CAF VENTURESOME
Impact report 2018
Social investment powered by philanthropy

www.venturesome.org
WELCOME

We’re delighted to share our latest impact report with you.

In a few short pages, you’ll get an introduction to the world of social investment and just a glimpse of the impact and change that can be achieved when social enterprises, charities and philanthropists work together.

I’m extremely proud of what we have achieved since we launched in 2002 and excited when I think about the possibilities for the future.

I hope you find this impact report useful, engaging and, above all, inspiring.

Holly Piper
Head of CAF Venturesome

ABOUT CAF VENTURESome

Our mission is to provide social enterprises and charities with the affordable, repayable finance they need to sustain and grow their social impact.

583 SOCIAL INVESTMENTS MADE
457 SOCIAL ORGANISATIONS
£48m COMMITTED TO DATE
130 GENEROUS FUNDERS

At CAF Venturesome, we make social investment straightforward.

We’re dedicated to helping social enterprises and charities secure the affordable, flexible loans and other social investment they need to sustain and grow their social impact.

We believe that partnership is the only way to work.

We’ve supported hundreds of social enterprises and charities across the UK and overseas. And our team’s experience, specialist expertise and collaborative approach means many of our clients come back to us time and time again.

Find out more about our work at www.venturesome.org
**By 2020 We Will**

- Manage a growing portfolio of 150 loans
- Make 50 affordable loans to social enterprises and charities through our Development Fund
- Make 10 loans from our Community Land Trust Fund enabling new affordable homes to be built
- Support start-up social enterprises through our SE-Assist Fund in Wales and other regions
- Improve awareness of CAF Venturesome and build our network of engaged philanthropists to increase funds under management to £25m
- Provide our investees with more than money, offering extra support with governance and financial management
- Develop new social investment products to meet investee needs
- Expand our social investments to overseas projects
- Continue to invest in our people and our systems

**Our Goal**

Stronger social organisations sustaining and growing their social impact

- Effective Partnerships
  - Through the support of engaged funders, social organisations have greater access to the right affordable repayable finance and dedicated support

- Genuine Support
  - Social organisations can be more resilient and more innovative with greater impact

- Shared Expertise
  - CAF Venturesome is at the heart of the social investment market

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WHAT IS SOCIAL INVESTMENT?

Social investment is the use of money to achieve a social, as well as a financial, return. By social, we mean an intentional positive impact; by financial, we mean the return of at least most of the capital invested, possibly with a small financial upside.

We believe that social investment can be a powerful tool to support organisations in the following ways:

- **Affordable and flexible repayable finance** can be used by social organisations to ease cashflow, develop new services or purchase assets – all of which can play an important part in sustaining and growing an organisation’s impact.

- **Taking on investment, and the feedback and challenges that come with the investing process, can bring discipline, rigour and transparency to an investee organisation** – resulting in a more resilient organisation that ultimately has greater impact.

- **Social investment recycles capital** – enabling many more organisations to be supported with one pot of capital – making it attractive for funders who want to complement their grants and donations.

- **It is an attractive source of funding for social organisations that struggle to access finance from banks, due to the lack of physical assets, such as property, that can be secured as collateral.**

Social enterprises and charities have a greater need for capital than ever before. The challenging economic climate, combined with strained public sector funding, means that they need to diversify income to ensure they can continue to deliver their social activities.

A social investment is not a grant or a donation; it’s a loan to be repaid with interest. It’s not suitable for every organisation, but our experienced team helps applicants make the right choice.

### TRADITIONAL PHILANTHROPY

- **£100,000**

### SOCIAL INVESTMENT

- **£100,000**

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One-off donation

Social Investment

Investment/Repayment cycle

CAF Venturesome
WHAT WE DO

We are the social investment team of Charities Aid Foundation, known as CAF. CAF exists to make giving go further, to transform more lives and communities around the world.

CAF is a charity and a champion for better giving, and for over 90 years we've been helping donors, companies, charities and social organisations to make a bigger impact.

CAF Venturesome is funded by philanthropic capital specifically given to drive social impact.

Our average social investment is deliberately lower than that of some other funds, as we focus on making small social investments into social enterprises and charities needing less than £150,000 of affordable, repayable finance.

As one of the first social investment funds in the UK, established in 2002, we’ve built a wide network of contacts, which we use to help our customers. We work with charitable organisations of all shapes and sizes, including social enterprises with a charitable purpose.

We continue to be one of the most active social investors at the heart of the sector. We ensure its continued development by sharing our expertise through events and research.

