more willing to support projects. Through meetings and training, officials have engaged with national policies and strategies on climate change such as NAPA¹ and BCCSAP.² They are more interested in participating in project meetings and events, and more aware of NGO programmes in villages.

We are constantly learning from our experience in this area, improving our approach to resilience and refining our PVCA methodology.

SECURE LIVELIHOODS

In a way that is responsive to the risks and impacts of climate change, we will strengthen the capacity of poor and marginalised women and men to secure a dignified living for themselves and their dependants

We strengthened the resilience of poor and vulnerable women and men

In Malawi, new soil and water conservation techniques have enabled 1,610 farmers to increase yields by up to 40 per cent, while small-scale irrigation has allowed them to plant twice a year, thus doubling production. In desert regions of Rajasthan, India, the focus was on introducing a second cropping cycle. In flood- and drought-affected areas, 14 vulnerable communities now have access to safe grain-storage banks, reducing their hungry period by about 60 days, and lessening people's dependence on money lenders. In Peru, communities are working to tackle water shortages, improve market access and diversify crops to ensure there is enough nutritious food for people to eat.

Increasing access to markets is a core part of Christian Aid's resilient livelihoods work. In 2011/12, we supported marginalised producers to enhance their position in the market chain and increase profits through developing their business and negotiating capacity, and facilitating access to trading information and markets. In Mali, we supported 19 women's cooperatives to gain better access to land, seeds and markets. Women's groups have used these to produce and sell nearly 20 tonnes of rice on the local market, benefiting 7,300 women and 12,000 children in Bandiagara and Kolondieba districts. In the remote Andahuaylas region in Peru, Christian Aid supported the

agro-ecological Kutina Chaka Fair, enabling 100 small-scale farmers to secure a government contract to supply beans for school feeding programmes.

Christian Aid's understanding of resilience centres around the power of individuals and communities to live with dignity, deal with disasters, and respond successfully to opportunities as well as risks. Resilience is the capacity to manage risks and stress – reducing exposure to these as much as possible, anticipating risk where forecasting information is available and reliable, and recovering as quickly as possible from any shocks. Some risks, such as longer-term climate change, result in more gradual stresses. Combined with shorter-term shocks, these can make communities more vulnerable. This highlights the need for long-term resilience-building, integrating the best of humanitarian, disaster risk reduction and livelihoods work.

Work in this area remains challenging, and is subject to external influences. In Mandera County, northern Kenya, for example, Christian Aid is working with our partner Northern Aid (NAID). In recent decades, increasingly erratic weather patterns and prolonged droughts have undermined local livelihoods in the region. The 2010/11 droughts were particularly severe, prompting NAID to launch a project to drill a borehole for irrigation purposes. Supported by Christian Aid's humanitarian appeal funds, the project aimed to benefit 500 households directly, together

with 4,000 from neighbouring communities. The project has, however, been unable to achieve tangible changes, having been stalled due to an outbreak of inter-clan tensions. A recent electoral boundary delineation by the Kenyan Independent Electoral and Boundaries Commission had reignited the long-standing dispute; and when drilling

Christian Aid's understanding of resilience centres around the power of individuals and communities to live with dignity, deal with disasters, and respond successfully to opportunities as well as risks

commenced, the contractors were attacked and severely injured by men from the Murulle clan who neighbour the Garre clan, the direct beneficiaries of the project. The Murulle clan contended that the borehole was on their land. Land disputes are common in the region and water scarcity and drought drive male pastoralists away from their land in search of water and pasture for their livestock. This can bring them into direct conflict with other pastoralist communities over already-scarce resources. After the attacks, Christian Aid and NAID recognised that despite being involved in a large-scale humanitarian intervention in the region, we had not conducted an adequate participatory conflict analysis. Christian Aid has

since supported NAID to develop new conflict-sensitive approaches in its work, such as a 'do no harm' analysis. We are also increasingly using participatory vulnerability and capacity assessments (PVCAs) as a way of conducting comprehensive situation analysis, identifying underlying conflicts, key issues and actors, and helping us to target our work more effectively.

In 2011 we appointed a team of independent consultants to undertake an impact assessment of our response to the 2004 south-east Asian tsunami. Their report, available on our website, draws out some key learning that has informed our work on disaster preparedness and our understanding of and approach to resilience.³

Christian Aid has worked with partners to undertake participatory risk and vulnerability analysis in more than 200 communities. This community-owned analysis has already generated a wide range of activities highly tailored to local climatic, social and environmental conditions.

We delivered more funding for better livelihoods programmes

In 2010, we were delighted to be awarded strategic funding from the UK's Department for International Development (DFID), in the form of both a general and a humanitarian 2011-14 Programme Partnership Arrangement (PPA). Our PPA bid was built around our strategic objectives of community health and thriving and resilient livelihoods. Funding has therefore enabled us to expand our programmes in these areas across 23 countries, and develop our

operational and technical processes and learning.

In several programmes, we used PPA funding to help partners secure further funds. In 2011/12 we supported our partner CIPCA Beni to expand its work with indigenous people in the Bolivian Amazon, reaching more poor communities and enabling them to develop cocoa production among other improved ways of making a living. This means they are now less dependent on jobs offered by large-scale farmers who do not respect labour rights and who have a vested interest in clearing the forest for farming. Christian Aid, CIPCA and Twin Trading have worked together to develop a business development strategy for Amazonian wild forest chocolate products, which will immediately benefit 814 producers, and even more in future. CIPCA also works with communities to build their resilience to flooding caused by melting glaciers in the Andes, and to forest fires caused by more extreme temperatures as a result of climate change.

In 2011/12 we also saw continued success with our In Their Lifetime campaign. This unique major donor appeal enables us to pilot innovative projects that have the potential to transform communities and lead to further funding.

By the end of March 2012, we had raised nearly £5m through the campaign, allowing us to launch exciting new projects, which are already having a significant impact on people's lives – from providing clean, affordable lighting to thousands of poor people in rural India to financing new solutions to poverty by providing an interest-free loan to a local hibiscus cooperative in Nicaragua.

The appeal is also helping us achieve impact in our livelihoods work.

For example, our Kenyan partner Christian Community Services Mount Kenya East (CCSMKE) is working with farmers in the Mbeere region, who face failing harvests, as a result of increasingly unpredictable weather, and falling prices for their crops. CCSMKE has been helping farmers get accurate, up-to-date information on seasonal weather forecasts, prices and market trends, so they can make the best decisions about which crops to plant. It also helps farmers develop crops and agricultural methods better suited to dry conditions, and to work together to market produce to generate a sustainable income.

Our existing projects demonstrate what can be achieved by partnering philanthropy with innovation. We know the In Their Lifetime model works, but to do more we need to raise more funds.

Christian Aid's East Africa Appeal enabled partners to support more than 240,000 people in Kenya, Ethiopia, Somalia and South Sudan, providing emergency water supplies, food aid and animal feed at the height of the crisis

We responded to emergencies

East Africa Appeal: responding to drought

In 2011, drought, displacement and rising food prices left more than 13 million people in the east and the Horn of Africa in urgent need of humanitarian support. With some



Christian Aid/Antoinette Powell

Near Turmi, in south-western Ethiopia, a pastoralist carries water from the borehole that Christian Aid partner Action for Development (AFD) worked with them to install, securing access to water during periods of drought

parts of the region experiencing the driest conditions in 60 years, the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) called the situation the worst food security crisis in the world today. At the same time, large numbers of people displaced by conflict and insecurity from Somalia and within South Sudan also faced food shortages.

In June 2011, Christian Aid launched its East Africa Appeal. The Disasters Emergency Committee (DEC), of which we are a member, also appealed. The public responded generously, with Christian Aid's appeal raising more than £4.3m, and the DEC appeal raising £75m. This enabled Christian Aid partners to support more than 240,000 people in Kenya, Ethiopia, Somalia and South Sudan, providing emergency water supplies, food aid and animal feed

at the height of the crisis. Kebele Gelgalo, one of 11,417 people around Miyo in southern Ethiopia to receive emergency water supplies, says, 'The drought was very serious. If that water had not been provided, people would have died or moved from place to place.'

We are still funding emergency work in Somalia and South Sudan, where conflict continues to affect communities. In addition, after rains failed in late 2011, our partners began supporting people in southern Ethiopia and Kenya to find work fixing boreholes, or clearing and enclosing bush land for animal fodder.

While the situation has improved, for many in southern Ethiopia and northern Kenya, where food shortages are rife, the threat of hunger remains. And so our partners' work, ensuring communities are

better prepared to deal with shocks such as drought and soaring food prices, remains vital.

In addition to our east Africa response, we launched two new appeals. The first – in response to Typhoon Washi in the Philippines – began in December 2011 and raised £312,000. Our West Africa Food Crisis Appeal, which began in March 2012, raised more than £554,000.

We continued to manage ongoing humanitarian appeals launched in previous years relating to the Haiti earthquake, Pakistan floods and Typhoon Ketsana in the Philippines.

The Christian Aid rapid response fund – which comes from core funds, rather than appeals – spent an additional £593,000 on 13 emergencies, involving 26 different partners – an average of £45,615 per emergency.



We supported women entrepreneurs in Ghana

Eighty per cent of women in Ghana are small traders in the informal sector and – with little or no formal education or training – are vulnerable to manipulation and only just scraping by. As a successful businesswoman, Asana Abugre, from the north of Ghana, is an exception to the rule.

By helping Christian Aid's partner the Ghana Association of Women Entrepreneurs (GAWE) branch into the three poorest regions of Ghana, all in the north, Asana is supporting rural women producers to market their products better and get a fairer price.

In addition, with Christian Aid and GAWE, Asana is educating her fellow traders at the Cultural Centre in Tamale, the Northern Region's capital city, on why it's important to pay tax, and how to avoid abuse by corrupt tax officials.

'Most of them are not exploiting us – maybe one or two,' Asana says, in defence of the local tax collectors. 'Most of us depend on the local market. Not everyone can explain VAT to customers coming into the shop. We're pleading for more education and more financial help,' she adds.

Taxing the informal sector – which has been estimated to account for between 30 and 60 per cent of total economic activity in most developing countries – is hampered by challenges such as limited government administrative capacity, low tax liability due to high poverty levels, and loss of revenue through corruption and financial malfeasance. The situation is much worse in rural villages, where people are often even less informed than those living in towns.

In a pilot project, GAWE arranged a workshop with Christian Aid's support, bringing together local tax officials and

women traders to allow an opportunity to share knowledge of different tax rates and incentives, and to build trust between the groups.

The results were immediate. Felicia runs a small salon a few doors down from Asana's tie-dye and souvenir shop. She describes how she would once hide from tax officials when they came by, demanding payment. 'Now when they come, I pay,' says Felicia, just months after attending the workshop. 'Some of them are friendly and if you ask will explain [the rules] for you.'

During the last year, Christian Aid has worked with GAWE to look at the knowledge of the tax system held by women in the informal sector, and the impact that the system has on them. We also explored the ways in which the Ghanaian tax system adversely affects women trying to establish small businesses.

This research was turned into a report,⁴ which helped to secure significant European Union funding for further research and projects currently being implemented by partners Ghana Integrity Initiative (GII) and Ghana's Institute for Democratic Governance (IDEG).

The research is being used to improve citizens' participation in these processes, and to influence the Ghanaian government's tax policy and practice to ensure it is better able to collect domestic revenue and maintain a strong relationship with its people. More domestic revenue means the government has more funds to improve the lives of those living in poverty and, importantly, means tax-paying citizens have greater sway to hold their government to account on its spending and actions.

ECONOMIC JUSTICE

We will challenge and change the unjust systems that create and perpetuate poverty, promoting a shift to fair structures and frameworks that allow people living in poverty both to build sustainable incomes and to claim their economic rights

We supported governments to implement policies that enable sustainable livelihoods and access to vital services

In South Africa, Christian Aid supported 'advocacy' work – aimed at changing laws, policies, practices and attitudes – influencing the government's decision to make pension and child benefit more inclusive. The decision, which lowered the minimum age for receiving benefit, has helped more than 15 million people, including some of the country's poorest. Partners used evidence-based research, and along with others influenced policy through lobbying and contributing to draft policies. At the same time, some people in government were willing to speak to NGOs, allowing our partners to join strategic networks and take part in decision-making.

With the ACT Alliance and our partners in Brazil, Christian Aid has supported Quilombola communities to claim their territorial rights and overcome prejudice. The Quilombola are descendants of African slaves who escaped and fled to the forest. Quilombolas have been living in small communities in Brazil ever since. There are about 3,000 Quilombola communities there today, and they face particular threats from industrial interests encroaching on their territory. The new Brazilian government, which took office in January 2011, has adopted a strong

pro-economic development stance, but without adequate controls in place, there have been increased negative social and environmental consequences. In 2011, our partner CPI worked with communities to cancel illegal logging projects in Quilombola areas in Pará state. This was a particularly significant achievement as according to a recent World Bank study,⁵ the probability of an illegal logger being punished in Brazil is less than one per cent. CPI's work has directly benefited 46 Quilombola communities – about 10,000 people – in Pará, and is having an indirect impact on the lives of Quilombola communities through influencing policy changes.

There is, however, much work still to be done. As part of its commitments to the East Amazon Forum, Christian Aid partner UNIPOP has been deeply involved in debates about the green economy, REDD and REDD+.⁶ UNIPOP has examined how proposals would affect indigenous and other communities living in the Amazon region. While the Brazilian government advocates for stronger positions from developed countries at the United Nations Framework Convention on Climate Change (UNFCCC) and has committed to decreasing carbon dioxide (CO₂)

Our partner CPI's work has directly benefited 46 Quilombola communities – about 10,000 people – in Pará state, Brazil

emissions by almost 40 per cent by 2020, the Brazilian Congress has approved controversial changes to the country's forest law. These changes decrease protection in rural areas and provide amnesty to companies that were involved in deforestation prior to 2008. Many people engaged in forest protection regard this move as a major setback to environmental safeguards. Our partners MST, MAB, UNIPOP, INESC, SOF, APOINME and CONIC were highly involved in work to prevent this setback to forest protection in Brazil, and continue to ensure that the issues are on decision-makers' agendas.

We built political pressure for economic justice in tax policy, climate finance and private sector involvement in development

We continue to work internationally through the End Tax Haven Secrecy coalition, of which Christian Aid was a key founding member, and which now has 60 member organisations worldwide. The coalition organised a global week of action in October and collected more than 40,000 signatures; these were delivered in person to the then French president, Nicolas Sarkozy, on the eve of the G20 meeting in Cannes, in November 2011. The coalition continues to focus its campaign on the G20, and specifically on the Mexican president. A petition calling on world leaders to show leadership on the issue of tax justice has been launched.

By early 2012, 68 organisations in 20 countries had joined the End Tax Haven Secrecy campaign

The tax justice campaign has been an integral part of Christian Aid's work in Ghana in 2011/12. During the year, we focused on supporting the creation of a strong network of grassroots, regional and national NGOs to lead the national campaign for tax justice. The aim was also to help enable these organisations to discuss tax justice issues from an informed position through training them to engage effectively with policy-makers. Out of this work, the Ghana Tax Justice Coalition was established to bring together and support organisations calling for a just tax system in Ghana. Tax justice campaigners have also taken part in forums coordinated and supported by Christian Aid, and have joined other campaigners to call for a review of taxes in the extractive sector in Ghana. Engagement between the public and government on tax matters is improving, with the latter accepting some policy recommendations from campaigners.

We estimate that more than 500,000 people (40 per cent women and 60 per cent men) have directly benefited through our partners' work with media and citizen groups on the subject, and policy change resulting from such advocacy work has the potential to affect the wider population. The tax justice work carried out in Ghana by Christian Aid and partners has produced significant policy and legal reforms with the Ministry of Finance and Economic Planning, the Ghana

Revenue Authority (GRA) and the Tax Policy Unit, recognising the Ghana Tax Justice Coalition as an important source of alternative policy recommendations on tax. Impact has also been seen across west Africa, with a partner-led tax conference and subsequent public forum supported by Christian Aid bringing together more than 300 participants from across the region to discuss, among other subjects, the implications for national development of transfer mispricing⁷ and other means by which multinational corporations avoid paying taxes.

In the Philippines, we have worked with partners Social Watch Philippines (SWP), Action for Economic Reforms (AER) and Bantay Kita in lobbying the government to allocate more of the budget to social services and pursue more equitable taxation of mining, alcohol and tobacco.

A key challenge with advocacy work such as this is that success requires sustained effort over often lengthy periods of time. As such, it is too early to see the impact of these initiatives on the lives of the poor and marginalised.

Early achievements have, however, been made, with Bantay Kita's work to expose inequities and inefficiencies in benefits received by the extractive industry leading to the temporary imposition of stricter regulations on the sector, and to the growth of anti-mining campaigns.

SWP has also worked to ensure that the allocation of local government budgets – once the exclusive domain of government officers and experts – now involves the public. A government mandate and a policy

from 2011 now make it obligatory for the authorities to involve the public and civil society organisations when allocating budget. Local budget officials, as well as heads of department, have started to open up their budget documents to citizens' groups, with local chief executives issuing executive orders for government-citizen partnerships to formulate and monitor budgets. Marginalised groups, including women and indigenous people, in about 10 provinces are starting to engage directly with local public finance officials.

Meanwhile, AER used attendance at a Christian Aid sponsored UN conference to lobby the International Monetary Fund (IMF) on the need for 'sin taxes' – those levied on socially proscribed goods such as tobacco – in the Philippines. Subsequently, the IMF changed its approach to support the introduction of these taxes.

Overall, tax reforms and increased budget for social services are boosting poverty reduction and development, even though real spending for health and education has declined. Improving tax collection and promoting good governance and transparency can facilitate the effective use and equitable distribution of tax revenues.

We pushed for greater financial transparency

By early 2012, 68 organisations in 20 countries had joined the End Tax Haven Secrecy campaign, which Christian Aid played a lead role in creating in 2011. The campaign was established to put global pressure on world leaders in the G20, initially focusing on the Cannes summit, in France, in November 2011. During



Christian Aid/Matt Gonzalez-Noda

Christian Aid was a founding member of the End Tax Haven Secrecy coalition, and works with some 60 member organisations calling for tax justice around the world

that year, Christian Aid and partners in Africa, Asia, Europe and Latin America generated more than 40,000 online messages to then French President Nicolas Sarkozy, the chair of the G20 in 2011, and simultaneously to another G20 leader if the online action was taken in a G20 country.

On the eve of the summit, French civil society representatives met with President Sarkozy, presenting him with a letter from the End Tax Haven Secrecy campaign and discussing the issue with him in detail. It can be hard to attribute political progress directly to campaigns, but we believe that the

End Tax Haven Secrecy campaign contributed to the inclusion of much stronger language and content on financial transparency in the final G20 Communiqué of 2011 than had been anticipated. The Communiqué urged all G20 countries to sign up to the Organisation for Economic Co-operation and Development (OECD)/Council of Europe Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which allows for the exchange of tax information between signatory countries. Meanwhile, multinational companies were urged to improve transparency and comply with tax laws, sending a strong message

to companies that tax dodging is not acceptable.

The next step is to ensure the G20 pushes tax havens to share tax information with other jurisdictions, particularly in developing countries. Christian Aid and our End Tax Haven Secrecy partners took this message to the 2012 G20 chair Mexican President Felipe Calderón in the run-up to the G20 in Mexico in June 2012. Our partners INESC in Brazil and AER in the Philippines have been particularly active in the End Tax Haven Secrecy campaign, securing national media coverage, and in the case of Brazil, a high-level meeting in the Brazilian Congress.

In the UK, Christian Aid supporters sent their own message to the Mexican president in early 2011 – in the form of a suitcase-shaped postcard, covered in stickers from tax havens and bulging with dollar bills. Thousands of these were presented to the Mexican ambassador in London, in February 2012, on the anniversary of Mexico's request for the exchange of tax information with the US (to which Mexico is yet to receive a reply).

