



**FOUNDATION
NORTH**

*Te Kaitiaki Pūtea o
Tāmaki o Tai Tokerau*

Investing for Impact in South Auckland

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 the communities' or regions' needs and aspirations.

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

Research was undertaken by the Centre for Social Impact to further understand how and where these disparities are experienced by communities in South Auckland. 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 South Auckland.

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

The South Auckland community

Key messages:

1. South Auckland has a low median age and communities with a significant number of children and young people at higher risk of poor outcomes.
2. South Auckland is a highly diverse community; there are areas with large Pacific communities (Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa), large Māori communities (Manurewa, Papakura) and large migrant communities (Howick, Ōtara-Papatoetoe).
3. South Auckland is a large community with almost half a million residents. This scale, along with the population diversity, means that South Auckland is a community with a wide range of unique local contexts.
4. The level of overall need and deprivation is high and widespread.
5. Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Papakura and Manurewa are identifiable as priority areas due to the presence of poor outcomes in multiple indicators.

Summary findings:

- South Auckland is home to 33% of the Auckland region's population. Of the South Auckland population, 76% live in four of the six local board areas – Howick, Māngere-Ōtāhuhu, Ōtara-Papatoetoe and Manurewa.
- In a range of indicators – including income, employment, educational achievement, child and youth wellbeing and deprivation – South Auckland is the area of highest need in the Auckland region.
- Given the size of the population, the scale of need is also significant, with around 35% or 160,000 people in South Auckland living in the areas of highest deprivation (deciles 9-10).
- Within the South Auckland community, the local board areas of Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa and Papakura show the largest disparities with the rest of the region, and New Zealand.
- Addressing the scale of need in these four areas requires targeted approaches that respond to the unique characteristics of the local communities. For example: the Māngere-Ōtāhuhu community is largely Pacific and has significant issues with low income and unemployment; Papakura has a large Māori community and a significant number of children and youth at risk; and in Howick the overall need is lower; however, settlement and social cohesion are potential issues as half of the community was born overseas.

The South Auckland community sector landscape – barriers to impact

Key messages:

1. The size and diversity of the communities in South Auckland mean they require a more tailored approach from funders.
2. The South Auckland community sector has low levels of trust in external organisations. Funders need to have a presence, build trust and develop a local mandate.
3. Organisational capacity, short-term funding approaches and organisational sustainability are key issues for a sector that has been described as stuck in ‘survival mode’.
4. The government’s ‘social investment’ funding approach targets higher returns on investment – i.e. impact from spend – and has a strong focus on the people and communities with the greatest needs. Under this approach, evidence suggests that South Auckland is a priority community for government funding.
5. Social investment approaches are perceived as creating a social sector in South Auckland that has no ‘middle’ – i.e. large social service providers with the capability to deliver contracts, and smaller, fragmented community initiatives.
6. Philanthropic funders are advised to play a strategic role in this sector landscape alongside government, avoiding ‘topping up’ government contracts and instead focusing on: early intervention/prevention; innovation; and growing the capacity and reach of smaller initiatives/organisations that demonstrate promise.

Summary findings:

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

Key challenges in South Auckland’s community sector landscape include:

- **size and scale:** The overall size and scale of communities in South Auckland is a significant barrier to designing a cohesive strategy and achieving wide-scale impact. Delivering high-impact investments requires a tailored approach that is responsive to the context of each area in South Auckland;
- **low trust:** Organisations in South Auckland have low levels of trust in external organisations. There is perceived to have been a long history of ‘doing to community’. Overcoming this requires engagement, a long-term presence and the establishment of a mandate from the communities to invest and partner in ways that go beyond transactional funding;

“Trust is a major issue with communities... particularly with Pākehā organisations from outside. There is not a good track record.”

- **funding accessibility:** Two key issues with funding accessibility were highlighted through key informant interviews:
 - issues with applicant (organisational) capacity and capability to apply for funds effectively; and,
 - issues with processes, policies and frameworks created by funders, which are sometimes perceived as being restrictive, inaccessible and not always well aligned with Māori and Pacific worldviews/ways of working;
- **organisational capacity, capability and sustainability:** In general, the South Auckland community sector was viewed by key informants as having key issues with organisational capacity and capability, particularly in relation to governance, middle management capacity, and evaluation. Organisational sustainability was highlighted as another key issue, with under-costing, under-funding, short-term funding contracts and poor organisational structure/design listed as contributing factors. ‘Survival mode’ is pervasive across the sector;

“This is the most complex social environment in which I have ever worked. These communities have been in survival mode for so long... the stress is immense, and it means they’re not operating and learning well.”