Our experienced team, with backgrounds in the commercial, financial and charitable sectors, offers social organisations a great customer experience with a straightforward approach to social investment.

Meet the team at www.cafonline.org/venturesometeam

HOW IT WORKS

We offer a range of social investment products, including unsecured loans and social impact bonds, through our Development Fund. We have a specialist community housing fund, CLT Fund, and a place-based fund, SE-Assist, in Greater Brighton, Croydon and Wales. You can find more information on our social investment activities, portfolio, and specialist funds on our website: www.venturesome.org

Applying for a social investment loan can seem a daunting task. The CAF Venturesome team works in partnership with social enterprises and charities to make the process as straightforward and painless as possible. Here’s our simple five step process:

1 DISCUSS
We’ll give you a call to talk through your needs to make sure social investment is the right option for your organisation.

2 REVIEW
We then review your organisation’s finances and projections.

3 VISIT
We pay you a visit to meet you and your trustees. We’ll discuss your plans, social impact, governance and management.

4 APPLY
We write your application for you.

5 DECISION
Our investment committee will review your application and we’ll let you know our decision right away.

Each of our customers is unique, so we’ll make sure you have the help you need – and guide you to the funds that are right for you.

Meet the team at www.venturesome.org
WHO SUPPORTS US?

We are funded by philanthropic capital. Our funders are individuals and their families, grant-making trusts and corporate foundations. They have played a vital role in piloting social investment, either directly or by financially supporting several of the early social investment funds, including CAF Venturesome.

The growth of social investment and in particular the potential of bringing in more responsible, sustainable and impact-driven capital has been genuinely transformative.

Much of this growth has been dependent on the catalytic and risk-taking role philanthropic capital plays in so many different ways – whether it’s blended finance, funding for additional support to investees or impact-focused, high-risk social investments.

We are very grateful to our funders who actively embrace the concept of social investment as a way to maximise the impact of their money and accept the associated risks. We couldn’t do what we do without them.

If you’re interested in multiplying the impact of your philanthropy visit: www.cafonline.org/social-investment

WHERE DOES THE MONEY GO?

Since 2002 we have funded 583 social investments in the UK and internationally, investing £48m to transform lives and communities around the world.

“Back in 2002 CAF Venturesome came up with the novel idea that you could lend money to charities on a considered basis in a portfolio. Rather than giving a pound away once, you could multiply your giving and make that pound work five, six, seven, eight times. I became an early funder of a pool of loans that CAF Venturesome would make and continue to support their innovative way of achieving my philanthropic goals.”

Sir Harvey McGrath, philanthropist, Chair of Big Society Capital and supporter of CAF Venturesome since 2004

The case studies in this report feature icons illustrating which of the 17 Sustainable Development Goals (SDGs) they are working towards. Although the SDGs are mainly directed at governments and international NGOs, the UN acknowledges the importance of social organisations working towards these goals. More information can be found here: https://www.un.org/sustainabledevelopment/sustainable-development-goals/
TRANSFORMING LIVES: TOM’S STORY

This is a story of how one man’s life has been transformed by three social organisations that CAF Venturesome has supported with social investment.

Thomas, a British citizen who had been living without official papers in the U.S. since he was a child, was deported from the U.S. in 2015 after serving a short prison sentence for drug possession. He was put on a plane and wished “good luck” by two marines – that was the extent of the support he received.

Getting off the plane at Heathrow, Thomas found himself alone in London and so had to beg for money for food. His situation deteriorated rapidly. “Having nowhere to lay your head is one of the scariest things in the world,” he says. “In a country where it’s cold and raining, what do you do? When I landed in London, my first thought was to go and jump in the Thames.”

Luckily for Thomas he was helped by Prisoners Abroad.

“Prisoners Abroad is such a great organisation to be part of – there aren’t many places where the work you do saves lives, changes lives and opens doors into a new future. With support from CAF Venturesome we will be able to continue making a real difference for so many people.”

Pauline A. Crowe, Chief Executive

Thomas was then connected with Old Spike Roastery and its sister company Change Please. Their founders believe that the nation’s love of coffee is so strong – it could be just what we need to end homelessness once and for all. Both social enterprises generate income from selling coffee to train and employ people who have been affected by homelessness.

Thomas began by working part-time at Old Spike Roastery and now works full-time in the new café and has a Change Please coffee cart in London’s Borough Market and Victoria Market. He earns London Living Wage, has a flat, paid holidays and plans for the future. He even has his own blend of Change Please coffee, “Tom’s Blend”, sold in Sainsbury’s all over the country. He says he now knows what happiness feels like for the first time in years.