At the same time as the End Tax Haven Secrecy initiative, a group of Christian Aid partners from Africa, Asia, Latin America and Europe have been developing a global Tax Charter to push for tax justice. They are calling for progressive tax systems and for tax revenues to be used to reduce poverty through the provision of essential services. Christian Aid has actively supported this initiative and has played an important role in facilitating discussions between different stakeholders with a potential interest in the Tax Charter.



We supported Palestinians to claim their rights

In the small Palestinian village of A-Twaneh, buried deep in the South Hebron Hills, residents would probably never have believed that 800 ordinary Israelis would change their lives. But that's exactly what did happen, thanks to an extraordinary campaign run by Christian Aid partner the Association for Civil Rights in Israel (ACRI).

A-Twaneh is one of 134 villages and towns in the West Bank that lack many basic services, including access to clean, piped water, despite the fact that Israel is obligated under international law to provide this. For years, the residents of A-Twaneh have been campaigning for their rights, with little success.

'I sent my first letter to the Palestinian and Israeli authorities about the water crisis here in 2001,' says Saber Harini, head of the village council. 'Nothing changed... we used to travel to Hebron or Yata for water, and sometimes stand in line for two days.'

Determined not to let this injustice continue, ACRI designed a unique campaign called An Action a Day, which called on ordinary Israelis to lobby their parliament about the rights of Palestinians to clean, safe water. More than 800 activists were recruited, and they bombarded members of the Israeli parliament with letters, phone calls and emails, and through social media, every day for three months, demanding that something be done about the matter.

'Our idea was to target people who don't normally campaign,' said Tzvika Besor, who thought of the plan. 'Not everyone wants to go to a demonstration and get arrested, but that doesn't mean they agree with injustice. We wanted to create something that was effective, but changed reality.'

And change reality is exactly what they did. After two months, ACRI received a letter saying that the Israeli authorities would investigate the situation in A-Twaneh. So they stepped up the pressure, recruiting even more campaigners, and kept lobbying. After three months, A-Twaneh residents confirmed that they had been connected to piped water for the first time.

'Now our children can wash more, they get sick less,' says local resident Juama Rabai. He said that it was important to show children that there are non-violent means to protest. 'Educating our children about non-violence is important. They need to believe that there are Israelis who want peace. I don't want my children to have a black spot in their heart for Israelis,' he explains.

Perhaps the greatest part of the success is the message that peace and reconciliation are possible when people fight against injustice. Another achievement is the confidence the community has gleaned from the campaign, which has enabled them also to lobby for water access in everyone's homes and for electricity too. ACRI's campaigners are behind them all the way.

ACCOUNTABLE GOVERNANCE

We will work with our partners in communities across the world to influence those who control resources and wield power, and hold them to account for their actions

We incorporated power analysis and participatory monitoring techniques into country programmes

'Power analysis' is a growing body of frameworks, principles, knowledge and tools that Christian Aid uses to understand who in any given situation has what abilities to create or resist change. It has helped us answer the following questions.

- **What can we do to change the institutions and power dynamics that keep people in poverty?**
- **To what degree are people able to create or resist change?**
- **What additional power do people need to ensure they can escape poverty?**
- **How can power be more equitably distributed?**
- **What strategies are effective in changing power imbalances?**

Ten countries across Latin America, Africa and Asia piloted power analysis in 2010-11 as part of Christian Aid's Governance and Transparency Fund, a five-year programme funded by DFID, supporting marginalised people to demand better governance. In 2012, all of our programmes will use power analysis. This reflects our commitment to addressing power imbalances and our belief that it is only through altering power dynamics that we will truly address the root causes of poverty.

Participatory monitoring and evaluation enables us to understand what communities feel makes a successful project. Along with power analysis, it allows us to be more accountable to communities, supporting them to identify their best route out of poverty. Communities' own indicators for what success looks like are now incorporated into several of our programmes.

Such approaches do not come without challenges. We must work hard to understand exactly how shifts in power relations can be achieved in different situations, and plan to conduct research on this during 2012-15. Furthermore, both power analysis and participatory monitoring and evaluation require fundamental changes not just to our methods, but also to our own perception of what positive change really is. We must move the focus of our advocacy and lobbying away from the realisation of individual initiatives – such as the construction of a new school or clinic – and towards achieving permanent shifts in power dynamics and structures, so that citizens can continue to make demands and claim their rights.

We must also constantly challenge ourselves in this area, questioning our own power while ensuring that it is our partners and poor communities who are determining and evaluating success; we must also ensure that they have the power to impose sanctions or call for changes if those standards are not met. In order to help support this, the principles and

practices laid out by the Humanitarian Accountability Partnership have now been rolled out to 18 country programmes, 12 in the last year.

We challenged impunity and corruption

Our partners in Colombia achieved significant gains in challenging the impunity for corruption and human rights violations that is a major cause of the country's continuing internal conflict. CAJAR played a key role in the disbandment of the highly corrupt secret police. After the latter was caught illegally spying on politicians and members of the Supreme Court, criminal cases were brought against its director, who was eventually convicted of homicide. The embarrassment forced the government to dismantle the force.

Our partner CAJAR played a key role in disbanding Colombia's highly corrupt secret police – challenging impunity in the country

Partners in Haiti have exposed judicial corruption and raised the profile of human rights abuse cases by lobbying local authorities to attend to these. This advocacy work has been highly effective. For example, our partner RNDDH has helped prison inmates to get the chance to have their cases heard after more than three years of waiting. Another partner, GARR, has helped Haitian vendors in the Haitian-Dominican border area to speak out on the radio

about violations of their rights, and has also accompanied vulnerable people in court.

Christian Aid staff and partners in certain countries are taking personal risks to push for justice by accompanying victims to court and other authorities to help them have their cases documented and official action monitored.

In Britain and Ireland, we have kept our public profile high on governance and anti-corruption reforms. We continue to be a member of the BOND Anti-Corruption Group, which in December 2011 published an analysis of how the UK complies with international anti-corruption standards on bribery, money laundering and other forms of corruption. The report found that while the UK has robust laws against corruption, enforcement is a problem. Although the country has some of the best legislation against bribery in the world, the government has issued guidance that will allow companies to evade criminal prosecution for this. UK anti-money laundering laws are stringent, yet the Financial Services Authority reported in 2011 that up to three-quarters of the banks they surveyed failed to take adequate measures to establish the legitimacy of the source of funds.⁸

In March 2012, a delegation of UN officials met at the Christian Aid office with UK civil society representatives for a consultation around the UK's compliance with the UN Convention against Corruption.

A key challenge is that in many countries where we work, corruption is fuelled by an increasing number of political leaders who benefit from conflict and instability. In other words,



Christian Aid/Tom Piston

Christian Aid's partner ACRI motivated Israeli online activists to take an action a day for two months, calling attention to the issue of access to water in parts of the West Bank. The actions have encouraged the Israeli government to install a water pipe in the Palestinian village of A-Twaneh

their wealth and power depend on continuing state instability and entrenched corruption. In Central America, for example, some politicians are funding their campaigns by accepting contributions from drugs cartels. Christian Aid is studying how we should respond to the increasing politicisation of criminals and the criminalisation of politics.

We developed a more proactive approach to humanitarian response in disaster and conflict zones

In the war-ravaged north and eastern regions of Sri Lanka, partners are rebuilding villages and infrastructure destroyed by conflict, and mending relationships between communities and local authorities. Rural development societies, NGOs and 'common interest' groups have been formed to address key issues such as land rights and local autonomy in the

running of primary schools and health clinics. Participatory processes are improving the quality of people's interaction with local authorities, which previously tended to regard local community intervention as a direct challenge. Now there is more room for locals to take part in decision-making that affects them.

In Herat province in Afghanistan, Christian Aid has supported the establishment of cooperatives to pool farmers' labour and manage common resources such as tractors. Communities are also finding their collective voice, with some groups initiating meetings with government officials that have delivered positive results.

We contributed to the improvement of standards in public services delivery

Christian Aid and our partners engage with relevant national and local authorities on many issues – from

improving service delivery, to spending funds more equitably, to more inclusive participation in decision-making.

In South Sudan, where only one child out of every 10 is likely to complete primary education, and the pupil-to-teacher ratio is 1:117, Christian Aid has supported the National Education Cluster Response Plan for returnees from refugee camps. This seeks to create more opportunities for education, identify and train teachers to work with primary-level returnee children, and support older returnee children who need to sit final exams in Arabic and adapt to English-speaking schools.

Where people lack access to assets such as land, poverty is exacerbated

In Sierra Leone, Christian Aid partner NETHIPS has successfully lobbied government to adhere to World Health Organization guidelines and provide people living with HIV with better treatment. In other countries, programmes are working to change health and sexual behaviour in HIV-affected communities as they strive to improve access to family planning and other essential health services.

As this work expands, we have sought to sharpen our power and political economy analysis to deliver greater, more lasting change. An ambition for the future is to continue our move from being not only a sponsor or grant-giver, but also a negotiator, facilitator and advocate. We will work to ensure that gains are not reversed, and that local capacity is built to continue work without our intervention.

We sought to secure poor people's access to land and other natural resources

Where people lack access to assets such as land, poverty is exacerbated. This not only prevents development gains and democratic reforms but also makes them easier to reverse. We therefore sees landlessness and a lack of access to resources as key issues to be addressed.

In Angola, where land tenure is at best tenuous, Christian Aid and partners have advocated for families' rights to land and housing. In Kwanza Sul province, a survey established that no family thus far had received a land title issued by the Angolan state. In Huila province, forced evictions of agro-pastoralist communities in the Arco-Iris neighbourhood of Lubango were suspended after communities came together to challenge government plans.

In Colombia in 2011, after years of constant pressure from civil society organisations, including Christian Aid partners, the Law on Victims and Land Restitution was finally passed. Christian Aid and partners supported indigenous, Afro-Colombian and peasant communities displaced by years of fighting to return to their land or to remain safely in their current territory. Up to 27,000 people secured their tenancies to land, won cases in the Constitutional Court to own ancestral territory collectively, or were given the right to be consulted with free prior and informed consent before any decision is made on disputed land.

We campaigned to tackle systematic discrimination and abuse

In the Dominican Republic, a new circular was approved in October 2011 mandating Civil Registry Offices to provide children of foreign citizens whose nationality is under investigation with copies of their birth certificates. This allows them to apply for places in schools, and is an improvement to the statelessness problem of children born mostly to Haitian migrants in the country. Christian Aid partners have given support to migrants who suffer discrimination and abuse there.

In Israel, Christian Aid has long spoken out against the systematic discrimination of Arab-Israeli citizens. Partners Adalah and Arab Human Rights Association published a 2011 report designed to press the EU to commit Israel to respect the Arab minority's rights. This has led to a major shift in the language used by the EU in its relations with Israel.

In west Africa, partners continue to support government-established quotas for women representatives in government. In Sierra Leone and Ghana, more women are becoming involved in politics.

In India, more poor people are able to access their entitlements, state-run institutions are more transparent and accountable, more equitable budgets are being seen, the protection and promotion of human rights are improving and engagement with policy-makers is expanding.

We have also found more ways to publicise our work on accountable governance to encourage more people to support this.



Christian Aid/Antoinette Powell

We supported those living with HIV in Kenya

Every day, Alice Awino takes antiretroviral drugs (ARVs) to suppress the HIV she has lived with for more than eight years. For the drugs to be effective, she must ensure she has enough nutritious food to eat.

Each time her supply of ARVs runs low, Alice visits the clinic where they will dispense some more. Living in a rural area far from the nearest town, Alice must travel by car or motorbike.

With this treatment, Alice should be able to look forward to many more healthy years and the chance of seeing her six children finish school and flourish as adults. It is not a future those diagnosed with HIV could have looked forward to when the virus was first reported by Kenya's Ministry of Health in 1984.

ARVs are provided for free in Kenya following a campaign by organisations including Christian Aid partner the National Empowerment Network of People Living with HIV/AIDS in Kenya. But Alice and others like her must find money to cover transport to the clinic and the additional costs involved in taking the drugs. Recalling the years after her diagnosis in 2003, Alice says, 'My level of poverty wouldn't even allow me to get transport to where I get my ARVs.'

Funded by Comic Relief, Christian Aid supports local organisation ACK Development Services (ADS) in Nyanza

to run Filling the Gaps, a programme that brings people living with HIV together in support groups. These help people like Alice identify where government help is available and how they can access additional support if necessary. Where such groups already exist but are struggling to meet the needs of their members, ADS helps them organise themselves more effectively. It provides training in skills such as starting a business and even capital to set up savings and loans associations.

Alice says she has benefited a great deal from her group. 'We have a dairy goat as a group and I am a member of the savings and loans association,' she says. 'I drink the milk from the dairy goat: can't you see I'm strong? I am able to attend to my farm as opposed to previously, when I would feel very weak and unable to work.'

Often a small investment is enough to ensure a support group – and, in turn, its members – can reach a point when it no longer needs help. 'I have even managed to get money from the savings and loans association to make timber and sell it,' says Alice.

With this support Alice is not only healthier, but she is also able to pay for her son to go to secondary school and hopes he will be able to achieve his ambition of attending university.

HIV

We provide support and care for people living with the effects of HIV. We challenge the stigma and discrimination associated with it. We address other poverty-related health issues, particularly those closely associated with HIV

We developed a more holistic community health programme that tackles gender inequality

Building on our success and experience of working on HIV we continued to expand our work to incorporate a broader approach to community healthcare, moving from programmes that focus on just a couple of diseases (primarily HIV and malaria). We are also developing practice and policy briefings to provide clear guidance to our partners and country programmes on developing integrated community health and HIV projects, with DFID funding acting as a catalyst for this. We have seen much progress in this area, and an increase in our ability to respond to communities' needs.

In Nigeria, for example, we have developed with our partners a 'fruit bowl' approach to community health and HIV. This means focusing on a household rather than an individual and providing a menu of services that promote health. This includes family planning, HIV, malaria prevention, sanitation and hygiene, home-based care, community healthcare, immunisation and nutrition especially for children under five. This approach helps ensure that each family member benefits from at least one service, according to his or her needs, while also benefiting from the services helping the family overall.

We have learnt lessons relating to the successes this programme

has achieved outside the realm of health – in relation to broader advocacy, governance and gender. Integrating family planning services, malaria treatment and home-based care has benefited women and girls enormously. This can be shown by the increased number of women who now attend antenatal clinics, and have access to and use modern contraceptive services, as advised by healthcare practitioners; the increase in the number of pregnant women who now sleep under insecticide-treated mosquito nets; and in particular the women and girls who now benefit more from free medical treatment at primary healthcare centres.

Christian Aid has also launched an integrated health programme in conflict-affected eastern Burma, bringing together secular and faith-based partners. This is developing a common approach in meeting the basic health needs of more than 200,000 internally displaced people (IDPs) aimed at reducing morbidity and mortality rates caused by poor healthcare skills and services. The project targets women and children in particular, increasing their access to and involvement in healthcare provided by trained village health volunteers and health personnel. Funded by DFID, this programme emerged from Christian Aid's advocacy work. The initiative provides rich learning for us in developing participatory health programmes in conflict-affected communities.

Our healthcare work in Nigeria has resulted in 250,000 more children now sleeping under nets

More broadly, we significantly exceeded our targets last year, both with the number of people that our healthcare programmes reached, and with the numbers we supported to access health services. For example, in Nigeria, we secured an additional 368,510 free insecticide-treated nets from the Global Fund for our net distribution and education work, targeted at women and children under five. This has resulted in 250,000 more children now sleeping under nets, and is a clear indication of how Christian Aid and partners have strengthened relationships to achieve more.

In Kenya, through the integration of the PPA with our Filling the Gaps project (aimed at reaching faith leaders with HIV messages) and Rural Transport Network funding, 322,480 people now have improved access to healthcare. In Uganda, 1.9 million people have benefited from the Nets for Life project. This has involved community health workers undertaking more than 440,000 household visits and reporting that more than 90 per cent of these households now sleep under distributed nets.

We advocated for the right to health

Across our programmes, we are strengthening collaboration between partners and communities, and government. This has resulted in communities engaging more effectively with authorities and becoming better informed to demand their rights to health services.

In Malawi, the promotion of the SAVE approach (advocating safer practices, available medication, voluntary counselling and testing, and empowerment) has been positively perceived by government, with the Office of President and Cabinet responsible for HIV and Nutrition speaking out in support of this. In Karonga District, communities with support from local leaders have advocated for greater accessibility to antiretroviral treatment in rural areas, resulting in the District Health Office opening two more ARV distribution points. It has also greatly improved referrals of people living with HIV from health clinics to support groups and vice versa, increasing access to services and reducing stigma and discrimination. In addition, community-led advocacy resulted in local chiefs introducing bylaws, reinforcing women's and girls' reproductive rights.

In Sierra Leone, our partner NETHIPS' increased collaboration with government has enabled wider participation in national-level decision-making to promote the rights of people living with HIV and ensure greater access to health services. NETHIPS' relationship with government has dramatically improved, influencing the government's decision to adopt SAVE



Christian Aid/Antoinette Powell

Using funds from a savings and loans association established by Christian Aid partner ADS, women such as Alice are able to start their own business, generating an income that can be used to pay school fees, or fund travel to hospital to access antiretroviral HIV medication

within the National AIDS Prevention Strategy.

In Kenya, Christian Aid partners facilitated and led a campaign to ensure health financing and HIV funding were maintained following proposals for budget cuts to the Global Fund and the United States President's Emergency Plan for AIDS Relief (PEPFAR). As a result of the campaign and media backing received, a memorandum seeking to establish an AIDS Trust Fund (previously not supported by the Ministry of Health) has been returned for deliberation by the cabinet, now with Ministry of Health backing. An important success for our partners

has been their recommendations being incorporated into the Ministry of Health Community Health Strategy. This has strengthened health systems, as working through community health units and in collaboration with government has led to improved local health service delivery. This example highlights the importance of forging effective partnerships with government. Indeed, experience across several of our programmes shows that where appropriate, collaborating with government through alliance building, developing influencing strategies and working through government structures has significantly increased the impact

and reach of health programmes. For example, in Nigeria and Kenya, closer links with government are significantly increasing the outreach and accessibility of services.

We worked with faith leaders to challenge stigma and discrimination, and promote the SAVE approach

An independent evaluation affirmed the critical role that faith communities play in promoting HIV prevention and challenging associated stigma and discrimination.

Christian Aid's unique approach to engaging religious leaders in the fight against HIV-related stigma and discrimination has helped increase the reach of this work. In Burundi, Christian Aid supported the establishment of INERELA+ Burundi, a network of religious leaders living with or personally affected by HIV. Strategies including mutual learning, support and capacity building with and between faith leaders, with members now reaching large numbers of people through disclosure training sessions, AIDS prayer days and church sermons.

In Kenya, religious leaders trained on the SAVE approach have supported the dissemination of information on HIV to communities by forming regional networks and holding anti-stigma rallies, while religious leaders across denominations have publicly apologised for having stigmatised people living with HIV. The SAVE campaign has also resulted in the National AIDS Control Council acting to ensure that SAVE is adopted as the national HIV prevention strategy.

Our work in supporting the development of peer educators with religious authority has boosted the

success of Christian Aid's strategy of engaging with faith leaders. Interviews with faith leaders showed that training provided by Canon Gideon Byamugisha (Christian Aid's goodwill ambassador on HIV and AIDS) has changed opinions and led to others becoming religious peer educators. While we have achieved this success, we also acknowledge that promoting the SAVE approach among faith leaders requires a pool of highly experienced people capable of running workshops. Currently, we do not have enough, leading to an over-reliance on a few inspirational individuals.

Faith communities play a crucial role in challenging HIV prevention, and associated stigma and discrimination

The SAVE toolkit was launched in Cape Town in September by Archbishop Emeritus Desmond Tutu. This was the culmination of months of work by INERELA+ with direct support from Christian Aid. It is an important milestone in the dissemination of the SAVE approach and will help to inform the next stage of our SAVE strategy.

