



**FOUNDATION
NORTH**

*Te Kaitiaki Pūtea o
Tāmaki o Tai Tokerau*

Investing for Impact in Northland

Executive Summary

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Written by the Centre for Social Impact

Executive summary

Background

Philanthropic organisations have opportunities to work in ways that are more responsive to communities by engaging with evidence about a community or region's needs and aspirations.

Foundation North's new strategy identifies Northland as a priority community that is disproportionately affected by disparities across key indicators, including income, education, employment, child and youth wellbeing and outcomes for Māori.

Research was undertaken by the Centre for Social Impact to further understand how and where these disparities are experienced by communities within Northland. The research centred on key informant interviews with stakeholders who are positioned to provide advice to the philanthropic sector, and other investors, about priority strategies, solutions and investment approaches with the highest potential to address disparities in the region.

The full report is available on the Foundation North website - www.foundationnorth.org.nz

The Northland communities

Key Messages:

1. Population growth in Northland has been slow, with some population decline in the Far North.
2. Māori make up 45% of the region's population.
3. The level of overall need and deprivation is high and widespread. Deprivation is highest in the Far North, where half of the community live in areas of highest deprivation (deciles 9-10).
4. Unemployment in Northland is high, especially in the Far North, and for Māori across the region.
5. Income disparity and economic development are key issues in Northland's geographically isolated communities. The region also has the lowest GDP per capita of any region in New Zealand.

Summary findings:

- Just over half of Northland's residents live in Whangārei, and just over one third live in the Far North. Kaipara is the most sparsely populated region, with 13% of Northland's residents.
- Across a range of indicators – including income, employment, educational achievement, child and youth wellbeing and deprivation – Northland can be identified as an area of high need.
- In Northland, over 56,000 people are living in the areas of highest deprivation. Within the region, the overall need is greatest in the Far North, where half of the community (26,082) is living in the areas of highest deprivation (deciles 9-10).
- Indicators for children and young people are concerning. One quarter of all Northland children, and one third of children in the Far North, have two or more risk factors¹. Northland has the highest rates of NEET youth in New Zealand (young people not in education, employment or training).
- Unemployment is also higher than the national average across the region, but is most significant in the Far North where the unemployment rate is 11.4% compared with 7.1% nationally.
- The unemployment rate for Māori in Northland is double the regional average, at 20%. The median income for Māori is \$19,100, which is also lower than the regional average of \$23,400.
- Job availability in Northland is low. Low labour-intensity industries account for 30% of GDP (agriculture and manufacturing), and the region has the lowest GDP per capita in New Zealand.

Income disparity is a key driver of need, and economic development is an issue in Northland's geographically isolated communities. Addressing income and other disparities requires responses that are local, community-led and culturally responsive to Northland's large Māori population.

¹ Indicators of future risk of poor outcomes for children and young people are identified by The Treasury. For more information see: www.insights.apps.treasury.govt.nz

The Northland community sector landscape – barriers to impact

Key messages:

1. Northland's communities have significant levels of need. Key structural issues – particularly the lack of infrastructure and regional economic development – are seen to perpetuate the levels of need in Northland. Long-term strategy and sustained investment are required to tackle entrenched issues.
2. The strategies of funders and agencies based outside of Northland are not always as responsive to the needs and aspirations of communities as they could be. Stronger local presence, engagement and co-design is needed to strengthen impact.
3. Communities are frustrated with contestable funding models that are viewed as driving competition between community organisations. There is an appetite for partnership, collaboration and resource-sharing within Northland's community sector.

“Northland needs sustained economic development, which is likely to take longer than 20 years.”

Summary findings:

Interviews with key informants identified priority challenges within the Northland community sector landscape that act as key barriers to sustained impact. Finding ways of working that address these challenges offers funders significant opportunity to strengthen impact in the Northland region.

Key barriers/challenges in Northland's community sector landscape include:

- **Entrenched issues:** The scale of need in Northland is significant. Stakeholders in Northland identified a need for long-term strategy, sustained investment and new approaches in order to tackle issues that are deeply entrenched.
- **The need to address economic development as a key structural issue:** Economic development – both regional and community-based - was recognised by interviewees as a significant root-cause of other social wellbeing indicators in Northland. To address income inequalities - and other associated wellbeing indicators - requires strategic and sustained economic development across the region.
- **The need to address infrastructure as a key structural issue:** A chronic lack of infrastructure (e.g. technology, transport, communications, investment, facilities) is seen as another key structural driver of overall poverty and disparity in Northland. This lack of infrastructure is also perceived to limit the ability of communities, service providers and other agencies from supporting whānau and communities effectively.
- **Competition fatigue:** Communities in Northland are experiencing 'competition fatigue' in relation to contestable funding models. There is a growing appetite for more equitable access to resources and more community-centred models of funding that enable collaboration.
- **Fragmented approaches and doing 'to' community:** Agencies and funders coming into Northland from outside the region, and without having a sustained presence there, was identified as an issue by key informants. More arms-length approaches mean that strategies are not always as responsive as possible to local and regional needs; and can be disjointed, with limited genuine collaboration between investors or with communities.