How a £290,000 social investment by
CAF Venturesome drives huge impact and growth

2016
£150,000 helped Prisoners Abroad invest in a larger office and expanded fundraising team.

2017
£40,000 enabled Old Spike Roastery to buy a larger coffee roaster to increase production and work with more homeless people.

£50,000 enabled Old Spike Roastery to refurbish and open a new café in Southwark Town Hall.

£50,000 supported Change Please to purchase more coffee carts, offering more training and employment opportunities.

“Prisoners Abroad is such a great organisation to be part of – there aren’t many places where the work you do saves lives, changes lives and opens doors into a new future. With support from CAF Venturesome we will be able to continue making a real difference for so many people.”

Pauline A. Crowe, Chief Executive
CAF Venturesome is proud to support Hubbub, which uses a positive, sociable and collaborative approach to communicate the importance of environmental issues, focusing on four themes: food, fashion, homes and neighbourhood.

We made our first social investment of £52,000 to Hubbub in 2015, when we helped the charity grow by enabling it to invest in a new website and an impact measurement framework. Later, in 2016, we provided Hubbub with a £100,000 loan, enabling it to invest in its social media activities.

The impact of our loans has meant that Hubbub has:
- delivered 56 campaigns
- partnered with over 700 organisations
- transformed the lifestyle of 2,122 people
- engaged 140,508 people in behaviour change
- inspired 15.1 million people to think differently about environmental issues
- generated a media reach of 1.415 billion
- created a vlog which has 3,613 subscribers with over 2.7 million views.

Before the Development Fund was launched, we made 314 social investments through pioneering funds such as the CAF Social Impact Fund and high risk, innovative lending options.

For up-to-date interest rates and our loan calculator, please visit our website www.cafonline.org/dev-fund
PROMOTING EQUALITY IN AFRICAN SCHOOLS (PEAS)

In Sub-Saharan Africa, just one in four children has access to secondary education. PEAS was set up to change this by creating a world where all children enjoy an education that unlocks their full potential.

PEAS is one of the leading providers of non-state secondary education in Africa. It used international fundraising for the costs of building a new school, and an innovative partnership with the Ugandan government to cover its operating expenses. This makes tuition highly affordable, enabling the poorest children in Uganda to study at PEAS schools.

In 2016, CAF Venturesome made a £240,000 loan to PEAS, enabling it to sustain and grow its impact, expanding its schools network to cater for 25,000 children by 2019.

PEAS has not only achieved scale – educating 15,000 students in Uganda and Zambia – but also quality: the organisation enables disproportionately vulnerable students (52% of whom are girls/60% from the poorest households) to achieve grades above the national average. Its schools are ranked in the top 25% of secondary schools in Uganda.

Next steps: CAF Venturesome is working with the London School of Economics on understanding how social investment can better support international development organisations – with the intention of publishing our report in late 2018, and leading to further work in this sector.

“This support from CAF Venturesome protects our cash position through a period of uncertain funding. It will allow PEAS to make long-term investment decisions which in turn will ensure our ability to grow our impact further in the coming years.”

John Rendel, Founder/CEO
SOCIAL IMPACT BONDS

A Social Impact Bond (SIB) is a contract between a social organisation and an outcomes funder, usually a government agency. The contract sets out at the beginning what the expected social outcomes are and what will be repaid when they are successfully achieved. However, the social organisation needs to raise working capital before it can start the project.

CAF Venturesome has selectively supported SIBs across the UK, since the first SIB in 2011, to help transform the lives of people in desperate need. We do this by working in partnership with other social investors to offer the, often large scale, necessary finance.

The SIBs we have supported have included projects tackling issues such as homelessness, unemployment, mental health, drug and alcohol addiction; and offering accommodation, education, training, and employment to vulnerable people of all ages.

SOCIAL IMPACT BOND CASE STUDY

In the UK homelessness affects about 60,000 young people (18-24) every year. Many of these young people have complex needs and often fall through the gap of support available to children and older adults.

In 2014 St Basil’s, a homelessness charity in the West Midlands, needed to raise £1.03M to deliver a programme to help young people who were homeless or at risk of homelessness. The programme, Fair Chance Rewriting Futures, was financed by a Social Impact Bond commissioned by the Government.

CAF Venturesome was one of five social investors; committing 12% (£125,000) of the working capital to run the project.

St Basil’s delivered this programme by providing a community-based group of support workers, from diverse backgrounds and professions, to help up to 300 young people find secure accommodation and move into further education, training and employment. The project ran from 2015 to 2018 with the following outcomes:

- 250 young people moved into stable accommodation
- 200 had access to further education or training
- 75 young people found a job.