In Brazil, partners have been strengthening the role of faith communities calling for the right to healthcare and attempting to tackle HIV-related stigma and discrimination. This includes working closely with the Latin American Council of Churches and INERELA+ throughout Latin American and the Caribbean. We can learn key lessons from our programmes in Brazil, including the importance of approaching healthcare

provision from a rights perspective. We believe that healthcare and other essential services are basic rights and should be provided by governments equally to all, and we support excluded communities to challenge governments where this is not occurring. Our experience in Brazil also shows the value of working in partnership with government, the churches and faith communities to help realise the right to health services and tackle inequality. A significant achievement has been to increase the Brazilian government's understanding of the crucial importance of working with faith communities in responding to HIV.

From these examples, it is clear that the adoption of the SAVE methodology among government institutions, within policy frameworks, and among community organisations and faith communities can be measured as an indicator of success. There is, however, still work to be done in promoting the SAVE approach. A Christian Aid study on the five countries receiving PPA funding for health work in 2011/12 (Malawi, Nigeria, Kenya, Burundi and Uganda) showed that the ABC approach (which recommends abstinence, being safer, and correct and consistent use of condoms) is still widely used instead of SAVE. We adopted SAVE in 2005 because we did not believe that ABC was an effective prevention model, and its continued use raises concerns. We will continue to work with partners in these countries over the coming year to encourage adoption of SAVE.



We held the UK government to account

Two days after becoming prime minister in May 2010, David Cameron pledged that the coalition would be the 'greenest government ever'. He reassured the public that the environment was a top priority. On the eve of the Conservative Party Conference, on 1 October 2011, supporters of Christian Aid joined with those from CAFOD and Tearfund for Bearing Witness. At this event, they asked if the coalition had lived up to this promise, and called on the government to show ambitious leadership internationally before and at the UN climate talks in South Africa.

Bearing Witness was organised by a coalition of Christian international development charities in the UK – Christian Aid, CAFOD and Tearfund – in collaboration with the broader Stop Climate Chaos coalition of more than 100 NGOs. The world's poorest and most vulnerable people are already suffering the impacts of climate change. We know that they are being hit first and hardest, despite doing the least to cause the problem. We – along with our global neighbours – are witnesses of this injustice. The Bearing Witness day was part of the church's response to this, as we act and pray for strong and fair action to tackle climate change and global poverty and protect those most vulnerable.

Approximately 1,200 supporters took part in workshops and talks in venues around Manchester city centre throughout the afternoon, before gathering in the Anglican Cathedral for a special ecumenical service to pray and act on climate justice, and hear from speakers and partners from around the world.

As the service came to a close, the congregation formed a procession to the Conservative Party Conference venue, where they held a candlelit vigil to pray for the government not to forget the world's poor during its conference.

The day was a perfect opportunity to engage with our supporters on a large scale, and we received overwhelmingly positive feedback from them. Many contacted us to say that they were inspired by the content of the day, impressed by the organisation and felt honoured to have been a part of it.

Our aims and objectives for the day were to engage supporters, influence the government and gain media coverage. While we succeeded in engaging supporters, it is very difficult to gauge what political influence we had, and while we achieved some local and national church media attention, our wider press coverage could have been better.

STRENGTHENING THE MOVEMENT FOR GLOBAL JUSTICE

We will increase public impatience with global poverty. We will increase public and institutional action at all levels to fight poverty and erode the structures that keep it in place. We will increase the capacity of people's organisations to fight together against global injustice

We campaigned on climate change and tax justice

Complementary to our international work in this area, we continued to progress our **tax campaign** in Britain and Ireland. The campaign targeted four 'FTSE' companies (those in the top 100 listed on the London Stock Exchange) – Vodafone, Unilever, TUI Travel and InterContinental Hotels Group (IHG). We have been in talks with all four for more than a year and are at varying stages of discussion with each of them. This work continues to be challenging and regrettably none of the companies has agreed to our request to support country-by-country reporting, whether publicly or privately, although IHG has passed on our asks to its auditors. We are committed to ongoing engagement with these companies as part of our work with the private sector. We have also been holding roundtable discussions with a range of companies and key individuals, and these continue to be an effective forum for raising these issues with the private sector in an informal setting.

Over the year we held a number of regional events with senior church leaders, to provide an opportunity to hear from them and discuss how the tax justice campaign could develop. We have sought to answer their questions on communications, resources, training and messaging in relation to the campaign. The churches made a vital contribution to our campaigning work throughout the year.

In February 2012, more than 2,600 Christian Aid campaigners wrote to the UK's new business minister, Norman Lamb, calling on him to support new EU transparency laws for oil, gas and mining companies. The message clearly got through, as indicated by a speech the minister gave in Brussels on 20 February, in which he repeated our call for EU tax transparency laws to contain 'the right level of detail to be meaningful for civil society'. To keep up the pressure, we launched a campaign action targeting MEPs in late March (as the European Parliament will vote on the legislation in due course). Nearly 1,400 people emailed their MEPs. A clear indication of the impact came during a recent panel debate, when Labour MEP Arlene McCarthy noted that she had received more letters and emails on this issue than on any other. She said she was really pleased to see this level of response, and that it helped her to take a strong line within the committee in the parliament, with regards to amendments, as well as helping the parliament to take a strong line on the legislation.

From August to December 2011, our **climate justice campaign** focused

The End Tax Haven Secrecy coalition delivered more than 40,000 signatures to President Sarkozy on the eve of the G20 meeting in Cannes in November

on the UN climate talks in Durban. We collected actions and messages from our supporters and delivered them to the then Secretary of State for Energy and Climate Change Chris Huhne (who attended the talks for the UK). We also gained plenty of international press coverage for stunts and activities we undertook there as part of the international Time for Climate Justice coalition.

Since the start of our climate justice campaign in 2007, we have estimated that if you include companies listed on the London Stock Exchange, then the UK is responsible for 12-15 per cent of global carbon emissions. Since 2007 we have called on the UK government to introduce mandatory carbon reporting for all UK-listed businesses so we can see the true extent of our carbon footprint. Since we launched this campaign, more than 60,000 Christian Aid supporters have written to relevant ministers and companies on this issue. This pressure led to a provision in the Climate Change Act in 2008 that called on the environment secretary to explore whether legislation would be introduced to require UK firms to report their carbon emissions. According to the act, the government of the day was due to make this law – or at the very least explain why they had not done so – by 6 April 2012. But on 27 March, then environment secretary Caroline Spelman delayed a decision on mandatory reporting once again. We launched an online campaign action calling on Spelman to introduce carbon reporting, and

1,750 supporters took action. This pressure worked and Deputy Prime Minister Nick Clegg announced in June 2012 that companies would be required to report their UK carbon emissions. Getting businesses listed on the London Stock Exchange to report their UK emissions is a great step forward in learning the true carbon footprint of UK companies.

In March, we began a **joint climate and tax justice campaign** aimed at the G20. This is the first time we have linked the two campaigns explicitly in this way. It has given us an opportunity to adjust both campaigns and underpin the wider ambition of tackling the structural causes of poverty.

Key activities in 2011/12 included our supporters sending 12,156 messages, including letters and postcards, to David Cameron, as well as sending electronic messages to him. The latter have already prompted Downing Street to contact the Treasury on tax transparency and the Department for Environment, Food and Rural Affairs (DEFRA) on climate change.

This experience highlights the potential impact of electronic campaigning, even on Downing Street, which receives thousands of messages every day. We also handed in the G20 postcard actions we had already received on 19 April, the eve of the G20 Clean Energy Ministerial, where we had hoped David Cameron would make a speech backing the UN goal of sustainable energy for all.

Thanks to the efforts of committees, supporters and churches, we raised an incredible £12m during Christian Aid Week 2011

We saw continued success from and support for Christian Aid Week

In 2011, we continued to build and strengthen the volunteer network for our main fundraising event, Christian Aid Week. Thanks to the efforts of committees, supporters and churches, we raised £12m during Christian Aid Week 2011, an incredible result in light of the challenging financial situation.

Focusing on communities in Jinotega, in Nicaragua, thousands of churches held events and services, educating congregations on how to contribute to ending poverty. Income was raised by our tireless network of more than 100,000 volunteers, many of whom participated in our house-to-house collection – the largest of its kind in Britain and Ireland. Street and supermarket collections were also held, alongside events, from fire walks to sponsored silences.

DFID has committed to matching, pound for pound, the first £5m raised in Christian Aid Week 2012, which we hope will significantly boost income.

We developed our supporter stewardship model and increased the efficiency of our fundraising activity

As part of our ongoing commitment to use our resources effectively, in 2011/12 we undertook a review

of our approach to fundraising. We embarked on this review against the backdrop of the global financial crisis, following a drop in income, particularly that coming from legacies and Christian Aid Week. It was also informed by feedback that previous decisions to increase our support from secular audiences were jeopardising our engagement with Christian supporters, whether individuals or in groups. The review identified that while we have performed at the industry average, our approach to fundraising had become overly complex and fragmented, and lacked alignment with our wider work on supporter engagement. The findings of this review led us to develop a new fundraising strategy to focus our resources on engaging our sponsoring churches and active Christians more widely in our work, integrating our approach to fundraising into our wider relationship with supporters. Over the year we cut expenditure on fundraising that was relatively underperforming or not in line with our revised strategy. This has resulted in a reduced income in 2011/12, but a greater return on investment. Our review of fundraising and supporter relationships has focused on the distinctive identity of Christian Aid. We have affirmed our ownership by our 41 sponsoring churches, and their potential to tackle global poverty through giving, acting and praying. During 2011/12, we increased our effort to deepen our relationships with churches, and the equivalent of six full-time posts were recruited. We are already seeing more churches engaged or re-engaged with Christian Aid.



Christian Aid/Ally Carnwath

The world's poorest people live on the frontline of climate change; they are affected first and worst, yet have done least to cause the problem. TheTime for Climate Justice campaign called for world leaders to show strong leadership in addressing this imbalance at the UN climate talks in Durban

Nationally, we have increased engagement with church leaders and received improved feedback on our relationship with churches. The creation of the Supporter and Community Partnerships Department in 2011 will provide the leadership to take this work forward.

We invited feedback from and listened to our supporters

We are grateful to receive feedback on our activities from our supporters, whether this is positive affirmation of our work, or comments that can help

us to refine our processes and improve. During 2011/12, we received 700 pieces of feedback about various aspects of our work – a 34 per cent increase on 2010/11. The occasions where we have initiated direct contact with our supporters prompted the largest response. We were particularly heartened by the satisfaction expressed regarding the level of service supporters felt they had received when they had contacted Christian Aid staff, as well as praise for our magazine, *Christian Aid News*.



We reaffirmed and embedded our core beliefs and values

Christian Aid insists the world can and must be swiftly changed to one where everyone can live a full life, free from poverty. This core belief underpins a set of universal values and behaviours that are fundamental to all the relationships we seek to build in order to realise our vision. Everyone who works with and for Christian Aid, regardless of their personal faith, is committed to our vision of ending poverty. This is particularly important for our new strategy, Partnership for Change: the Power to End Poverty, in which the formation of 'right relationships' is fundamental to our ambition to eradicate poverty.

At the core of this strategy are our Christian-based values. These values, which are the cornerstone for all the work we do, are founded on our understanding of relational theology. This asserts that human beings are called to have a special relationship with God (loving him and being loved by him) and in turn to have a particular relationship with one another (based on God's love for all human beings). Shaping our culture around these values will be key to implementing Partnership for Change.

Love and solidarity We are called to love and care for one another, in compassion and humility, as we stand alongside all those who struggle against poverty, powerlessness and injustice.

Dignity and respect We are convinced that every human being has innate dignity. All people are of equal worth, which is why we place honesty and respect for others at the heart of what we do.

Justice and equality We understand that where people lack power, poverty prevails, so we support work that empowers individuals and communities. We fight injustice and inequality with courage, hope and determination, challenging the structures and systems that prevent people from rising out of poverty.

Cooperation and partnership Our work is rooted in a spirit of cooperation and we affirm the value of acting in partnership with others. We work with and for the churches, as well as with other faith and secular groups. We engage with other key actors, including civil society, government and the private sector, in various ways and on various levels.

Accountability and stewardship We are accountable for how we use the resources entrusted to us, ensuring that our decision-making is open and transparent. We measure our impact and are always striving to improve our performance. We are committed to being effective stewards of the planet's scarce resources and caring for the earth for the sake of future generations.

STRENGTHENING THE ORGANISATION

We strive to make the best possible use of our resources – human, financial and material. We learn from our experience and we are open and accountable in all our actions

While our values are central to our key employment policies and procedures, our challenge now is to embed them more fully into the organisational culture. We will make these more visible so that they can help us build strong relationships, internally and externally, as a key part of our commitment to our new corporate strategy. In the future, we will support staff to ensure that our behaviours are always consistently aligned to our values.

We strengthened accountability to our key stakeholders

In 2011/12, we continued our commitments as a Humanitarian Accountability Partnership (HAP) signatory, addressing challenges identified in our previous review and working to embed the commitment to HAP throughout the organisation.

We developed a Performance Framework to help implement our new strategy, Partnership for Change: the Power to End Poverty. Key to this is a commitment to gather better information on our work and its impact, and use this to inform decision-making. Central, too, is a commitment to be a transparent, accountable organisation, by sharing learning with key stakeholders.

Information gathered will also enable us to use resources as effectively as we can to help end poverty. To link results to resources, we will determine what we want to achieve and compare different methods for this. We need to ask, 'could we

achieve the same results with fewer resources?' and 'could we achieve greater change with the same resources?' We will also consider if we can achieve the same results with a reduced carbon footprint.

While we can use technical tools to inform value assessments, this is ultimately a matter of judgement. Those living in poverty are the people whose opinions matter most. If we are more transparent in what we spend, they can assess if the results were worth the money. To support this, we are publishing information on our work in line with the International Aid Transparency Initiative (IATI). In 2012/13, we aim to develop this to the standard required of PPA holders.

We need to ask, 'could we achieve the same results with fewer resources?'

We improved the efficiency and effectiveness of our business processes and systems

A major piece of work this year has been the development and implementation of our new programme management information system, PROMISE. After experiencing a serious setback in late 2010, an independent review recommended that we continue with the project, after deeming it worthy of further investment. However, it also advised that the project could not be completed without significant

strengthening of management and governance structures to support it.

In January 2011 the Christian Aid Board of Trustees approved a new implementation plan that brought management of the code development in-house, with technical expertise being provided by a new external supplier. During 2011, system development work progressed quickly. A huge push was needed to engage the organisation in validating the system and preparing data migration. This was accompanied by extensive testing and training, as the new system was introduced across all regions in which we work, towards the end of 2011.

The system went live later than planned, partly due to the complexity and scale of data migration. A further complication arose towards the end of the financial year as regions strove to complete end-of-year grant transfers to partners on time. This period subjected the system to intense testing, exposing bugs that had to be fixed by tight deadlines. It also highlighted some inadequacies in the training programme, as some staff struggled to familiarise themselves with the new system.

In spite of these setbacks, this period enabled us to test the system thoroughly, flush out bugs and identify further training requirements. We are now confident that we have put in place a robust and durable system that will enable Christian Aid to improve significantly the quality of monitoring and reporting on its international programme work.

Over the coming year, we will establish supporting processes to enable us to exploit fully the business benefits of the system.

We strengthened our understanding and management of risk

Our work to eradicate poverty is inherently risky, particularly in fragile or conflict-prone countries or when speaking out on difficult issues. Managing risks effectively is vital to our work and we have structures in place to ensure the early identification and mitigation of key risks and to support the delivery of our strategy.

During 2011/12, we sought to strengthen our understanding of risk and to incorporate this into how we manage our operations, focusing on the following key areas.

Corporate governance standards

Christian Aid is committed to maintaining high standards of corporate governance. This involves safeguarding the assets (including the reputation) of the organisation and protecting the interests of its members, supporters, beneficiaries and employees through a sound system of internal control.

Risk management policy

The Board of Trustees considers that risk management is vital in ensuring that strategic objectives are met or exceeded, and is committed to ensuring that material risks are managed appropriately. This commitment is delegated throughout the organisation and every employee and related party operating on our behalf is tasked with ensuring that they operate to high standards of integrity, comply with policies

and procedures, and avoid taking uninformed or ill-considered risks.

Responsibility It is the responsibility of Christian Aid managers to ensure that risks are managed within their area of responsibility. Managers are therefore responsible for the identification, assessment and management of all relevant risks. Managers are also responsible for ensuring that decisions are taken within the corporate delegation of authority framework following appropriate consultation.

To support this, a corporate risk register has been developed that maps key risks to assurance activities. Similarly, risk registers have been developed for major programmes (covering service contracts and grants) and country staff are undergoing training. An internal control self-assessment process has been developed and rolled out to country offices, consortiums and service contracts. The 2011/12 internal audit plan was developed from the corporate risk register, and a process for tracking the implementation of audit actions has also been developed.

Further work is underway to explore the concept of 'risk appetite' and how it might be applied to our work. Risk is an inherent part of our work, and it is important to understand how this relates to the way we implement our strategy. We are currently defining our business model to establish the key risks intrinsic to our operations. Understanding this will help us define and quantify more clearly the level of appetite we must take in each area of risk. This will also enable us to determine the appropriate level of

mitigation we need to manage risk within acceptable parameters.

Further information on our risk management approach can be found in the finance pages of this report.

If the world is to avoid disastrous climate change, fossil fuel use must fall dramatically in the next 20 years

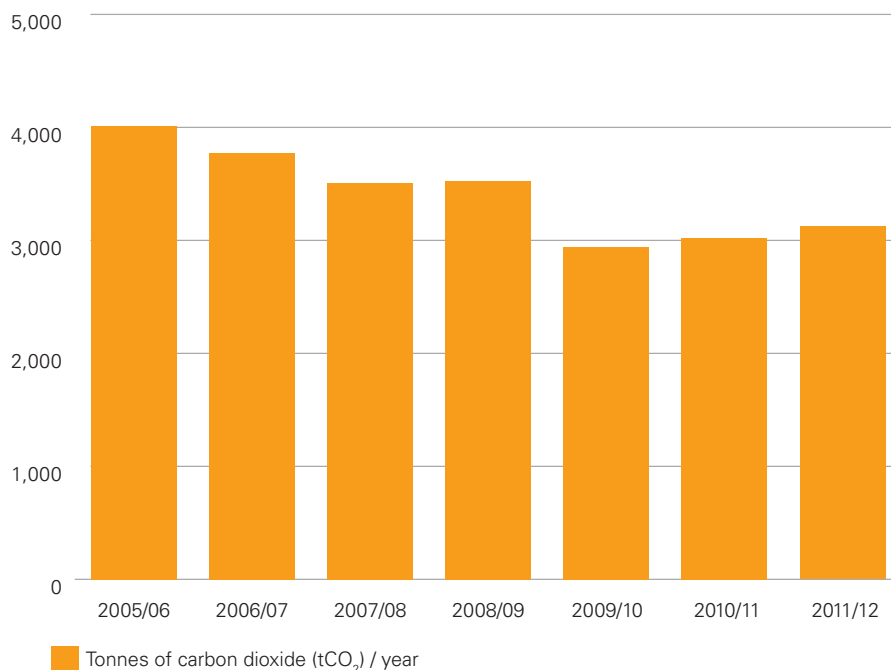
We monitored our environmental impact

Tackling climate change is a priority for Christian Aid. If we are to speak with any credibility and encourage others to reduce their carbon footprint, we must lead by example. We have therefore been reporting our own in-house operational greenhouse gas emissions since 2005/06.

Following the dramatic fall in Christian Aid's carbon footprint in 2009/10, our emissions rose slightly in 2010/11, particularly with regard to flights, which increased by almost a quarter. Provisional figures for 2011/12 suggest that air travel has continued to creep back up, but at a slower rate of just three per cent. The carbon footprint of Christian Aid's flights is still only about three-quarters of what it was in 2008/09, but is increasing. We aim to tackle this in the next year.