- **a fragmented and polarised sector landscape:** Under the government’s new ‘social investment’ model of funding, contracts are seen to be geared towards larger social service providers with the capacity to both deliver and evidence outcomes. In South Auckland, according to interviewees, this approach is contributing to a fragmented and polarised sector landscape made up of large providers and small, fragmented community groups that survive on philanthropic funding and volunteer activities. In this context, it was suggested by interviewees that non-government funders should avoid funding large social services and/or ‘topping up’ government contracts, instead focusing on:
 - building the capacity of mid-size/smaller groups to scale their reach and impact;
 - directing resources where government is less able – e.g. into early intervention and prevention, early-stage innovation and community economic development;
 - funding key community ‘anchor’ organisations and the organisations/groups within their ‘ecosystems’ or networks (see ‘hyper-local funding’ in the section below).

“[Funders need to] be careful that philanthropy is not subsidising the work that should be paid by government, as they will expect that philanthropy will fill the gap. Instead, [philanthropy should] fund things that free people up or help them to do the things that they couldn’t otherwise do.”

Opportunities for investing in impact in South Auckland

Key messages:

1. Funders in South Auckland need to develop community engagement strategies that help them to build community mandates, create opportunities for partnership and identify emerging initiatives with potential for impact.
2. ‘Hyper-local’ funding approaches have strong potential for impact. They include more place-based approaches and the funding of key anchor organisations/intermediaries and their networks or ecosystems.
3. Communities are seeking a broader investment approach in South Auckland. This requires funders to continue funding what works while exploring opportunities to fund at scale, invest in innovation and develop impact investment opportunities.
4. Partnerships are also required, to leverage greater impact. Partnerships between philanthropy and The Southern Initiative, local boards and central government agencies were identified as priorities by key informants.

Summary findings:

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

Funders could consider the following priority ways of working:

- **Increasing community engagement:** Developing strategies for community engagement was seen as a critical component for funders in order to increase their impact in South Auckland. Building a local mandate, and creating relationships built on more equal partnerships, were seen by interviewees as key priorities. Community engagement has the potential to position funders to identify effective partners and emerging new initiatives, and to co-design innovative funding opportunities with communities.
- **Increasing the accessibility of funding opportunities:** South Auckland communities are seeking greater accessibility to funding opportunities. Funders were encouraged to explore ways to make funding more accessible, such as by: targeting communications; strengthening sector capability/capacity; and experimenting with non-transactional forms of grantmaking and participatory models of decision-making.

- **Strengthening cultural intelligence:** Interviewees highlighted the need for funders to think about their cultural responsiveness/cultural intelligence in responding to South Auckland's Māori, Pacific and diverse communities. Building partnerships, investing in the Māori and Pacific economies and innovating to increase funding accessibility within Māori, Pacific and diverse communities were cited as key priorities.

Funders could also consider the following priority investment approaches:

- **Investing to strengthen sector capacity,** with a focus on priority capacities such as governance development, management capability, organisational sustainability and evaluation.
- **'Hyper-local' funding:** Responding to South Auckland's scale and size by working in ways that are more 'hyper-local' – i.e. drilling down to smaller local contexts and identifying fit-for-purpose approaches to achieving impact in that area. Key approaches included:
 - place-based funding;
 - funding across ecosystems – i.e. key anchor organisations and their networks;
 - participatory local grantmaking.

“Look to work with those who are in a place to do what is required... [we] are a large entity in South Auckland... why not play a key role in our ecosystem?”

Broadening investment approaches, including:

- prioritising funding to proven initiatives that 'work';
- providing multi-scale investments (seed funding, scaled funding, system-level funding), including funding for longer timeframes;
- providing innovation funding, including: partnership approaches; hyper-local funding approaches; funding prototypes by issue or place; and 'headhunting' and resourcing innovators/social entrepreneurs;
- providing impact investment, including: underwriting; cash-flow loans; community economic development opportunities; and investment in for-profit businesses with social value.

Using data effectively to understand impact, maintain an agile and responsive strategy and develop trust and a mandate through transparent accountability with communities.

The key informants also provided insights into the non-financial, strategic roles that funders in South Auckland could seek to adopt to increase their impact. These roles included:

- **providing leadership and advocacy,** with a focus on sharing evidence of effective practice, championing key issues and initiatives and brokering conversations between community and government;
- **developing strategic partnerships,** with a focus on supporting more connected strategies in South Auckland and leveraging increased investment to grow opportunities for impact. The Southern Initiative, local boards and central government agencies were identified as priority partners with which the philanthropic sector should build relationships;
- **playing the right role alongside government:** To navigate key issues in South Auckland's complex social sector landscape, consideration should be given to the role that philanthropy and other investors play alongside government.