This innovative programme was one of the first SIBs to demonstrate the benefits of this approach to youth homelessness, leading to further government investment. Our social investment was repaid in full, enabling us to use the funds again for other projects.
Our SE-Assist Fund helps social organisations with a clear social or environmental impact that have an annual turnover of less than £500,000 and are working towards a sustainable business model.

We offer interest-free loans of up to £30,000 repayable over three years to help social organisations with cashflow to build long-term sustainability or development finance to help them grow. Working with our local delivery partners, we offer our investees access to a bank of experts and an experienced mentor who provides business experience and guidance.

Based on collaborative partnerships between business, the public sector, and community stakeholders, the investment decisions are made by a locally-based committee, ensuring support is responsive to needs in the community.

“HISBE is proud and grateful to count CAF Venturesome as a key supporter at every stage of our journey, from idea to growth. Their investment and their mentorship have been invaluable.”

Amy Anslow, Co-Founder, HISBE

HISBE, founded by sisters Ruth and Amy Anslow, is an innovative supermarket, powered by local people, community spirit and a social enterprise model.

HISBE created a unique product range based on fair, responsible and sustainable sourcing and trading. They champion Sussex farmers and local producers. They offer hundreds of products loose so that customers can avoid single-use plastic.

In 2012, HISBE needed to raise £200,000 to open their pilot store in Brighton and the management team applied to CAF Venturesome’s first SE-Assist Fund for an interest-free loan of £10,000. They secured this social investment, alongside mentoring support and introductions to other local social enterprises. This helped them leverage the rest of the start-up money and in 2013 their first store opened.

The HISBE Pilot Store, trading for nearly 5 years, has turned over £5.5 million, serves 4,000 customers a week, employs 15 people, and supports over 90 local suppliers – and it’s commercially viable. Now they’re ready to replicate – thanks in part to an additional £60,000 social investment from CAF Venturesome’s Development Fund. They have plans for a resilient chain of 10 local stores in Sussex to scale-up their suppliers, and make good food more accessible for 30,000 local people.

“HISBE is proud and grateful to count CAF Venturesome as a key supporter at every stage of our journey, from idea to growth. Their investment and their mentorship have been invaluable.”

Amy Anslow, Co-Founder, HISBE
The lack of affordable housing is a widespread problem with many people unable to buy a home in the community where they live and work.

Community Land Trusts (CLTs) are community groups that develop and own assets, including permanent affordable housing, in areas where low income families couldn’t otherwise afford to live – be it the rural beauty spots of Devon and Cornwall to the busy city centres of Bristol or London.

Pioneering investment in the sector, CAF Venturesome has managed specialist social investment funds for Community Land Trusts since 2008. Our current CLT Fund provides both at-risk, early-stage loans for community housing schemes to gain planning permission, and development finance to support the construction of affordable homes.

When we launched our first CLT Fund in 2008, there were only 16 CLTs in the country. Now, there are 290 CLTs, from St Ives to Cumbria. But commercial lenders are still nervous about operating in this area as they consider CLT schemes too risky, and we remain the only social investor providing much-needed, but high-risk, pre-planning repayable finance nationwide.

Next steps: We will shortly publish a major piece of research into community-led housing groups and their demand for repayable finance and support. This research will help to shape our future funds (the current fund is due to close in summer 2019).

Families in Cornwall have suffered in recent years as people buying second holiday homes have priced local people out of the market.

Cornwall CLT is one of the most progressive and successful community land trusts in England, delivering or enabling over 150 affordable homes in under-served areas of Cornwall. It also provides advice to other CLTs and local groups who want to do the same. We have supported many schemes undertaken by Cornwall CLT over the years.

Partnering with CAF Bank, who provided a secured loan of £500,000, CAF Venturesome made a social investment of £374,000 towards the development of eight affordable homes in St Teath.

Whilst this has had a great impact on this small village, over 30,000 Cornish families are still on the housing register with many thousands more in need.

“With the help of the financing from CAF Venturesome and CAF Bank, Cornwall CLT is able to provide much-needed homes for the community of St Teath. These homes will remain affordable to the community forever.”

Helen Downing, Development Manager, Cornwall
“The support of CAF Venturesome over recent years has been invaluable. The team has taken the time to get to know IAC; its mission, activities and senior personnel. Its support has facilitated the charity’s development and growth in an ever changing adoption environment.”

Gill Haworth  
CEO and Founder,  
The Intercountry Adoption Centre

If you’re a social organisation looking for help or a philanthropist looking to have more impact, we’d love to hear from you.

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