Central paper use has increased for the first time in five years. The tonnes of paper used rose by seven per cent above 2010/11 levels, due to more emergency appeals than usual. Other elements of the footprint (such as central office gas use, and energy use in area and country offices) fell slightly this year. Overall, the total

Christian Aid's comparative carbon footprint



	2010/11	2011/12	tCO ₂ change 11/12	% CO ₂ change 11/12
Flights – centrally booked	636	748	+ 112	+ 18%
Flights – country offices	400	341	- 59	- 15%
Vehicle travel – centrally booked	36	58	+ 22	+ 61%
Vehicle travel – country offices	287	325	+ 38	+ 13%
Train travel – centrally booked	30	30	0	0%
Train travel – country offices	3	2	- 1	- 33%
Electricity use – London	276	275	- 1	0%
Electricity use – areas and countries	187	178	- 9	- 5%
Gas use – London	77	66	- 11	- 14%
Other energy use – areas and countries	112	75	- 37	- 33%
Paper and printing – London	895	940	+ 45	5%
Paper and printing – areas and countries	78	74	- 4	- 5%
Buses, taxis, ferries, tube	1	1	0	0%
TOTAL	3,018	3,113	+ 94	+ 3%

footprint rose by three per cent, with increases in flights, central paper use and overseas ground travel being the largest contributors.

It is worth noting that we bought much of our electricity from renewable sources, but in compliance with standards, the carbon saving created is not included in our footprint figures. If renewable electricity use is considered, the total carbon footprint is around 10 per cent lower than stated in this report.

Improvements in technology and management at our head office have contributed to a 14 per cent drop in gas use, while total electricity use in the building has remained stable.

We are now working to improve the efficiency of our carbon data collection systems, particularly from our global offices, by integrating carbon and financial accounting more closely. This year, we also increased our capacity by assigning carbon footprint responsibility to two more staff members. This has helped us do more to cut emissions, and we are now engaging with staff to drive reductions and encourage innovation.

If the world is to avoid disastrous climate change, fossil fuel use must fall dramatically in the next 20 years. This will mean significant changes to how everyone lives and works. This is an issue we must take seriously if we are to continue to achieve our core aims in future.

CHANGING STRATEGY

Since 2005, our work has been led by our strategy Turning Hope into Action, and we have achieved much in this time. Before developing our new corporate strategy, Partnership for Change: the Power to End Poverty, we took stock of all we had accomplished and learnt during Turning Hope into Action. An independent consultant reviewed our progress against the six strategic focus areas, highlighting the following achievements.

With our **secure livelihoods** work, we made a substantial contribution to the humanitarian assistance available to vulnerable people affected by disasters, and achieved greater integration of our work on relief, rehabilitation and development. We responded to the impact of climate change, and became a leading commentator on these issues.

Our work on **economic justice** strengthened the capacity of our partners and wider civil society to achieve policy change on tax justice issues. We managed a dynamic and well-received tax campaign, engaged with key decision-makers on issues around tax and trade, and achieved notable policy changes in UK government positions.

Through our work on **accountable governance** we used our developing understanding of power to support partners to undertake country-specific advocacy programmes, and spoke out on the role of western governments and companies in tackling corruption.

On **HIV**, we increased support to people living with or affected by HIV, working with more partners on effective HIV care and donor recognition. We joined with faith

leaders to undertake innovative work in tackling stigma and discrimination.

In **strengthening the movement for global justice**, we raised awareness of issues around poverty through initiatives such as our Poverty Over campaign, and engaged with supporters and the public, seeing particular growth in support from young people. We continued the success of Christian Aid Week and our fundraising initiatives led to a record level of income in 2009/10.

Through our work on **strengthening the organisation**, we bolstered our transparency and accountability processes, becoming a signatory of HAP, and developed a stronger working culture, achieving both Investors in People and Investing in Volunteers accreditation.

Yet this period of achievement was not without challenges. The Turning Hope into Action review highlighted key areas in which we can improve. For example, we identified that we could further develop our systems and processes for assessing outcomes and impact, do more to tackle gender inequality, and strengthen our policy and practice around risk assessment and management.

While Turning Hope into Action was successful in many ways, the dynamics of poverty have changed, and to remain effective, we too must change. A new strategy reflecting these challenges and opportunities is therefore essential. All the issues identified in the review are addressed in Partnership for Change and the supporting performance and capability frameworks.

Partnership for Change

Our world is one of unprecedented technological advances and vast resources. Yet extraordinary prosperity and power sit alongside extreme poverty and lack of opportunity for people to control their own lives. Worldwide, we see communities in which people struggle for food, education and access to the medicines and technology that their neighbours take for granted. At Christian Aid, we believe that human action is responsible for the underlying causes of poverty and that we – the wealthiest generations in human history – have the greatest opportunity to overcome this. Indeed, since 1950, thanks to the actions of millions of people intent on creating change, child mortality has more than halved, the number of children receiving primary education globally has grown to just under 90 per cent and life expectancy in developing countries has risen by, on average, 20 years. For when people work together, the world can be changed.

This thinking has framed our new corporate strategy, Partnership for Change.

We believe that at the root of poverty is a lack of power – the power to have your say and be heard, or to know your rights and demand them. It is therefore clear to us that poverty can only be eradicated through helping people secure power to help themselves. To realise this, we have identified three essential elements of power:

STRATEGIC CHANGE OBJECTIVES

1 Power to change institutions

We want to see all people having the power to influence institutions – so that the decisions affecting their lives are made responsibly and fairly

2 The right to essential services

We want to see all people able to fulfil their right to access the services essential for them to have a healthy, secure life

3 Fair shares in a constrained world

We want to see all people able to have a fair and sustainable share of the world's resources

4 Equality for all

We want to see a more inclusive world where identity – gender, ethnicity, caste, religion, class, sexual orientation – is no longer a barrier to equal treatment

5 Tackling violence and building peace

We want to see vulnerable people protected from violence and living in peace

- power for people to be resilient in the face of threats and disasters, to seize opportunities, to live with dignity and to thrive
- power for people to ensure that the world's resources are fairly and sustainably shared with everyone
- power for people to share in the vital decisions of life and take a full part in society and the economy.

To achieve essential shifts in power, we have identified five areas on which to focus our work. Through our Strategic Change Objectives (SCOs) we will tackle great need, using our skills and experience to make the greatest impact.

We cannot do this alone. All of our work is based on partnership. We work with others as part of a global movement committed to ending poverty and social injustice. This

includes churches and faith groups, local organisations, other NGOs, research institutions, governments, the private sector, and committed individuals around the world. In this new strategy, we commit ourselves to developing our relationships, and exploring new partnerships to achieve even greater impact.

You can view the document outlining Partnership for Change at: christianaid.org.uk/strategy

To enable effective implementation of the new strategy we have developed two supporting frameworks:

The **Capability Framework** sets out how we will build the organisational capability required to deliver Partnership for Change.

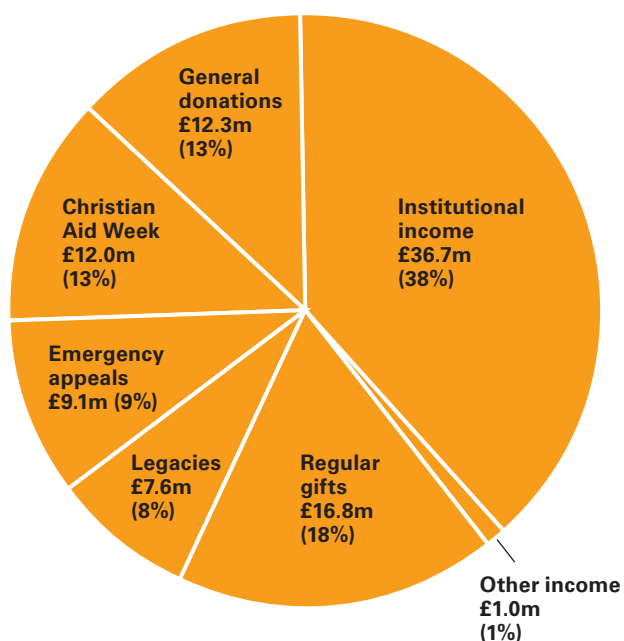
The **Performance Framework** sets out how we will monitor and continuously improve our performance against Partnership for Change.

Endnotes

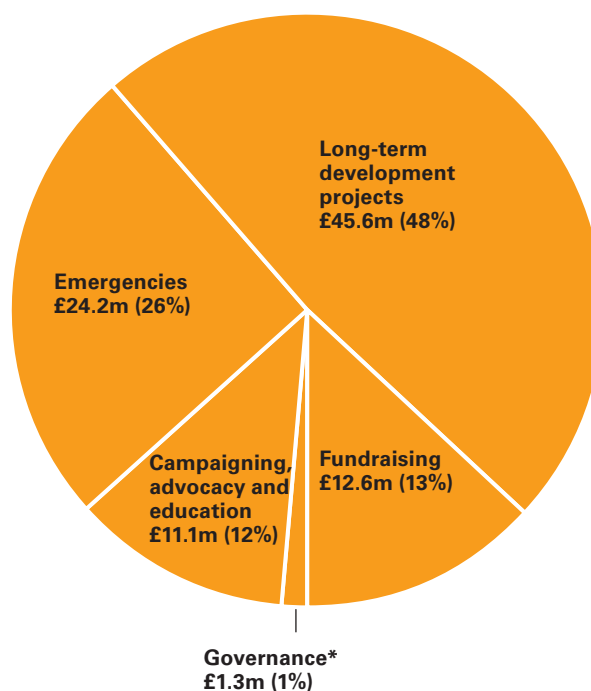
- 1 National Adaptation Plan of Action.
- 2 Bangladesh Climate Change Strategy and Action Plan.
- 3 christianaid.org.uk/resources/corporate_reports/corporate-evaluations.aspx
- 4 *Taxing Ghana's Informal Sector: the Experience of Women*, [christianaid.org.uk/images/ghana-women-informal-sector.pdf](http://images/ghana-women-informal-sector.pdf)
- 5 *Justice for Forests: Improving Criminal Justice Efforts to Combat Illegal Logging*, World Bank study, 2012, http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/Illegal_Loading.pdf
- 6 Reducing Emissions from Deforestation and Forest Degradation (REDD) refers to a set of global activities aimed at using market incentives to reduce the emissions of greenhouse gases from deforestation and forest degradation, with the objective of reducing greenhouse gases. REDD+, meanwhile, is a version that can deliver 'co-benefits' such as biodiversity conservation and poverty alleviation.
- 7 The deliberate abuse of transfer pricing, which is the process under which two related companies – such as a parent company and a subsidiary, or two subsidiaries with a common parent – trade with each other.
- 8 *Banks' Management of High Money-Laundering Risk Situations*, Financial Services Authority, www.fsa.gov.uk/pubs/other/aml_final_report.pdf

FINANCIAL REVIEW FOR THE YEAR ENDED 31 MARCH 2012

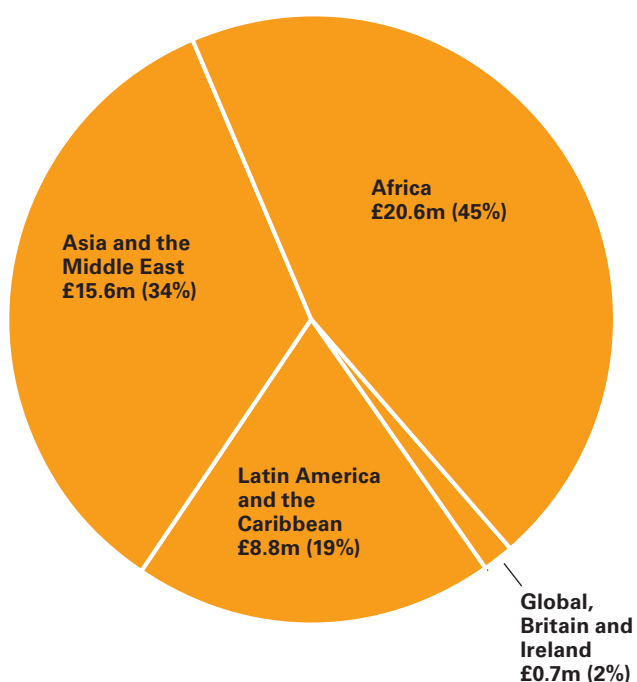
How we raised the money...



how we spent it...



...and where the grants went



		Percentage of total
Regular gifts	£16.8m	18
Legacies	£7.6m	8
Emergency appeals	£9.1m	9
Christian Aid Week	£12.0m	13
General donations	£12.3m	13
Institutional income	£36.7m	38
Other income	£1.0m	1
Total income	£95.5m	100
Fundraising	£12.6m	13
Long-term development projects	£45.6m	48
Emergencies	£24.2m	26
Campaigning, advocacy and education	£11.1m	12
Governance	£1.3m	1
Total expenditure	£94.8m	100

*Governance costs are costs associated with the general running of the charity, as opposed to those costs associated with fundraising or charitable activity.

Income

Total income for 2011/12 was £95.5m, up very marginally by £0.5m (0.5 per cent) on last year. Behind this broadly static income figure has been a fall in general donations from the

public, and an increase in funding from governments and other institutions. Income during the year was in line with the board-approved plan and continues to exceed expenditure.

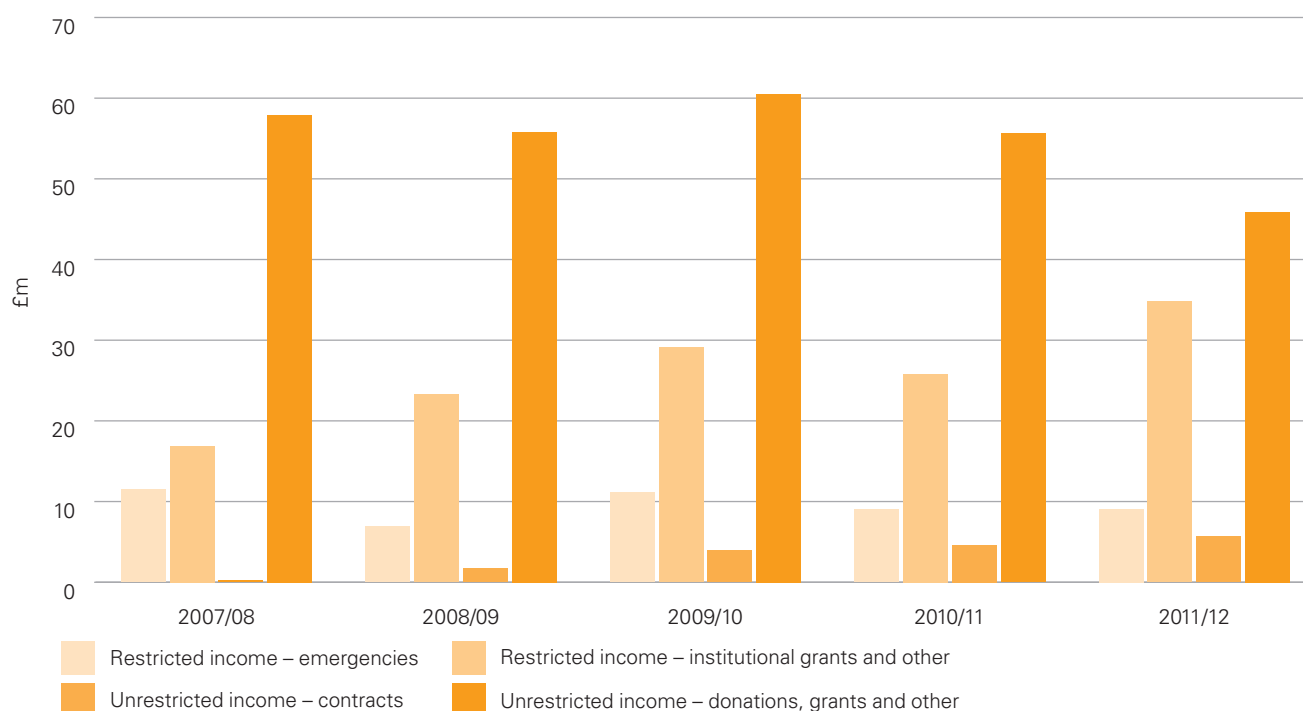
Total income by type

	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12 change
Donations	£66.2m	£58.2m	£67.4m	£62.2m	£57.7m	(7%)
Institutional grants	£17.6m	£25.7m	£32.0m	£27.0m	£31.1m	15%
Other income	£2.7m	£3.8m	£5.2m	£5.8m	£6.7m	16%
Total income	£86.5m	£87.7m	£104.6m	£95.0m	£95.5m	1%

Total income by restriction

	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12 change
Restricted income – emergencies	£11.5m	£6.9m	£11.1m	£9.0m	£9.1m	1%
Restricted income – institutional grants and other	£16.9m	£23.3m	£29.1m	£25.8m	£34.8m	35%
Unrestricted income – contracts	£0.2m	£1.7m	£3.9m	£4.6m	£5.7m	24%
Unrestricted income – donations, grants and other	£57.9m	£55.8m	£60.5m	£55.6m	£45.9m	(17%)
Total income	£86.5m	£87.7m	£104.6m	£95.0m	£95.5m	1%

Total income by restriction



Total income by location of donor

	2011/12 £m	2011/12 % of total
England, Wales and Scotland	£76.0m	79%
Northern Ireland	£3.0m	3%
Republic of Ireland	£4.5m	5%
Channel Islands and Isle of Man	£0.7m	1%
Spain	£0.4m	0%
Elsewhere in Europe	£7.3m	8%
Rest of the world	£3.6m	4%
Total income	£95.5m	100%

Donations

Economic uncertainty continues to create a challenging environment in which to fundraise. Voluntary donations reduced significantly from £62.2m in 2010/11 to £57.7m in 2011/12.

- The difficult economic environment hit our events fundraising hard, with Christian Aid Week particularly affected. Income during this week fell from £13.4m in 2010 to £12.0m in 2011.
- It was also a challenging year for legacy income, which raised just £7.6m – lower than both the previous year's figure of £10.0m and our target of £8.9m.
- On a more positive note, when approached, supporters generously donated to a number of humanitarian appeals during the year, raising a total of £5.0m. This included £4.3m in response to the east Africa food crisis.
- Equally encouraging, the Philanthropy and Partnerships team managed to raise £5.5m of income. Fundraising from trusts and foundations performed extremely well, raising £2.7m, while major donors gave £1.9m, with the In Their Lifetime appeal reaching almost £5.0m in pledges. Fundraising from corporate supporters exceeded £1.0m, including substantial pro bono support.

Institutional grants and other income

In 2011/12, the lifetime value of grants and contracts awarded reached a record high of £48.5m.

We started implementation of the new three-year £21m Programme Partnership Arrangement (PPA) with the UK government's Department for International Development (DFID) focusing on improved health outcomes, livelihoods and resilience across 19 countries. We also started implementation of an exciting four-year £10.0m resilience and disaster risk reduction programme in Malawi, funded by DFID, Irish Aid and the Norwegian government, working with CARE, Action Aid and ToughStuff International.

The European Commission awarded €2.6m of new grants to long-term development and humanitarian programmes through the European Community Humanitarian Office (ECHO) in Sierra Leone, Bangladesh, Nicaragua and Ghana.

Christian Aid Ireland secured a new four-year Programme Agreement from Irish Aid, worth €12.1m.

We continued to grow our contract income. We are delivering three contracts – the new Fund for Civil Society in the Democratic Republic of Congo (DRC), the Enhancing Interaction and the Interface between Civil Society and the State (ENCISS) programme in Sierra Leone and the Poorest Areas Civil Society programme in India (PACS2) – for DFID.