“Funders have to have a better understanding of Te Tai Tokerau peculiarities – the rurality, roads, telecommunication systems.”

Opportunities for investing in impact in Northland

Key messages:

1. Northland's communities have an appetite for engaged partnership with philanthropic and other funders/investors.
2. Communities need support to develop their readiness to engage with funders and receive funds. Investing in developing capacity (people, leadership) and readiness for investment (communities, organisations) is a priority in order to develop opportunities for impact that are sustainable.
3. Communities are seeking a broader investment approach in Northland. This would include continuation of funding to initiatives/services that work; whilst also exploring other investment approaches - with innovation and impact investment seen as key priorities.
4. Multi-lateral partnerships and strategies across philanthropy, government, business, iwi and communities are required to strengthen impact and shift the dial on systemic issues in Northland.

Summary findings:

Interviews with key informants identified opportunities for effective investment with the potential to strengthen impact in the Northland community. The scope of the advice offered by key informants relates to priority ways of working, priority investment approaches, and other strategic roles that funders/investors could consider to increase their impact in Northland.

Funders could consider the following priority ways of working:

- **Engaging and building 'caring' partnerships:** Communities in Northland are looking to move away from transactional relationships with funders, to relationships based on partnership. To support this, funders are encouraged to develop a stronger presence in Northland and work more actively alongside communities in identifying opportunities to invest.
- **Responding to community aspirations:** Interviews highlighted the importance of funders developing responsive funding strategies i.e. strategies that are based on community knowledge and aspirations. Communities were described as 'knowing what they need', and funders are encouraged to work in ways that respond to community voices, and enhance and enable tino rangatiratanga/self-determination.
- **Recognising readiness:** A priority approach for working effectively alongside communities in Northland is recognising community readiness to engage and organisational readiness to receive different types of funding. Funders working in Northland were encouraged by key informants to commit long-term to building capacity and readiness in Northland.

Funders could also consider the following priority investment approaches:

- **Growing capacity:** Investing in capacity development – particularly with regards to people, leadership and financial or investment capabilities – was identified by interviewees as a key priority. Achieving sustainable impact in Northland requires communities to grow long-term capacity to determine and implement their own solutions.
- **Funding across ecosystems:** To respond to the lack of infrastructure and capacity in Northland, funders are encouraged to adopt a funding approach that enables resources and capacity to be shared across the whole community 'ecosystem'. This means working with communities to identify parts of their ecosystem (issues, organisations) that require support; as well as funding across key community partners and the organisations that make up their network.

“We need a caring partner, as opposed to a detached funder.”

“Be responsive to communities as they know where and how funds can be used to make a difference.”

“Think long-term [readiness support] – not something for 1-2 years.”

“[Consider] long-term investment in people i.e. building the capacity of people... so that a community can plan how it can achieve the outcomes that it wants.”

“Choose what is already 'winning'; discover the other not-for-profits who are supporting that organisation, and grow from within that ecosystem. There are good quality organisations [within that ecosystem] making a difference.”

Broadening investment approaches, including:

- Prioritising funding to 'what's working'.
- Funding over longer timeframes – which includes resourcing pre-investment support, as well as funding over the longer-term when readiness development is needed.
- Providing innovation funding, including: more agile/untagged funding to respond to emerging opportunities; seed-funding; and investing in 'disruptive leaders'.
- Providing impact investment, including: underwriting loans; micro-finance; and investment in community-owned land assets and land-based social businesses.
- Undertaking participatory grantmaking, including: community-held budgets (managed via intermediaries) and community decision-making.

Key informants also provided insight into the non-financial, strategic roles that funders in Northland could seek to adopt to increase their impact. These roles include:

1. **Advocacy and brokering**, with a focus on bridging conversations between community and government/other funders.
2. **Developing multi-lateral regional partnerships**, with a focus on using these partnerships to design cross-sector, regional strategies on key issues such as housing and economic development; as well as leveraging co-investment opportunities across multiple partners.

“Funders have a real opportunity as influencers to ensure that the voices of Northland communities and their realities are not only heard, but also supported.”

“[Each funder] is part of a wider ecosystem and should fund based on other parts of the system – agencies, business, iwi, philanthropy and communities – each part of the ecosystem has a part to play in the design, funding and implementation of initiatives to strengthen communities.”