Institutional grants and other income

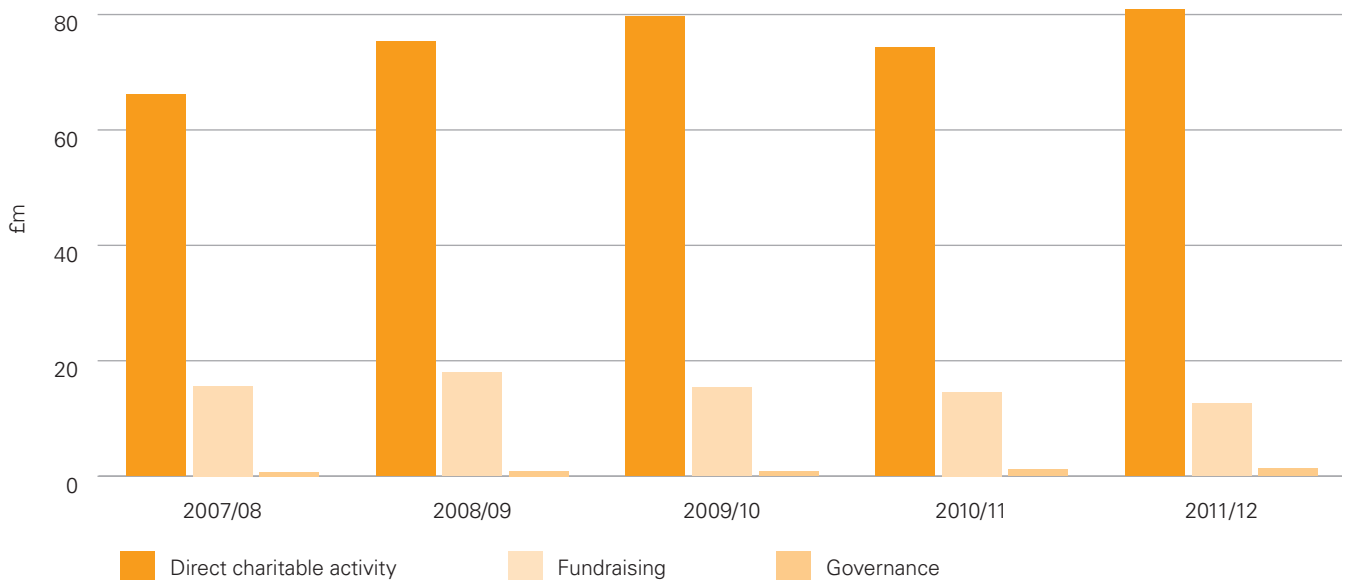
	2009/10	2010/11	2011/12	2011/12 change
Number of grants and contracts submitted	178	148	119	(20%)
Number of grants and contracts awarded	86	79	71	(10%)
Value of grants and contracts awarded	£42.4m	£34.8m	£48.5m	39%
Income receivable in the year	£35.9m	£31.5m	£36.7m	17%

Expenditure

Total expenditure increased by five per cent in 2011/12, from £90.1m to £94.8m. This reflected a significant increase in charitable activity as a number of larger programmes came to fruition.

Total expenditure

	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12 change
Direct charitable activity	£66.2m	£75.3m	£79.7m	£74.3m	£80.9m	9%
Fundraising	£15.6m	£18.0m	£15.4m	£14.6m	£12.6m	(14%)
Governance	£0.7m	£0.9m	£0.8m	£1.2m	£1.3m	8%
Total expenditure	£82.5m	£94.2m	£95.9m	£90.1m	£94.8m	5%
Fundraising costs as percentage of total expenditure	19%	19%	16%	16%	13%	



The priorities and achievements of Christian Aid's international programmes are presented earlier in the trustees' report. The bulk of expenditure continues to focus on ensuring people have a sustainable way to earn a living. Other strategic priorities cover HIV, AIDS and related healthcare issues, accountable governance and economic justice.

During 2011/12, the trustees approved a new corporate strategy for the post-2012 period, called Partnership for Change, with new strategic priorities for Christian Aid, which we will report against from next year.

Expenditure on emergency programmes was £24.2m in 2011/12, reflecting our investment in humanitarian work and the continuing response to a number of appeals. There was only one major appeal for new funds during the year, in response to the east Africa drought. We mounted a response across the region, with a focus on Ethiopia and Kenya where we also supported Somali refugees.

We also had successful smaller appeals enabling us to respond in the Philippines following Typhoon Washi just before Christmas and to the developing food crisis in west Africa.

Using specific funds set aside for responding to forgotten chronic emergencies and other low-profile emergencies, we were able to assist affected communities in Burmese refugee camps in Thailand following fires there. We responded to flooding and mud slides in Colombia, Ghana, Cambodia, Sri Lanka and several states in India, as well as providing early responses to the drought in Kenya and Ethiopia.

Through successful applications to the DFID-backed Consortium of British Humanitarian Agencies (CBHA) Emergency Response Fund, we were also able to respond to flooding in India and Bangladesh, and storms in Central America, and increase the scope of our work in east Africa before the appeal was launched. With the exception of east Africa, none of these disasters had hit the media spotlight.

Programmes in Pakistan and Haiti continued, while the response to Cyclone Nargis in Burma was wound down as funds were fully spent.

Christian Aid's development programme increased to £45.6m (from £40.7m in 2010/11). International expenditure, both development and emergency programmes, continues to focus on Africa (45 per cent), Asia and the Middle East (34 per cent) and Latin America and the Caribbean (19 per cent). During the year, Christian Aid worked in 48 countries, with 578 partner organisations.

During 2011/12, we have committed to developing programmes that use market-oriented approaches to create new opportunities for poor people to grow their businesses in scale, profitability and resilience. This recognises the fact that poor people engage with markets daily and that the development of the latter is critical to overcoming poverty.

This year, we have stimulated the growth of this work in a number of ways. Our Innovation Fund has awarded grants to 10 country programmes, totalling £0.6m. These awards

are enabling programmes to pilot innovative approaches from stimulating cross-border trade between Tajikistan and Afghanistan to enabling fishing communities in Sierra Leone to set up community-owned cold storage facilities, which allow them to increase their fishing income as well as providing community lighting.

We have also maintained our commitment to explore non-grant financing to enterprises by giving a loan to the Hibiscus Cooperative – a small enterprise that has great potential within the Nicaraguan market, but cannot access affordable finance locally to expand. Alongside this, we have continued to enable poor people to access affordable solar lighting in Kenya, Mali and India, as a strategy for addressing household energy poverty, through business partnerships with companies like ToughStuff and d.light.

Expenditure on campaigns, advocacy and education fell to £11.1m (from £14.1m in 2010/11), as a result of the completion of our Platform2 programme during 2010/11 and reduced activity associated with our Poverty Over campaign.

Fundraising costs as a percentage of total expenditure fell significantly from 16 per cent to 13 per cent. This reflected both an absolute reduction in fundraising costs, which fell from £14.6m in 2010/11 to £12.6m in 2011/12 as we changed our fundraising strategy to suit our revised target market, and rising levels of charitable expenditure as large programmes increased in scope.

Reserves

The charity's operational reserve has fallen from £20.0m to £16.5m in light of the core income shortfalls noted above. The trustees expect the reserve to fall further in 2012/13 before rising again in subsequent years. They are satisfied that while reserves are (and are likely to remain) below target for the next three years, there are appropriate plans in place to rebuild them over time.

Reserves

	2009/10	2010/11	2011/12	2011/12 change
Operational reserve	£16.0m	£20.0m	£16.5m	(18%)
Fixed asset reserve	£3.0m	£3.0m	£3.9m	30%
Other unrestricted reserves	£3.5m	£2.8m	£1.4m	(50%)
Pension deficit	(£15.8m)	(£10.8m)	(£10.1m)	(6%)
Unrestricted reserves, net of pension deficit	£6.7m	£15.0m	£11.7m	(22%)
Restricted reserves	£14.0m	£13.8m	£16.2m	17%
Total reserves, net of pension deficit	£20.7m	£28.8m	£27.8m	(3%)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

Christian Aid operates through an incorporated charity registered with the Charity Commission for England and Wales and with Companies House (company number 5171525). Various subsidiary and connected charities support Christian Aid and are described below.

The Board of Trustees of Christian Aid consists of a chair, a nominee from each of the national committees for Wales and Scotland, the chair of Christian Aid Ireland, a nominee of Churches Together in Britain and Ireland (CTBI), and up to 15 other trustees appointed by the members (the sponsoring churches in Britain and Ireland). This mix ensures an appropriate balance of lay and ordained people, gender, age, ethnic origin, church tradition, geographical spread, and knowledge and skills relevant to our work. All appointments are for a four-year period, and trustees are eligible for reappointment for a further four-year period after that.

The board's principal responsibilities include determining the overall strategy, policies, direction and goals of Christian Aid, protecting and promoting the identity and values of the charity and fulfilling its statutory responsibilities.

The board delegates certain functions to committees of trustees, including a nominations and procedures committee, a finance and audit committee, a human resources governance and strategy committee, and a remuneration committee.

The nominations and procedures committee is responsible for nominating new trustees to the members and for reviewing the performance of the board.

The finance and audit committee reviews reports from external and internal auditors, monitors the performance of Christian Aid's investment managers and advises the board on risk management, financial control, plans and budgets.

The organisational development and strategy advisory committee provides advice on human resource (HR) policies, to ensure that they are aligned with Christian Aid's values and objectives.

The remuneration committee reviews the principles governing the pay and benefits of all employees of Christian Aid. It also determines the pay and benefits of the chief executive and the directors.

National committees for Wales and Scotland continue to support the board in appropriately articulating Christian Aid's work and engaging with the churches and other stakeholders.

The board reports to the members at the annual general meeting. The members are the 41 sponsoring churches, as listed in the 'Acknowledgements' section on page 70.

At the end of 2011, the board undertook an externally facilitated review of its performance, leading to a series of recommendations that are being implemented in 2012. Recommendations included more frequent meetings of the board, the splitting of the finance and audit committee into a finance and investment committee and an audit and risk committee, the creation of a new committee to provide oversight of policy and the designation of the human

resources governance and strategy committee as a full committee (where previously the organisational development and performance advisory committee held only an advisory capacity).

Charitable companies in the Republic of Ireland and in Northern Ireland are responsible for the affairs of Christian Aid in Ireland. Although two legal forms exist, Christian Aid Ireland operates as a single pan-Ireland development agency working in close cooperation with Christian Aid. The Irish sponsoring churches, the Irish Council of Churches and Christian Aid are members of Christian Aid Ireland. All three boards include some common board members. Christian Aid Ireland operates under the Christian Aid name through a licence agreement with Christian Aid.

Christian Aid is registered with the Office of the Scottish Charity Regulator (OSCR) in recognition of its fundraising activities in Scotland.

In 2009, Christian Aid registered a new charitable foundation in Spain. The new charity continues to undertake a range of development awareness and fundraising activities under the name InspirAction. The board of InspirAction operates under this name under licence from Christian Aid.

In addition, Christian Aid has established separately registered legal entities in a number of countries in which we have programmes. These entities are consolidated as branches of Christian Aid in the same way as other country offices since programme management continues to operate within the delegated authority framework of Christian Aid.

From January 2011, Christian Aid's programme in Zambia was merged with the Zambian programmes of Norwegian Church Aid and DanChurchAid to create a joint country programme. Norwegian Church Aid retains management control of the joint programme, although a coordinating committee of the three agencies provides strategic oversight.

The British and Irish Churches Trust acts as custodian trustee to Christian Aid and CTBI. The trust has legal title to Christian Aid's head office – Interchurch House – on behalf of the two charities, who jointly own the property.

New trustees undertake a comprehensive induction programme, which covers both the formal governance arrangements – including Christian Aid's legal structures and obligations – and our charitable priorities and work. In addition, trustees are invited to meet regularly with individual staff members to gain a more thorough understanding of specific areas of work, and time is set aside at each board meeting for groups of senior staff to present their work in more depth.

We also recognise the importance of trustees keeping up to date with current rules, regulations and best practice. Trustees are therefore invited to attend seminars and conferences, which give them a better understanding of their roles and responsibilities.

Christian Aid operates through the main charity and the subsidiary and connected charitable companies referred to in note 17 of 'Notes to the financial statements', on page 63.

Trustee attendance register

	Board		Other committees	
	Total	Attended	Total	Attended
Anne Owers (chair) (2, 4)	5	5	3	3
John Davies	5	4		
Robert Fyffe (2)	5	5	2	2
Carolyn Gray (3, 4)	5	4	6	6
Phil Hodgkinson (1) (until Nov 11)	3	2	3	2
Kumar Jacob (vice chair) (2, 3, 4)	5	5	8	5
Gillian Kingston	5	4		
George McSorley (until Sept 11)	5	1		
Morag Mylne	5	4		
Wilton Powell	5	4		
Alastair Redfern	5	2		
Brian Ridsdale (1, 4)	5	5	5	5
Charlotte Seymour-Smith (4)	5	5	1	1
Graham Sparkes	5	3		
Paul Spray	5	4		
Tom Hinton (1)	5	4	4	4
Bridget Walker	5	5		
Trevor Williams	5	3		
Victoria Hardman (appointed Nov 11)	2	2		
Alan McDonald (appointed Nov 11)	2	1		

1. Finance and audit committee
2. Nominations and procedures committee
3. Organisational development and strategy advisory committee
4. Remuneration committee

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 Christian Aid's aims and objectives, and in planning activities and setting policies and priorities for the year ahead.

The objectives of Christian Aid are:

- the furtherance of charitable purposes that relieve and combat poverty, malnutrition, hunger, disease, sickness or distress throughout the world
- the furtherance of charitable purposes that advance or assist such other charitable work as may be carried on by or with the support of the sponsoring churches.¹

Christian Aid achieves these objectives through working towards our essential purpose to expose the scandal of poverty, to help in practical ways to root it out from the world and to challenge and change the systems that favour the rich and powerful over the poor and marginalised.

The activities that Christian Aid carries out to further our charitable purposes for the public benefit are concentrated on providing grants to 578 partner organisations in 48 countries working on long-term development and responding to emergencies, as well as campaigning, advocacy and education work.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information provided to auditors

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the company's auditors are 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 company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Crowe Clark Whitehill LLP remained Christian Aid's auditors throughout the year.

Under the Charity Accounting and Reporting Regulations 2005, the trustees have undertaken to give details of various financial policies of the organisation. These are detailed below.

Reserves policy

The charity's reserves fall into two types.

Restricted funds are generated when the donor stipulates how their donation may be spent. In most cases, there will be a time lag between when such funds are received and when they are spent. In particular, with many of the recent emergency appeals there is the need for immediate relief work, followed up with longer-term rehabilitation and development activities, in line with the appeal request, resulting in part of the appeal funding being spent over a number of years.

Deficits on restricted funds arise where grants to partners have been approved against various projects that the trustees expect to be funded by institutional donors, but the criteria for recognition of income has not been met. Based on reports from partners on the progress of these projects at year end, the trustees determine whether the associated income should be recognised in the accounts. The status of all projects financed through restricted funds is reviewed corporately every quarter. The trustees are content with the overall level of the deficits in these funds at 31 March 2012.

At 31 March 2012, restricted funds totalled £16.2m.

Unrestricted funds are generated when the donor does not stipulate how the income may be spent. Within certain operating needs, the trustees' policy is to ensure that such funds are spent as soon as possible, while guaranteeing these resources are used effectively. Unrestricted funds include designated and other funds where the trustees have set aside funding for a specific purpose or to cover possible risks. At 31 March 2012 the principal funds were:

- the operational reserve: held to cover any temporary shortfall in income, unforeseen rise in spending requirements or other financial contingency, so that the charity – and in particular funding to partners – can continue to operate at any time. The level of this reserve is based on the trustees' assessment of the likelihood of such financial contingencies and the impact they might have. The trustees reviewed the target level for this reserve during 2011/12 and set a target of £19.3m. The core income shortfalls against target in 2011/12 have led to the operational reserve falling to £16.5m at the end of the

year. The trustees anticipate the reserve to fall further in 2012/13 before returning to growth in the years that follow

- general funds representing unrestricted reserves held in excess of the operational reserve. At 31 March 2012, the parent charity held £0.7m and the Ireland charities £0.5m
- the fixed asset designated reserve: comprising the funds invested in fixed assets to allow the organisation to carry out our work effectively. At 31 March 2012, the level of this reserve was £3.9m and included the assets disclosed in note 8 of 'Notes to the financial statements'. Because this reserve comprises fixed assets, it is not possible to utilise it elsewhere within the charity
- the negative designated pension reserve of £10.1m, representing the deficit on the final salary pension scheme as valued under Financial Reporting Standard 17 (FRS17) as at 31 March 2012. See note 22 of 'Notes to the financial statements' for more information.

At 31 March 2012, unrestricted funds, net of the estimated pension deficit, totalled £11.7m.

Investment policy

At Christian Aid, we manage our investments – within our ethical guidelines – in ways that maximise the overall return on cash resources. This is done on a combined income-and-capital basis, and is subject to the need for short-term realisability of funds and a degree of measured risk.

Short-term cash is managed internally, and held in overnight and term deposits with a range of approved banks. Longer-term cash is held in an Epworth Affirmative Deposit account, which is a Charity Commission approved pooled fund consisting of deposits held with a number of financial institutions. A proportion of longer-term cash is also managed by F&C Management Ltd (F&C) and invested in a mixture of government bonds (gilts), ethically screened corporate bonds and cash deposits. F&C screening involves setting ethical principles and acceptable investment criteria, which aim to prevent investment in companies with unsustainable business practices that do particular harm to the world, its people or its wildlife.

In past years, the investment manager has been reviewed on an annual basis by the finance and audit committee against the benchmark of the FTA Government Under Five-Year Gilt Index. However, the returns available by investing along these lines have fallen significantly in recent years. In light of the prevailing low interest rates and the potential impact on the portfolio should the environment change, the committee considered it prudent to review the investment mandate. As a result, the structure of the investments was altered at the beginning of 2010 so as to reduce such risks. This was achieved by a reduction in the allocation to the longer-term cash portfolio and ensuring that all remaining fixed-rate gilts and corporate bonds mature by June 2012.

The performance of the Christian Aid portfolio in the year ended 31 March 2012 was 1.1 per cent.

Authority to delegate part of the investment management to F&C was granted under an order of the Charity Commission on 19 August 1998.

Grants policy

The majority of Christian Aid's charitable work is carried out by making grants to partner organisations. Grants are made within the agreed strategies of Christian Aid. In relation to development programmes, grants tend to be given on a three-year basis.

Project proposals are subject to a formal approval process before individual grants are approved. All projects are systematically monitored for the duration of their existence, and major projects are subject to a final evaluation process. All trustees continue to be informed of every grant made by Christian Aid in the course of a financial year, and further details are available by writing to the Associate Director of Finance and Operations at Christian Aid.

In recent years, Christian Aid has commenced acting as a sub-contractor for a number of governments, including that of the UK. Under these contracts, Christian Aid disburses grants to a range of donor-approved grantees in countries including the DRC, Sierra Leone and India. The selection, monitoring and evaluation of the performance of these grantees are subject to contract-specific performance measures.

Risk management

Christian Aid's work to eradicate poverty is inherently risky, particularly in fragile or conflict-prone countries or when speaking out on difficult or controversial issues. Managing risks effectively is integral to the achievement of our essential purpose, and governance structures are in place to ensure the early identification and mitigation of key risks and support the delivery of our strategy.

The trustees are ultimately responsible for risk management and the effectiveness of Christian Aid's internal control systems. The board has considered and approved the risk management policy and has delegated the regular review of the risk management process to the finance and audit committee, which also oversees the work of the internal audit function and receives regular reports from the head of internal audit and risk. The systems and procedures are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss.

Senior management ensures that day-to-day risk management processes are embedded across the organisation through the effective implementation of policies and procedures. Risk registers have been developed at a corporate, business unit and major project level. Risks are assessed taking account of the likelihood of the risks occurring and the potential impact they could have. Our response to them is regularly discussed at the directorate business meetings and with the trustees. There are a number of working groups managing risks in high-risk areas as defined in the risk register. For 2011/12, these continued to include the business continuity group, the health and safety committee, the public policy group, the corporate

accountability group and the large programmes oversight committee. During the year, a corporate risk working group was established to monitor serious incidents and near misses and lessons learnt. The group includes representation from internal audit, compliance, security, health and safety, and information and communication technology. Risk management is embedded in the planning process, including change programmes, as we move towards implementation of the Partnership for Change strategy.

Internal audit is responsible for assessing the adequacy and effectiveness of internal controls against a schedule of audits approved annually by the finance and audit committee, taking account of the corporate risk register. The results of the audits are reported to management and the directorate and summarised for the finance and audit committee. Management is responsible for implementing agreed actions arising from the internal audit process and progress against this is tracked and regularly reviewed by senior management, the directorate and the finance and audit committee. On an annual basis, the finance and audit committee also receives an annual assurance statement from the Associate Director of Finance and Operations, prepared in conjunction with the internal audit, which details key controls in place during the year. This is supported by completion of the Charity Commission's internal controls for charities checklist.

During the year, the internal audit team implemented an internal control self-assessment process requiring overseas offices and programmes to confirm adherence to key controls and report on any material control breakdowns and actions to prevent their reoccurrence. The aim of this is to maximise coverage of our country programmes and to provide a mechanism for ensuring the control framework is fully embedded internationally. Where gaps are noted, management is required to implement corrective actions and report on this to internal audit. Where themes are noted, they are reported to senior management and actions are taken to review and reinforce related policies and procedures. The results of the internal control self-assessment are reviewed with the finance and audit committee. The self-assessments are tested as part of the standard internal audit programme for countries and programmes that are visited. Internal audit also provides training and support to country programmes in the development and regular review of risks and mitigation strategies relevant to their operations.

Future plans

During the last financial year, the board has undertaken a review of its own governance arrangements and has recommended the creation of a new risk and audit sub-committee in order to increase the focus on risk matters. It is envisaged that the new committee will be established during the 2012/13 year with wider membership to include more non-financial input. In addition, there are plans to widen the internal control self-assessment process beyond overseas offices and to develop risk management e-learning tools.

Principal risks

The countries in which we operate

Risk

Working to eradicate poverty requires us to work in locations around the world that are inherently challenging due to conflict, corruption, natural disasters, weak infrastructure and poor governance. External issues can escalate very quickly and can hamper our ability to implement our programmes as originally planned and put our staff and partners at risk. In addition, lack of infrastructure and climatic factors can make it difficult to reach the most vulnerable communities and to monitor the performance of our programmes. This can affect the quality of our results.

Mitigation

We operate through grantees, partners and alliances, such as the ACT Alliance, that have roots in the communities in which they are working. This ensures that our programmes are relevant to changing circumstances and that we have access to regular and up-to-date information that may affect our priorities. Our partners are supported locally through 29 country offices providing monitoring and evaluation, compliance training and support, networking opportunities and support for capacity building. All Christian Aid staff travelling to and within our overseas operations are subject to our security policies and procedures and receive appropriate security training. All country programmes have up-to-date security policies, provide briefings to visitors and adjust security assessments, as appropriate, in response to major changes in the political and security environment. Our advocacy programme is designed to lobby relevant institutions to improve the lives of the poor and marginalised, and our other programmes to enable them to assert their rights. As a last resort, we may withdraw staff from insecure locations or delay the implementation of a programme. In 2011/12, we rolled out new anti-bribery guidelines to all staff, in line with new legislation, and we continue to ensure our anti-corruption policies and procedures are enforced.

Advocacy and popular campaigning

Risk

Christian Aid speaks out against the causes of poverty and this can put us in direct opposition to those with different views. In some situations, this can put staff and partners at risk. If communications are inappropriate or poorly researched, or erroneous statements are made, this could risk lives, damage our reputation if libellous and harm key relationships. Similarly, we could be challenged by those with vested interests who merely object to us telling the truth. Actions by partners could draw Christian Aid into legal or conflict-related situations, particularly where they publish materials or engage in actions with our financial support. In addition, as poverty is a complex and multi-dimensional issue, communicating this in interesting and engaging ways that can be easily understood by supporters, the general public, donors and other stakeholders can be challenging.

Mitigation

We have a public policy group that is responsible for approving and communicating our public policy in key areas. We have developed corporate advocacy priorities that we believe will have the greatest impact on poverty and we focus our popular campaigning on these priorities. We ensure we have expertise in these focus areas and that communications are researched and checked by external advisors, as necessary, prior to issue. Clear guidance is given to country programmes about issues they need to consider when supporting partner publications.

Working through and with partners

Risk

We believe that the most effective way to reduce poverty is to work through partners that are rooted in the communities in which they work. This approach is not without risk, however, as depending on the context, partner capacity may be low. As a result, there is an inherent risk of poor programmes being delivered, misuse of funds and a failure to be accountable to beneficiaries.

Our new corporate strategic framework envisages a greater range of partnerships, including new models of working with governments, civil society organisations and the private sector. Our recent engagement with DFID delivering a range of civil society programmes under contract has introduced new risks as we work with a new set of grantees in India, Sierra Leone and the DRC.

Mitigation

We ensure that we thoroughly research our partners by carrying out initial capacity assessments that consider the organisation's past performance and governance processes before providing funding. We monitor all of our programmes and provide feedback to partners where issues are noted for future follow up. We support partners, where necessary, in building their capacity, including training on donor compliance requirements. All partners in receipt of £50,000 or more of Christian Aid funding in any year are required to undertake an external audit. As a certified Humanitarian Accountability Partnership member, we invite feedback from beneficiaries. We also commission and publish independent external evaluations of our work. We have anti-fraud and corruption policies and have a process for fully investigating and reporting all incidents. The large programmes oversight committee monitors performance of the major service contracts and major grants, and reviews the supporting risk management procedures.

Economy, sector competition and financial strategy

Risk

As the impact of the global recession continues, our supporters and donors continue to face difficult economic times. This, along with increased competition for funds, may reduce the amount of income, particularly core income from unrestricted sources, available for use in our programmes. In addition, there is a risk that donors may change their funding priorities to areas that are not aligned with our strategic

priorities. If our income drops, we may need to reduce the scale of our programmes. We continue to carry a deficit in the closed final salary pension scheme that could increase depending on economic and other factors.

Mitigation

During the year, we reviewed our reserves policy, taking account of our principle risk factors. We have income targets and regularly review our performance against these. We have a thorough planning process that challenges our income assumptions and how we spend these funds. We closely monitor our costs and seek opportunities to improve efficiency where possible. In 2012, we implemented our new programme management information system, which through improved data collation will enable fundraisers to understand our development programmes better and align them with donor interests.

Church sponsorship

Risk

Christian Aid is owned by the British and Irish churches and our essential purpose is centred around our core belief that all people are created equal, with inherent dignity and infinite worth. We are proud of our Christian heritage and ongoing strong church support. However, we also recognise that our Christian beliefs may sometimes provide an obstacle to forming new partnerships and restrict our ability to work in areas where religious tensions are high. We could also fail to make the most of our opportunities to engage the church in the fight against poverty.

Mitigation

Our work to eradicate poverty targets the most vulnerable and marginalised, regardless of faith, and we work with alliances of other faiths and with secular groups that share our determination to end poverty. We have an open recruitment policy and we do not proselytise.

Engagement with the church is designed to help supporters put their faith into action.

Regulatory compliance

Risk

We operate in 48 countries with many different jurisdictions. Failure to keep abreast of local laws and requirements could compromise our ability to continue operating in these locations. Furthermore, we are bound by British and Irish law and Charity Commission rules.

Mitigation

We have in-country teams in many of our locations that are responsible for ensuring compliance with local requirements, including registration, tax compliance and statutory reporting. Where required by local requirements, external audits of our country offices are performed. We monitor changes to British and Irish regulation and review our response with our advisors and trustees as appropriate.

Christian Aid pension schemes

The trustees closed the final salary pension scheme to new members and to future accrual on 30 June 2007. In its place, Christian Aid offers UK qualifying staff a defined contribution group personal pension scheme. In the Republic of Ireland, Christian Aid also contributes to an occupational money-purchase scheme.

The scheme actuary carried out a three-yearly valuation of the now-closed final salary scheme as at September 2008. The calculated deficit in the scheme was £16.2m, which has led to a revised recovery plan put forward by Christian Aid and agreed by the pension trustees from April 2010. An updated valuation as at September 2011 is currently being carried out by the scheme actuary and will lead to a further revision to the recovery plan from April 2013.

Additionally, the scheme actuary carries out a separate annual valuation in line with the accounting standard FRS17. This is carried out using different assumptions and may result in a different funding position. The 31 March 2012 valuation under this method showed a deficit of £10.1m. This reflects a slight improvement on the previous year's position; an improvement in the quantity and value of scheme assets has in part been negated by an increase in calculated scheme liabilities. Details are shown in full in note 22 of 'Notes to the financial statements'. Christian Aid continues to set the level of its operational reserve to reflect the continuing risks attached to the pension scheme.

The Pensions Trust (Verity Trustees Limited) continues to act as trustee to the final salary scheme. The equity component of the scheme funds continues to be managed by the Legal and General Assurance Society Limited and invested in an FTSE4GOOD tracker fund.

Remuneration policy

The salaries of Christian Aid staff are periodically benchmarked against comparable organisations, including other charities and church organisations, with the support of an external consultant. Christian Aid aims to set salaries equivalent to the median for such organisations. The UK pay scales are set such that the salary of the highest-paid employee is no more than six times the salary of the lowest-paid employee.

On an annual basis, salary scales are increased in line with the average of earnings and retail price inflation, subject to affordability. The Board of Trustees awarded a two per cent rise from April 2012.

All posts are evaluated based on agreed, organisation-wide criteria that determine the grade and salary for the post. Posts in certain functions (for example, finance and information systems) carry a small market increment to reflect the difficulty of recruiting and retaining qualified staff in these functions.

Communicating with staff

Christian Aid is committed to open and accountable management of our employees, under which they can expect to be properly line-managed and can also raise concerns through their manager or through senior management, including the director.

All staff are regularly informed and consulted about changes and developments within the organisation. As we move into a year of significant organisational change, a corporate change coordinator has been appointed to oversee the process and coordinate communication with staff. Our intranet is also a key tool for consultation, with blogs being used to gather staff feedback on proposed changes.

Information updates are provided to staff through regular all-staff meetings broadcast on internet radio to all Christian Aid offices. Majority World News is the daily staff information bulletin and The Week is a regular update of key news for all employees. A series of lunchtime talks also broadcast to staff worldwide is one of the many initiatives underway to enable continuous learning and knowledge management.

UK-based staff are encouraged to join a trade union and our overseas staff are represented by elected coordinators. Unite and the National Union of Journalists are the recognised unions within Christian Aid and they support members of staff and staff coordinators during key consultations and with employee-relations issues.

Christian Aid holds both Investors in People and Investing in Volunteers awards, in recognition of our performance against good practice standards for relations with staff and volunteers.

Health, safety and security of our staff

In response to the increasing violence against aid workers as reported from trends monitoring by the Aid Worker Security Database,² Christian Aid security management at country level has continued to improve. Our risk-assessment-based approach for field operations, which allows us to identify risks so they can be managed and mitigated, has enabled us to make informed choices regarding acceptable risk with minimal programme disruptions. Efforts are taken to ensure that this culture is sustained and can therefore help to overcome the phenomenon of 'danger habituation'.

Christian Aid's crisis management (CM) systems require regular refreshing and testing to ensure a high level of preparedness. A high level HQ CM simulation exercise has been planned to take place in September 2012.

We are aware of existing gaps between our security provisions and those for partners. We are working closely with other key ACT members to encourage better security cooperation that entails consulting with local partners on their requirements, including specific provisions for security plans. For this to be successful, it will be necessary to help partners determine their security support needs (including through training and capacity building) and to provide the resources to meet those needs.

Diversity and disability

It is Christian Aid's policy to respect the diversity of all employees and volunteers and treat them fairly and equally regardless of characteristics such as physical or mental disability, gender, sexual orientation, race, caste, culture, nationality, ethnic origin, religious belief or age.

Wherever possible we encourage applications from disabled people, help them develop their skills, and take every reasonable measure to adapt our premises and working conditions to enable disabled people to work or volunteer at Christian Aid.



Dame Anne Owers DBE

Chair of the Christian Aid Board of Trustees
18 September 2012

Endnotes

1 More information is available in our Memorandum and Articles of Association (available on request).

2 The Aid Worker Security Database, <https://aidworkersecurity.org>

AUDITORS' REPORT

Independent auditors' report to the members and trustees of Christian Aid

We have audited the financial statements of Christian Aid for the year ended 31 March 2012 which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 22.

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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the company'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

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the trustees' *Annual Report* to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2012 and of the group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter 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 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company 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.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London
20 September 2012

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

FINANCIAL STATEMENTS

Consolidated statement of financial activities

(incorporating an income and expenditure account) for the year ended 31 March 2012

	Notes	2012 Unrestricted funds £'000	2012 Restricted funds £'000	2012 Total funds £'000	2011 Total funds £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations	2	43,744	13,960	57,704	62,199
Institutional grants	3, 19-21	1,177	29,887	31,064	26,984
Activities for generating funds		363	-	363	303
Investment income		575	87	662	932
Incoming resources from charitable activities	4	5,660	-	5,660	4,555
Other incoming resources		-	-	-	28
Total incoming resources		51,519	43,934	95,453	95,001
Resources expended					
Cost of generating funds					
Costs of generating voluntary income	5	11,816	742	12,558	14,532
Fundraising trading: cost of goods sold and other costs	5	41	-	41	46
Investment management costs	5	37	-	37	49
Charitable activities					
Development	5	23,972	21,636	45,608	40,678
Emergencies	5	5,391	18,848	24,239	19,518
Campaigning, advocacy and education	5	10,784	272	11,056	14,156
Governance costs	5	1,258	44	1,302	1,158
Total resources expended		53,299	41,542	94,841	90,137
Net income/(expenditure) for the year		(1,780)	2,392	612	4,864
Other recognised gains/(losses)					
Losses on investment assets	9	(281)	-	(281)	(355)
Actuarial gains/(losses) on defined benefit pension scheme	22	(1,266)	-	(1,266)	3,590
Exchange translation difference arising on consolidation		3	(30)	(27)	(4)
Net movement in funds		(3,324)	2,362	(962)	8,095
Reconciliation of funds					
Total funds brought forward at 1 April		14,984	13,802	28,786	20,691
Total funds carried forward at 31 March	14,15	11,660	16,164	27,824	28,786

All incoming and outgoing resources arise from continuing operations.

There are no recognised gains or losses, or movements in funds, other than those disclosed above.

Balance sheets

as at 31 March 2012

	Notes	Consolidated group		Parent charity	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
Fixed assets					
Tangible fixed assets	8	3,873	2,999	3,850	2,979
Investments	9	16,750	20,456	16,775	20,482
		20,623	23,455	20,625	23,461
Current assets					
Stocks		10	23	-	17
Debtors	10	10,512	5,595	8,749	6,008
Short-term cash deposits		2,172	5,309	2,172	5,309
Cash at bank and in hand		8,586	10,306	6,288	6,372
		21,280	21,233	17,209	17,706
Liabilities					
Creditors: amounts falling due within one year	11	(3,990)	(5,140)	(3,867)	(5,003)
Net current assets		17,290	16,093	13,342	12,703
Net assets excluding pension liability					
Defined benefit pension scheme liability	22	(10,089)	(10,762)	(10,089)	(10,762)
Net assets including pension liability		27,824	28,786	23,878	25,402
Restricted funds					
Appeals and other donations – funds in surplus	15	10,891	11,235	10,328	10,549
Appeals and other donations – funds in deficit	15	-	(23)	-	(23)
Institutional grants – funds in surplus	15	7,412	5,461	4,651	3,655
Institutional grants – funds in deficit	15	(2,139)	(2,871)	(2,139)	(2,871)
Total restricted funds		16,164	13,802	12,840	11,310
Unrestricted funds					
Unrestricted funds excluding pension reserve		21,749	25,746	21,127	24,854
Pension reserve	22	(10,089)	(10,762)	(10,089)	(10,762)
Total unrestricted funds	14	11,660	14,984	11,038	14,092
Total funds		27,824	28,786	23,878	25,402

The financial statements were approved on the authority of the board and signed on its behalf by:



Dame Anne Owers DBE

Chair of the Board of Trustees
18 September 2012

Consolidated cash flow statement

for the year ended 31 March 2012

	2012 £'000	2011 £'000	
Reconciliation of net incoming resources to net cash inflow from operating activities			
Net incoming resources	612	4,864	
Investment income	(662)	(932)	
Depreciation charge	535	433	
Profit on sale of tangible fixed assets	-	(28)	
FRS17 difference between pension contributions and current service costs	(1,939)	(1,475)	
Exchange translation difference arising on consolidation	(27)	(4)	
Decrease/(increase) in stocks	13	(1)	
(Increase)/decrease in debtors	(4,917)	3,361	
Decrease in current liabilities	(1,150)	(1,463)	
Net cash inflow from operating activities	(7,535)	4,755	
Consolidated cash flow statement			
Net cash inflow from operating activities	(7,535)	4,755	
Return on investments and servicing of finance			
Interest received	662	932	
Capital expenditure			
Payments to acquire tangible fixed assets	(1,409)	(459)	
Proceeds from sales of tangible fixed assets	-	87	
Payments to acquire investments	(7,010)	(27,871)	
Proceeds of sale of investments	10,435	25,151	
	2,016	(3,092)	
Cash (outflow)/inflow before use of liquid resources	(4,857)	2,595	
Management of liquid resources			
Decrease/(increase) in short-term deposits	3,137	(4,300)	
Decrease in cash during the year	(1,720)	(1,705)	
Analysis of net funds as shown in the balance sheet and changes during the year			
	As at 1 April 2011	Change in year	As at 31 March 2012
	£'000	£'000	£'000
Cash at bank and in hand	10,306	(1,720)	8,586
Short-term cash deposits	5,309	(3,137)	2,172
Net funds	15,615	(4,857)	10,758

Notes to the financial statements

for the year ended 31 March 2012

1. Accounting policies

a. Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market valuation. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities', published in March 2005, the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 and applicable UK accounting standards.

In the trustees' report there is a review of financial performance and of the charity's reserves position. There are adequate financial resources and the charity is well placed to manage business risks. The planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. It is a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. There are no known material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

The statement of financial activities and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line-by-line basis. No separate income and expenditure account of the charity has been presented, as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The gross income of the charity for the year was £91.2m (2011: £91.3m) and its gross expenditure was £91.2m (2011: £86.4m).

The group accounts include a 100 per cent consolidation of Christian Aid Trading Limited, Christian Aid Ireland Limited (a charitable company registered in Northern Ireland), Christian Aid Ireland Limited (a charitable company registered in the Republic of Ireland) and Christian Aid International (a charitable foundation registered in Spain). The group accounts also include a 71.25 per cent proportional consolidation of The British and Irish Churches Trust Limited, since Christian Aid's interest relates directly to its share of the underlying assets, liabilities and cash flows. Further details of the subsidiaries are given in note 17.

b. Fund accounting

Reserve policies are given on page 41 of the trustees' report. Reserves are either unrestricted or restricted funds.

Restricted funds represent income to be used for a specific purpose as requested by the donor. Income and expenditure on these funds are shown separately within the statement of financial activities and analysed into their main components in note 15.

Unrestricted funds are those that have not had a restriction placed on them by the donor. Designated unrestricted funds are those where the trustees have set aside monies from unrestricted funding for specific purposes. Details can be found in the trustees' report and in note 14.

c. Incoming resources

All incoming resources accruing to the charity during the year are recognised in the statement of financial activities as soon as it is prudent and practicable to do so, when entitled, certain and measurable. Incoming resources from charitable activities refer to contract income, which is recognised as unrestricted income in the period in which the income is earned, is certain of receipt and can be measured with reliability.

Gifts in kind for use by the charity are included in the accounts at their approximate market value at the date of receipt. Gifts in kind for distribution are included in the accounts at their approximate market value at the date of distribution.

Legacy income is included where there is sufficient evidence of entitlement, certainty of receipt and where the amount is measurable. No value is included where a legacy is subject to a life interest held by another party.

d. Resources expended

All expenditure is accounted for on an accruals basis and is classified under headings that aggregate all costs related to that category. The costs of each staff team, including a relevant proportion of support costs allocated on a usage basis, are allocated across the headings of costs of generating funds, charitable activities and governance based on the proportion of time spent on each of these areas of work.

Costs of generating funds comprise the costs incurred in commercial trading activities, investment management costs and fundraising and publicity costs. Fundraising and publicity costs includes the costs of advertising, profile-raising, producing publications and printing and mailing fundraising material, the staff costs in these areas and an appropriate allocation of central office costs.

Costs of charitable activities include direct expenditure incurred through grants to partners and operational activities. Grants to partners are recognised as expenditure when there is a legal or constructive obligation to make the grant. This is usually immediately prior to a payment being made. Grant expenditure also includes grants made through sub-contractors.

Governance costs represent the costs associated with the governance arrangements of the charity, which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity.

Support costs include the central or regional office functions such as facilities management, finance, human resources and information systems.

e. Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5,000 are capitalised at cost. Depreciation is provided in order to write off the cost of tangible fixed assets over their estimated useful economic lives, on a straight-line basis, as follows:

Freehold land	Nil
Freehold properties	50 years
Leasehold properties	5 years
Leasehold improvements	5 years
Office furniture, fittings and equipment	5 years
Motor vehicles	5 years
Computer equipment	4 years

Assets in the course of construction are not depreciated while in construction. Once the construction is completed the cost is transferred to another fixed asset class and depreciated accordingly.

f. Stocks

Stocks consist of educational materials valued at the lower of cost and net realisable value.

g. Pension costs

Defined Benefit Scheme – the amounts charged in the statement of financial activities are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs and other finance costs have been recognised immediately in the statement of financial activities. Actuarial gains and losses are recognised immediately in 'Other recognised gains and losses'. This is in accordance with FRS17, Retirement Benefits.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond. The actuarial valuation is obtained at least triennially and is updated at each balance sheet date. The resulting defined pension scheme asset or liability is shown separately on the face of the balance sheet.

On 30 June 2007 the scheme was closed to new entrants and for future accrual for members.

Defined Contribution Scheme – Christian Aid also operates a defined contribution scheme for employees. The charity's contributions to the scheme are charged in the statement of financial activities in the period in which the contributions are payable.

h. Taxation and irrecoverable VAT

Christian Aid is a registered charity and as such is potentially exempt from taxation of income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year. No tax charge has arisen in the subsidiaries due to their policy of gifting all taxable profits to Christian Aid each year.

In common with many other charities, Christian Aid is unable to recover the majority of VAT that is incurred on purchases of goods and services in the UK. The amount of VAT that cannot be recovered is included within the appropriate underlying cost and was £1.2m for the year (2011: £1.3m).

i. Foreign currencies

Foreign currency balances have been translated at the exchange rate ruling at the balance sheet date. Income and expenditure transactions have been translated at the prevailing rate at the time of the transaction.

j. Related party disclosures

The charity has taken advantage of the exemption, which is conferred by FRS8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.

k. Fixed asset investments

Fixed asset investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising from disposals and revaluations throughout the year.

l. Operating leases

Rentals applicable to operating leases are charged to the consolidated statement of financial activities in the period to which the cost relates.

2. Donations

	2012 Unrestricted £'000	2012 Restricted £'000	2012 Total £'000	2011 Unrestricted £'000	2011 Restricted £'000	2011 Total £'000
Christian Aid Week	11,997	-	11,997	13,442	-	13,442
In Their Lifetime	-	948	948	157	781	938
Denominational appeals	245	1,244	1,489	374	1,189	1,563
Christian Aid humanitarian appeals	-	5,005	5,005	-	5,635	5,635
Disasters Emergency Committee appeals	-	4,105	4,105	-	3,400	3,400
Legacies	7,622	24	7,646	9,888	115	10,003
Regular gifts	16,690	97	16,787	16,598	-	16,598
Other donations	7,190	2,537	9,727	8,379	2,241	10,620
Total donations	43,744	13,960	57,704	48,838	13,361	62,199

Total donations of £57.7m (2011: £62.2m) includes £5.4m of tax recovered through tax efficient giving (2011: £6.5m).

Legacies of which we have been notified but not recognised as income are valued at £8.4m (2011: £6.9m).

Total donations include gifts in kind valued at £531,000 (2011: £258,000).

3. Institutional grants

	Notes	2012 Unrestricted £'000	2012 Restricted £'000	2012 Total £'000	2011 Unrestricted £'000	2011 Restricted £'000	2011 Total £'000
Department for International Development	19	149	12,091	12,240	4,832	4,939	9,771
European Commission		657	5,866	6,523	526	5,228	5,754
Irish Aid		-	3,759	3,759	-	2,720	2,720
USAID		28	108	136	196	877	1,073
Jersey Overseas Aid Commission		-	375	375	-	396	396
Guernsey Overseas Aid Commission		-	115	115	-	155	155
Isle of Man Overseas Aid Committee		-	248	248	-	99	99
Other governments and public authorities		25	3,240	3,265	29	1,326	1,355
Comic Relief	20	6	1,451	1,457	15	578	593
ICCO	21	7	(15)	(8)	-	200	200
Other institutions		305	2,649	2,954	7	4,861	4,868
Total institutional grants		1,177	29,887	31,064	5,605	21,379	26,984

Total institutional grants of £31.1m (2011: £27.0m) includes gifts in kind valued at £2.2m (2011: £2.1m).

4. Incoming resources from charitable activities

	2012 Unrestricted £'000	2012 Restricted £'000	2012 Total £'000	2011 Unrestricted £'000	2011 Restricted £'000	2011 Total £'000
UK government – Department for International Development						
Platform2 youth volunteering contract	-	-	-	2,679	-	2,679
PACS2 civil society programme in India	1,791	-	1,791	668	-	668
CSF civil society programme in DRC	1,903	-	1,903	575	-	575
ENCISS civil society programme in Sierra Leone	1,697	-	1,697	404	-	404
Population Services International						
USAID Aidstar AIDS support and assistance programme in Haiti	267	-	267	229	-	229
Other organisations	2	-	2	-	-	-
Total incoming resources from charitable activities	5,660	-	5,660	4,555	-	4,555

5. Total resources expended

	Grants to partner organisations £'000	Staff costs £'000	Other direct costs £'000	Allocation of support costs £'000	2012 Total £'000	2011 Total £'000
Costs of generating voluntary income	-	5,449	6,582	527	12,558	14,532
Fundraising trading: cost of goods sold and other costs	-	-	41	-	41	46
Investment management costs	-	20	17	-	37	49
Total cost of generating funds	-	5,469	6,640	527	12,636	14,627
Development	25,204	12,094	6,546	1,764	45,608	40,678
Emergencies	20,003	2,673	1,277	286	24,239	19,518
Campaigning, advocacy and education	492	6,264	3,606	694	11,056	14,156
Total charitable activities	45,699	21,031	11,429	2,744	80,903	74,352
Governance	-	742	478	82	1,302	1,158
Total resources expended	45,699	27,242	18,547	3,353	94,841	90,137

The development and emergencies expenditure amounts for the prior year have been adjusted so that they are consistent with the new apportionment model, adopted as part of the implementation of a new programme management system. This has moved £3.8m of costs from development to emergencies.

Grant expenditure analysed by region	2012 £'000	2011 £'000
Africa	20,603	17,989
Asia and the Middle East	15,660	13,495
Latin America and the Caribbean	8,765	7,649
Global	671	655
Total grants to partner organisations	45,699	39,788

All our grants are to organisations, not individuals. Details of grants made are available from the director of Finance and Operations, Christian Aid, 35 Lower Marsh, London SE1 7RL.

Costs of generating funds comprise the costs incurred in commercial trading activities, fundraising and publicity costs and investment management fees. Fundraising and publicity costs include the costs of advertising, profile-raising, producing publications and printing and mailing fundraising material, the staff costs in these areas and an appropriate allocation of support costs.

Charitable activities include expenditure incurred through grants to partners and through operational activities and includes an appropriate allocation of support costs.

Governance costs represent the costs associated with the governance arrangements of the charity, which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity.

Governance costs		2012 £'000	2011 £'000
Internal audit		200	240
External audit		104	86
Trustees' expenses		13	11
Strategic management		985	821
		1,302	1,158
Allocation of support costs	Basis of allocation	2012 £'000	2011 £'000
Facilities management	Headcount	1,469	1,252
Finance teams	Headcount	331	323
Human resources	Headcount	384	509
Information systems	Headcount	1,038	818
Pension scheme and financial management	Headcount	131	557
		3,353	3,459

6. Staff and trustee costs

	2012 £'000	2011 £'000
Staff costs of Britain-, Ireland- and Spain-contracted staff		
Salaries	16,686	16,013
Pension contributions	1,208	1,117
National Insurance contributions	1,737	1,578
Benefits in kind	308	216
Total staff costs (Britain, Ireland and Spain contracts)	19,939	18,924
Staff cost of overseas-contracted staff	6,584	5,499
Total staff costs	26,523	24,423

	2012 FTE	2011 FTE
Staff numbers by location		
Britain-, Ireland- and Spain-based staff	450	442
Overseas-based staff	352	327
Total staff FTE	802	769

FTE = full-time equivalent

Overseas staff includes 18 employees (2011: 21 employees) on Britain, Ireland and Spain contracts based in the charity's overseas offices.

	2012 FTE	2011 FTE
Staff numbers by activity		
Generating funds	136	142
Charitable activities	653	617
Governance	13	10
Total staff FTE	802	769

The emoluments of the director, the highest-paid employee, were £123,729 (2011: £119,123). The director's expenses were £11,754 (2011: £10,255). The most significant element of the director's expenses is the cost of visits to overseas programmes.

6. Staff and trustee costs (continued)

The number of higher-paid staff with emoluments falling in the following ranges were:

	2012	2011
£120,000 to £129,999	1	-
£110,000 to £119,999	-	1
£100,000 to £109,999	-	-
£90,000 to £99,999	-	-
£80,000 to £89,999	4	2
£70,000 to £79,999	-	2
£60,000 to £69,999	7	3

Contributions in the year for the provision of defined contribution pension schemes to higher-paid staff were £90,272 (2011: £69,000).

Trustees' expenses	2012 No. of trustees	2012 £'000	2011 No. of trustees	2011 £'000
Trustees' expenses – parent	18	6	19	6
Trustees' expenses – other group charities	24	12	24	8

No emoluments are paid to trustees. Trustees are reimbursed for their incidental expenses in attending board, executive and other meetings. Additionally, trustees may occasionally visit Christian Aid partners and programmes overseas with costs of such trips being met by the charity. No individual trustee claimed expenses of more than £1,500.

7. Statement of financial activities

Net movement in funds is stated after the following charges:

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Auditors' remuneration				
Fees payable to parent charity's auditors for the audit of the charity's annual accounts	54	53	54	53
Fees payable to parent charity's auditors for the audit of the charity's subsidiaries pursuant to legislation	5	3	-	-
Total audit fees	59	56	54	53
Other services	13	21	13	21
Total fees payable to parent charity's auditors	72	77	67	74
Rental costs in relation to operating leases – land and buildings	101	74	205	205
Investment manager's fee	17	29	17	29

8. Tangible fixed assets

	Central office freehold £'000	Other leasehold/freehold property £'000	Leasehold improvements £'000	Computer equipment £'000	Office furniture, fittings and equipment £'000	Assets in the course of construction £'000	Motor vehicles £'000	Total £'000
Cost								
At 1 April 2011	1,855	287	2,632	3,322	719	1,041	761	10,617
Additions	-	-	9	1,235	103	-	62	1,409
Transfers between categories	-	(15)	-	1,041	-	(1,041)	15	-
At 31 March 2012	1,855	272	2,641	5,598	822	-	838	12,026
Depreciation								
At 1 April 2011	715	81	2,579	3,168	619	-	456	7,618
Transfers between categories	-	(15)	-	-	-	-	15	-
Charge in year	37	7	18	319	36	-	118	535
At 31 March 2012	752	73	2,597	3,487	655	-	589	8,153
Net book value								
At 31 March 2012	1,103	199	44	2,111	167	-	249	3,873
At 1 April 2011	1,140	206	53	154	100	1,041	305	2,999
Held by parent charity	1,103	199	21	2,111	167	-	249	3,850
Held by subsidiaries	-	-	23	-	-	-	-	23

9. Investments

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
As at 31 March				
Gilts – UK	6,955	6,547	6,955	6,547
Fixed-interest securities	850	2,057	850	2,057
Floating-rates notes	2,305	1,405	2,305	1,405
Sterling deposits	6,067	9,947	6,067	9,947
Investment properties	350	350	350	350
Unlisted investments	150	150	150	150
Investments in subsidiary undertakings	-	-	25	26
Programme related investments	73	-	73	-
Total investments	16,750	20,456	16,775	20,482
Movements during the year				
At the beginning of the year	20,456	18,091	20,482	18,116
Cost of acquisitions	7,010	27,871	7,010	27,871
Disposals	(10,435)	(25,151)	(10,435)	(25,149)
Unrealised loss	(281)	(355)	(282)	(356)
Total investments	16,750	20,456	16,775	20,482

Programme related investments consist of a social investment loan to a cooperative in Nicaragua. The trustees are satisfied that making this loan constitutes a programme investment that furthers the objects of the charity.

Investments forming more than five per cent of the investment portfolio (gilts, fixed-interest securities and floating-rates notes) were as follows:

	2012 £'000	2012 %	2011 £'000	2011 %
UK Treasury Government Bond 5.25% 07/06/2012	5,612	55.6	1,956	19.6
KFW FRN 15/02/2013	901	8.8	901	8.9
Skipton Building Society 2% 04/05/2012	850	8.5	503	5.1
West Bromwich 2% 05/04/2012 EMTN	850	8.5	503	5.1
European Investment Bank 4.75% 06/06/2012	492	5.0	820	8.4
UK Treasury Government Bond 5.00% 07/03/2012	-	-	2,011	19.9
UK Treasury Government Bond 3.25% 07/12/2011	-	-	1,255	12.5

10. Debtors

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Payments in advance for Christian Aid Week	405	550	405	550
Other prepayments	376	1,265	308	1,264
Accrued income	6,388	2,265	3,833	2,216
Other debtors	3,343	1,515	3,060	1,009
Amounts due from subsidiary undertakings	-	-	221	259
Amounts due from connected charities	-	-	922	710
Total debtors	10,512	5,595	8,749	6,008

11. Creditors: amounts falling due within one year

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Interest-free loans from supporters	158	158	158	158
Trade creditors	1,296	3,081	1,288	3,053
Deferred income	986	577	986	577
Tax and social security	520	530	507	519
Other creditors	739	571	699	522
Accruals	291	223	229	173
Amounts due to connected charities	-	-	-	1
Total creditors	3,990	5,140	3,867	5,003

Movement on deferred income during the year:

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Balance brought forward	577	287	577	287
Released to income	(577)	(287)	(577)	(287)
Received in year	986	577	986	577
Balance carried forward	986	577	986	577

12. Future commitments

In addition to the amounts shown as creditors in these accounts, there are also commitments to projects that have been accepted in principle by Christian Aid's board and are expected to be recommended for funding in 2012/13.

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Commitments	3,902	14,703	3,902	13,814

Commitments have fallen since 31 March 2011 due to a review of programme priorities being undertaken, following the launch of the new Christian Aid strategy, Partnership for Change.

13. Leasing commitments

As at 31 March 2012 the group had annual commitments under non-cancellable operating leases of:

	Consolidated group		Parent charity	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Operating leases which expire after more than five years				
Land and buildings	83	74	205	205
Other	2	-	-	-
	85	74	205	205

14. Unrestricted funds

	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Transfers £'000	Closing balance £'000
Consolidated group						
Operational reserve	20,000	-	-	-	(3,466)	16,534
General funds	1,914	49,368	(50,325)	(281)	106	782
General funds – Christian Aid Ireland	785	1,757	(2,081)	7	(9)	459
General funds – InspirAction	48	394	(337)	(4)	-	101
Fixed asset fund	2,999	-	(535)	-	1,409	3,873
Pension reserve	(10,762)	-	(21)	(1,266)	1,960	(10,089)
Consolidated group total unrestricted funds	14,984	51,519	(53,299)	(1,544)	-	11,660
Parent charity						
Unrestricted funds excluding pension reserve	24,854	49,287	(50,773)	(281)	(1,960)	21,127
Pension reserve	(10,762)	-	(21)	(1,266)	1,960	(10,089)
Parent charity total unrestricted funds	14,092	49,287	(50,794)	(1,547)	-	11,038

15. Restricted funds

Consolidated group	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Currency translation £'000	Closing balance £'000
In Their Lifetime	834	948	(687)	-	1,095
Denominational appeals	649	1,244	(1,399)	-	494
Christian Aid humanitarian appeals:					
Bangladesh cyclone	215	1	(205)	-	11
Burma cyclone	244	8	(252)	-	-
Democratic Republic of Congo	27	15	(42)	-	-
East Africa drought	134	-	(134)	-	-
East Africa food crisis	-	4,328	(1,287)	-	3,041
Haiti earthquake	4,417	79	(1,765)	-	2,731
Indian Ocean tsunami	53	-	(45)	-	8
Indonesia and Philippines natural disasters	601	5	(363)	-	243
Middle East (Gaza)	334	2	(272)	-	64
Pakistan floods	2,524	70	(1,543)	-	1,051
Philippines typhoon	-	309	(127)	-	182
South Asia floods	279	2	(260)	-	21
Sri Lanka	28	-	(28)	-	-
Sudan (Darfur)	166	1	(167)	-	-
West Africa food crisis	327	23	(350)	-	-
West Africa food crisis 2012	-	242	(41)	-	201
Disasters Emergency Committee appeals:					
East Africa food crisis	-	1,427	(468)	-	959
Haiti earthquake	137	1,723	(1,549)	-	311
Indonesia and Philippines natural disasters	(23)	114	(79)	-	12
Middle East (Gaza)	11	-	(11)	-	-
Pakistan floods	70	841	(881)	-	30
Other donations	185	2,493	(2,241)	-	437
Appeals and other donations – total restricted funds	11,212	13,875	(14,196)	-	10,891
Institutional grants – funds in surplus	5,461	8,762	(6,781)	(30)	7,412
Institutional grants – funds in deficit	(2,871)	21,297	(20,565)	-	(2,139)
Total restricted funds	13,802	43,934	(41,542)	(30)	16,164

15. Restricted funds (continued)

Parent charity	Opening balance £'000	Incoming resources £'000	Resources expended £'000	Currency translation £'000	Closing balance £'000
Appeals and other donations – funds in surplus	10,549	12,509	(12,730)	-	10,328
Appeals and other donations – funds in deficit	(23)	114	(91)	-	-
Institutional grants – funds in surplus	3,655	6,705	(5,709)	-	4,651
Institutional grants – funds in deficit	(2,871)	22,589	(21,857)	-	(2,139)
Total restricted funds	11,310	41,917	(40,387)	-	12,840

16. Analysis of net assets

Fund balances as at 31 March 2012 are represented by:

	Unrestricted funds		Restricted funds	Total
	Designated £'000	Other £'000	£'000	£'000
Consolidated group				
Fixed assets	3,873	-	-	3,873
Investments	-	16,750	-	16,750
Current assets	-	5,116	16,164	21,280
Current liabilities	-	(3,990)	-	(3,990)
Pension liability	(10,089)	-	-	(10,089)
Total net assets	(6,216)	17,876	16,164	27,824
Parent charity				
Fixed assets	3,850	-	-	3,850
Investments	-	16,775	-	16,775
Current assets	-	4,369	12,840	17,209
Current liabilities	-	(3,867)	-	(3,867)
Pension liability	(10,089)	-	-	(10,089)
Total net assets	(6,239)	17,277	12,840	23,878

17. Subsidiary undertakings

The Christian Aid group comprises the parent charity (Christian Aid) and five subsidiary undertakings. The results for the year of the subsidiary undertakings are given below.

Christian Aid Ireland Ltd (Northern Ireland) (CA NI)

A charitable company limited by guarantee, incorporated in Northern Ireland, Christian Aid Ireland (Northern Ireland) was established by the Irish Churches and Christian Aid to develop further the work of Christian Aid in Northern Ireland. Christian Aid Ireland (Northern Ireland) is consolidated on a line-by-line basis in the Christian Aid group financial statements in line with Financial Reporting Standard 2. The Christian Aid Ireland (Northern Ireland) year end was 31 March 2012.

Christian Aid Ireland Ltd (Republic of Ireland) (CA ROI)

A charitable company limited by guarantee, incorporated in Republic of Ireland, Christian Aid Ireland (Republic of Ireland) was established by the Irish Churches and Christian Aid to develop further the work of Christian Aid in Republic of Ireland. Christian Aid Ireland (Republic of Ireland) is consolidated on a line-by-line basis in the Christian Aid group financial statements in line with Financial Reporting Standard 2. The Christian Aid Ireland (Republic of Ireland) year end was 31 March 2012.

Christian Aid International (CA INT)

A charitable foundation registered in Spain, Christian Aid International operates under the brand name InspirAction, with the objective of raising awareness of and funds for some of the world's poorest and most marginalised communities. Christian Aid is the sole member with authority to appoint and remove trustees from the foundation. Christian Aid International is consolidated on a line-by-line basis in the Christian Aid group financial statements in line with Financial Reporting Standard 2. The Christian Aid International year end was 31 March 2012.

The British and Irish Churches Trust Ltd (BICT)

A charitable company limited by guarantee, incorporated in England and Wales, which owns Interchurch House on behalf of Christian Aid and Churches Together in Britain and Ireland (CTBI). The year end of this company was 31 December 2011, the date of CTBI's year end. The figures below represent Christian Aid's 71.25 per cent interest. The reserves retained within BICT are related to the management of Interchurch House.

Christian Aid Trading Ltd (CAT)

A company limited by share capital, incorporated in England and Wales. Its two shares are held by Christian Aid. Christian Aid Trading Ltd carries out the trading and commercial promotional activities of Christian Aid, the incorporated charity. The net taxable profit is transferred by Gift Aid to Christian Aid. The Christian Aid Trading Ltd year end was 31 March 2012.

	2012 CA NI £'000	2012 CA ROI £'000	2012 CA INT £'000	2012 BICT £'000	2012 CAT £'000	2011 CA NI £'000	2011 CA ROI £'000	2011 CA INT £'000	2011 BICT £'000	2011 CAT £'000
Total incoming resources	3,247	4,839	419	515	321	3,185	3,748	695	517	299
Total resources expended	(3,356)	(4,198)	(362)	(515)	(46)	(3,143)	(3,770)	(756)	(517)	(30)
Net incoming resources	(109)	641	57	-	275	42	(22)	(61)	-	269
Revaluation on translation	-	(23)	(4)	-	-	-	(6)	-	-	-
Gift aided to Christian Aid	-	-	-	-	(275)	-	-	-	-	(269)
Retained surplus/(deficit) for the year	(109)	618	53	-	-	42	(28)	(61)	-	-
Total assets	1,536	3,514	146	51	308	1,924	2,560	114	58	310
Total liabilities	(687)	(557)	(18)	(37)	(283)	(966)	(220)	(39)	(44)	(285)
Total funds	849	2,957	128	14	25	958	2,340	75	14	25

18. Derivatives not included at fair value

Christian Aid uses derivative financial instruments to manage our exposure to foreign currency exchange risks, including foreign exchange forward contracts. The fair value of these instruments is calculated at the balance sheet date by comparison between the rate implicit in the contract and the exchange rate at that date.

At 31 March 2012 Christian Aid had commitments to buy

US\$12.0m in foreign exchange forward contracts with an unrealised loss of £241,000 (2011: commitments to buy US\$11.0m in foreign exchange forward contracts with an unrealised loss of £184,000 (fair value calculated as at 31 March 2011)).

At 31 March 2012 Christian Aid had commitments to buy 50.7m Indian rupees in foreign exchange forward contracts with an unrealised loss of £51,000 (2011: no commitments to buy Indian rupees in place).

19. Department for International Development funding

In the year ended 31 March 2012 grants totalling £12.2m (2011: £9.8m) were received by Christian Aid from the Department for International Development, as follows:

	2012 Unrestricted £'000	2012 Restricted £'000	2012 Total £'000	2011 Total £'000
Programme Partnership Arrangement	-	7,256	7,256	5,200
Building Disaster Resilient Communities	-	-	-	264
Consortium of British Humanitarian Agencies (CBHA)	28	416	444	557
Power to the People	-	1,183	1,183	967
For specific programmes in:				
Burma	-	853	853	1,099
Democratic Republic of Congo	99	(99)	-	727
Ghana	-	-	-	74
India	-	544	544	482
Malawi	-	980	980	-
Zimbabwe	22	958	980	401
	149	12,091	12,240	9,771

Expenditure for the Governance and Transparency Fund (GTF301) Power to the People in the year ended 31 March 2012 amounted to £1.1m (2011: £922,000).

20. Comic Relief funding

In the year ended 31 March 2012 grants totalling £1.5m (2011: £593,000) were received by Christian Aid from Comic Relief, as follows:

	2012 Unrestricted £'000	2012 Restricted £'000	2012 Total £'000	2011 Total £'000
Asia Regional Programme	5	108	113	49
People Living Positively	-	307	307	-
For country programmes in:				
Angola	-	121	121	128
Brazil	2	(2)	-	25
Ghana	5	120	125	391
Kenya	(6)	453	447	-
Sudan	-	344	344	-
	6	1,451	1,457	593

21. ICCO funding

Consolidated group	Opening balance	Incoming resources	Resources expended			Closing balance
	£'000	£'000	Salaries £'000	Other costs £'000	Grants to partners £'000	£'000
ACT Central Asia (Tajikistan)	24	(8)	-	-	-	16
CSO Capacity Strengthening	115	-	(19)	(24)	-	72
Ecumenical Climate Justice Advocacy	5	-	-	(5)	-	-
Malawi	156	-	(10)	(2)	(144)	-
Total ICCO funding	300	(8)	(29)	(31)	(144)	88

ICCO is an interchurch organisation for development cooperation based in the Netherlands.

22. Pensions

Christian Aid operates a defined benefit (final salary) funded pension scheme, contributes to a defined contribution pension scheme and participates in The Pensions Trust Growth Plan.

a. Defined benefit (final salary) funded pension scheme

The scheme is closed to future accrual but has retained a salary link for active members.

(i) The amounts recognised in the balance sheet are as follows:

	2012 £'000	2011 £'000
Present value of funded obligations	(43,850)	(41,261)
Fair value of plan assets	33,761	30,499
Deficit	(10,089)	(10,762)

Amounts in the balance sheet:

	2012 £'000	2011 £'000
Liabilities	(10,089)	(10,762)
Assets	-	-
Net liability	(10,089)	(10,762)

(ii) Changes in the present value of the defined benefit obligation are as follows:

	2012 £'000	2011 £'000
Opening defined benefit obligation	41,261	43,522
Current service cost	130	113
Interest on obligation	2,256	2,374
Actuarial losses/(gains)	1,077	(3,903)
Benefits paid	(874)	(845)
Defined benefit obligation at end of year	43,850	41,261

(iii) Changes in the fair value of the scheme assets are as follows:

	2012 £'000	2011 £'000
Opening fair value of scheme assets	30,499	27,695
Expected return	2,165	2,002
Actuarial gain/(loss)	(189)	(313)
Employer contributions	2,160	1,960
Benefits paid	(874)	(845)
Fair value of scheme assets at the year end	33,761	30,499

The employer expects to contribute £2,220,000 to the scheme for the year starting 1 April 2012. The current arrangements as regards to contribution levels are described in the Schedule of Contributions dated 15 December 2009.

(iv) The amounts included within the statement of financial activities are as follows:

	2012 £'000	2011 £'000
Current service cost	(130)	(113)
Past service cost	-	-
Expected return on scheme assets	2,165	2,002
Interest on obligation	(2,256)	(2,374)
Total amount charged within net incoming/(outgoing) resources	(221)	(485)
Actuarial gain/(loss)	(1,266)	3,590
Total amount charged to the statement of financial activities	(1,487)	3,105

	2012 £'000	2011 £'000
Net cumulative actuarial losses since 1 April 2002	14,360	13,094

(v) The major categories of scheme assets by value and as a percentage of total scheme assets are as follows:

	Value at 31 March 2012 £'000	Proportion %	Value at 31 March 2011 £'000	Proportion %
Equities	22,068	65%	19,629	64%
Bonds	11,364	34%	10,651	35%
Cash	329	1%	219	1%
	33,761	100%	30,499	100%

The scheme holds quoted securities and these have been valued at bid-price. The corresponding amounts from previous years are not valued at bid-prices and have not been restated. The scheme assets do not include investments issued by Christian Aid nor any property occupied by Christian Aid. The overall expected rate of return on the scheme assets has been based on the average expected return for each asset class, weighted by the amount of assets in each class.

	2012 £'000	2011 £'000
The actual return on the scheme assets in the year	1,976	1,689

(vi) Principal assumptions at the balance sheet date (expressed as weighted averages):

	2012	2011
Discount rate	4.60%	5.50%
Rate of increase in salaries	4.60%	4.90%
Rate of increase of pensions: LPI 5%	2.20%	2.90%
Rate of revaluation of deferred pensions in excess of the Guaranteed Minimum Pension	3.10%	3.40%
Inflation assumption – Retail Price Index	3.10%	3.40%
Inflation assumption – Consumer Price Index	2.20%	2.90%
Expected return on scheme assets at as the beginning of each period presented	6.93%	7.09%
The mortality assumptions adopted at 31 March 2012 imply the following life expectancies:		
	2012 Years	2011 Years
Male retiring at age 65 in 2012	23.1	22.4
Female retiring at age 65 in 2012	24.9	24.2
Male retiring at age 65 in 2032	25.4	24.6
Female retiring at age 65 in 2032	26.8	26.1

(vii) The amounts for the current and previous periods are as follows:

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(43,850)	(41,261)	(43,522)	(30,295)	(33,257)
Scheme assets	33,761	30,499	27,695	20,339	22,958
Surplus/(deficit)	(10,089)	(10,762)	(15,827)	(9,956)	(10,299)
Experience gain/(loss) on scheme liabilities	1,661	-	313	520	(7)
Actual return less expected return on scheme assets	(189)	(313)	4,945	(5,311)	(2,404)

b. Defined contribution pension scheme

The total cost of the defined contribution pension scheme to the charity was £946,631 (2011: £856,885). There were no outstanding or prepaid contributions at 31 March 2012.

c. The Pensions Trust Growth Plan

The Pensions Trust Growth Plan is a multi-employer pension plan, which is in most respects a money purchase arrangement but has some guarantees. The pension guarantees create a defined benefit pension obligation. Following a change in legislation in September 2005, there is a potential debt owed by participating employers of the growth plan in the event that an employer ceases to participate in the scheme or the scheme winds up at a time when it is not fully funded on a buy-out basis. At this point in time the trustee does not intend to wind up the growth plan. Following an actuarial valuation of the growth plan as at 30 September 2011, the updated estimated employer debt on withdrawal for Christian Aid as at 30 September 2011 was £700,000 (30 September 2010: £829,000).

REFERENCE AND ADMINISTRATIVE DETAILS

Details for the year ended 31 March 2012

BOARD OF TRUSTEES

Chair

Anne Owers^{2,4}

Vice-chair

Kumar Jacob^{3,4}

Other trustees

John Davies
Robert Fyffe²
Carolyn Gray^{3,4}
Victoria Hardman (joined November 2011)
Tom Hinton¹
Phil Hodkinson¹ (until November 2011)
Gillian Kingston
Michael Langrish (until March 2011)
Alan McDonald (joined November 2011)
George McSorley (until September 2011)
Morag Mylne
Wilton Powell
Alastair Redfern
Brian Ridsdale^{1,4}
Charlotte Seymour-Smith⁴
Graham Sparkes
Paul Spray
Bridget Walker
Trevor Williams

Committee advisers

Duncan Brown^{3,4}
Gerard Gallagher¹ (joined September 2011)
Phil Hodkinson¹ (joined November 2011)
Linda Holbeche³
Jenine Langrish¹
Graham O'Connell³
Karen West³

1 Member of finance and audit committee

2 Member of nominations and procedures committee

3 Member of organisational development and performance advisory committee

4 Member of remuneration committee

EXECUTIVE OFFICERS

Director

Loretta Minghella

Associate directors

Martin Birch – Finance and Operations
Martin Kyndt – Organisational Development and Strategy
Jude Mackenzie – Advocacy and Communications (until August 2011)
David Pain – Supporter and Community Partnerships
Paul Valentin – International

REGISTERED OFFICE

Interchurch House
35 Lower Marsh
London SE1 7RL

PROFESSIONAL ADVISORS

Auditors

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Solicitors

Bates Wells & Braithwaite
2-6 Cannon Street
London EC4M 6YH

Gregory Rowcliffe Milners
1 Bedford Row
London WC1R 4BZ

Bankers

The Co-operative Bank plc
1 Balloon Street
Manchester M60 4EP

Investment managers

F&C Management Ltd
Exchange House
Primrose Street
London EC2A 2NY

Epworth Investment
Management Limited
9 Bonhill Street
London EC2A 4PE

Investment and pension advisors

Lane, Clark, Peacock LLP
30 Old Burlington Street
London W1S 3NN

LEGAL STATUS

Christian Aid is a registered charity (no. 1105851) and is a company limited by guarantee, registered in England and Wales (no. 5171525). Christian Aid is registered in Scotland under charity no. SC039150. Christian Aid Trading Limited is a wholly owned subsidiary company limited by share capital, registered in England and Wales (company no. 1001742).

Christian Aid Ireland is registered in Northern Ireland under charity no. XR94639 and company no. NI059154 and a separate company but sharing the same name operates in the Republic of Ireland under charity no. CHY 6998 and company no. 426928.

The British and Irish Churches Trust Limited is a charitable company limited by guarantee, registered in England and Wales (charity no. 213148, company no. 472409) in which Christian Aid has a 71.25 per cent interest. Christian Aid International is a foundation registered in Spain (foundation number G-64979693).

FURTHER INFORMATION AND CONTACT DETAILS

To find out more about our work, please visit our websites:

christianaid.org.uk
christianaid.org.uk/scotland
christianaid.org.uk/cymru
christianaid.ie
christianaid.org.uk/learn
christianaid.org.uk/povertyover
surefish.co.uk
presentaid.org
inspiraction.org
netsnow.org
christianaid.org.uk/annualreport
 or email us at: info@christian-aid.org

If you have any comments or queries about our *Annual Report*, please let us know at info@christian-aid.org or phone us on +44 (0)20 7523 2225

CENTRAL OFFICE

35 Lower Marsh
 Waterloo
 London SE1 7RL
 Tel: +44 (0)20 7620 4444

INTERNATIONAL DEPARTMENT

Head of Africa

Karimi Kinoti

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POLICY AND PUBLIC AFFAIRS DEPARTMENT

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FINANCE AND OPERATIONS DEPARTMENT

Head of Finance

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ORGANISATIONAL DEVELOPMENT AND STRATEGY

Head of Organisational Development

Maria Farres

Corporate Strategy and Performance Manager

Sarah Ewans

HR Services Manager

Yewande Ifebogun

NATIONAL OFFICES

Scotland

Head of Christian Aid Scotland

Kathy Galloway
 Christian Aid
 First floor Sycamore House
 290 Bath Street
 Glasgow
 G2 4JR
 Email: glasgow@christian-aid.org
 Tel: +44 (0)141 221 7475

Wales

Head of Christian Aid Wales

Jeff Williams
 Christian Aid
 5 Station Road
 Radyr
 Cardiff CF15 8AA
 Email: cardiff@christian-aid.org
 Tel: +44 (0)29 2084 4646

Northern Ireland

Chief Executive

Christian Aid Ireland
 Rosamond Bennett
 Christian Aid
 Linden House
 Beechill Business Park
 96 Beechill Road
 Belfast BT8 7QN
 Email: belfast@christian-aid.org
 Tel: +44 (0)28 9064 8133

Republic of Ireland

Chief Executive

Christian Aid Ireland
 Rosamond Bennett
 Christian Aid
 17 Clanwilliam Terrace
 Grand Canal Quay
 Dublin 2
 Email: dublin@christian-aid.org
 Tel: +353 1611 0801

Spain

Head of Office

Jorge Chiara
 InspirAction
 Av. Burgos 39
 6 dcha
 28036 Madrid
 Tel: +34 902 027 077

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ACKNOWLEDGEMENTS

All of Christian Aid's work is based on the spirit of cooperation and partnership. We would like to express our sincere thanks to the many organisations and individuals who make our work possible. Together we strive to be part of a worldwide movement of people committed to eradicating poverty and social injustice.

We want to give special thanks to the following supporters.

Individual supporters

This movement includes the many hundreds of thousands of supporters who contribute to our work in a multitude of ways – as individual donors, campaigners, collectors, local and national committee members, or through local churches.

We would like to thank our specialist volunteers who have significantly extended the reach of our work by speaking, taking lessons and assemblies, writing media articles, helping in our offices, undertaking research and translation work, organising events and much more.

We would also like to extend a special thank you to a small group of supporters who have made an extraordinary commitment over five years to In Their Lifetime. The campaign will enable Christian Aid to respond in innovative ways to increase the scope of some of our most effective work.

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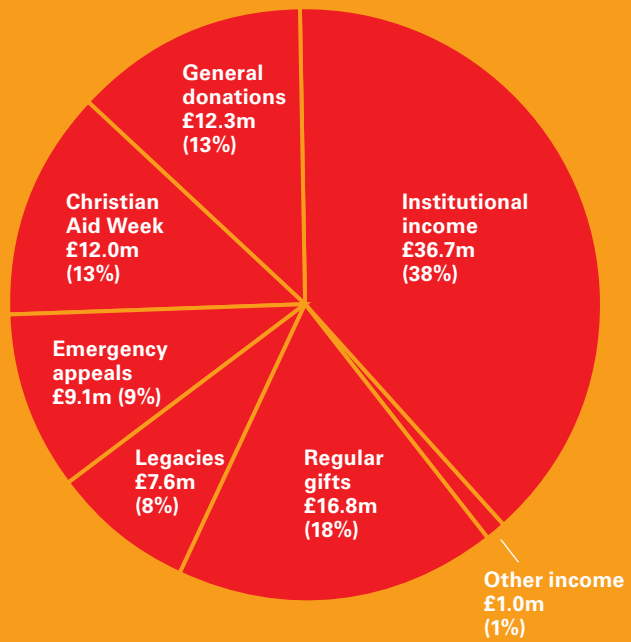
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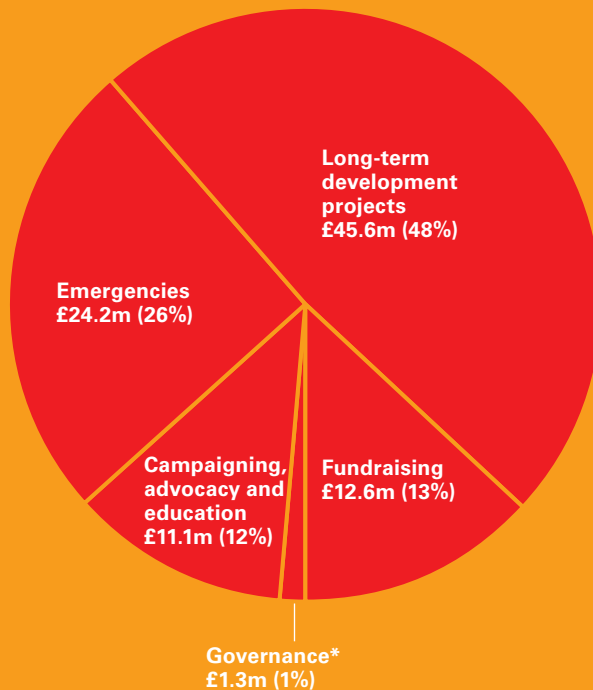
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Total income: £95.5 million



Total expenditure: £94.8 million



*Governance costs are costs associated with the general running of the charity, as opposed to those costs associated with fundraising or charitable activity.

Christian Aid is a Christian organisation that insists the world can and must be swiftly changed to one where everyone can live a full life, free from poverty.

We work globally for profound change that eradicates the causes of poverty, striving to achieve equality, dignity and freedom for all, regardless of faith or nationality. We are part of a wider movement for social justice.

We provide urgent, practical and effective assistance where need is great, tackling the effects of poverty as well as its root causes.

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