



**FOUNDATION
NORTH**

*Te Kaitiaki Pūtea o
Tāmaki o Tai Tokerau*

Investing for Impact in South Auckland

Full Report

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Written by the Centre for Social Impact

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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 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.

1. Introduction

1.1 Background/purpose

Strategy context

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.

Purpose of this research

This research paper is focused on opportunities for effective philanthropic investment in South Auckland.

It explores:

- the priority challenges that are affecting the ability or capacity of local communities – and the community sector more widely – to respond effectively to key issues in South Auckland;
- the characteristics of effective funding practice that could deliver increased impact in South Auckland;
- investment opportunities – existing/new initiatives and partnerships with the potential to achieve significant impact in South Auckland.

This research report has been developed by the Centre for Social Impact to support the philanthropic sector and other funders with an interest in the South Auckland community.

1.2 Methodology

The strategic advice provided in this report has been developed from evidence collected from key informant interviews and supporting information from other sources. These methodologies are summarised in table 1 below.

Table 1: Research methodologies	
Method	Data source/approach
Evidence review summary	<p>An evidence review of the priority challenges and community needs in the Auckland and Northland region was completed by the Centre for Social Impact in September 2017.</p> <p><i>"Understanding the Landscape of Auckland & Northland: An Evidence Review".</i></p> <p>Available on Foundation North's website - www.foundationnorth.org.nz/how-we-work/resources/</p>
Key informant interviews	<p>A series of 13 key informant interviews was completed with key stakeholders identified as having strategic insights to offer the philanthropic sector in relation to priorities and opportunities for investment in South Auckland communities.</p> <p>Semi-structured interviews were carried out with representatives from government, council and non-profit organisations, to identify:</p> <ul style="list-style-type: none"> - the most effective roles that funders could take in achieving impact in South Auckland; - challenges to funders achieving priority impacts in South Auckland; - priorities and key enablers to support impact in South Auckland; - trends that may influence the philanthropic sector's role and impact in South Auckland. <p>A list of the organisations that participated in the key informant interviews is included in the appendix. Data/Quotations included in the body of this report have been anonymised.</p>

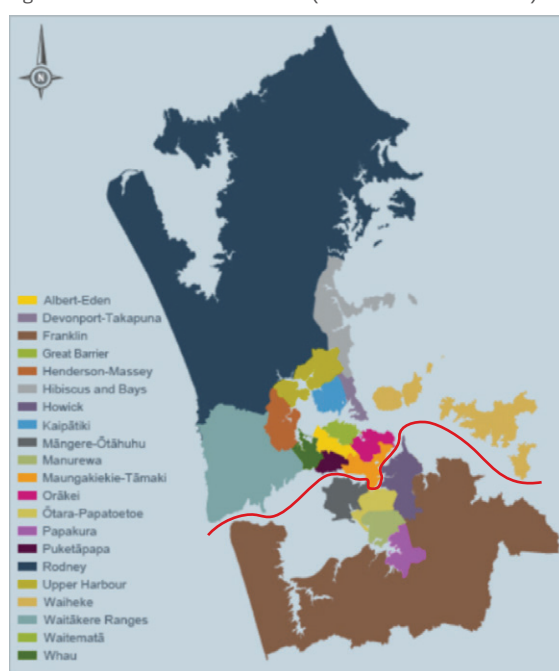
2. South Auckland's communities

2.1 South Auckland

The South Auckland community is defined in this report as the former Manukau, Papakura and Franklin council areas, now comprising the following local board areas:

- Howick.
- Māngere-Ōtāhuhu.
- Ōtara-Papatoetoe.
- Manurewa.
- Papakura.
- Franklin.

Figure 1: Auckland local board areas (Auckland Council website).



The total population of South Auckland is 466,941, comprising 33% of the Auckland region's population. Within South Auckland, 76% of the population live in the former council area of Manukau (now comprising the Howick, Māngere-Ōtāhuhu, Ōtara-Papatoetoe and Manurewa local boards).

2.2 Community snapshot

Table 2 provides a snapshot of the South Auckland community by local board area. The table compares local-board-level and Auckland regional data relating to:

- the relative size of the community (by number of households);
- the population size and rate of recent population growth;
- the median age;
- the overall ethnicity profile, as well as the percentage of the population born overseas;
- the median household income;
- levels of home ownership;
- employment (the number of residents over 15 years of age in full- or part-time employment);
- NCEA Level 1 achievement rates;
- the local areas (census area units) of highest deprivation within the local board areas.

Where appropriate, data that varies significantly from the regional average is highlighted.

(Note – ethnicity; individuals may identify with more than one ethnicity and this is reflected in the ethnicity statistics.)

Table 2: Community snapshot by local board (Statistics New Zealand, 2013; Auckland Council, 2016; University of Otago, n.d.; Education Counts, n.d.)										
Local board	Households - % of regional count	Population & growth 2006-13	Median age	Population born overseas %	Ethnicity profile	Median income	Home ownership	Unemployment rate (15+ yrs)	NCEA Level 1 achievement rate	Deprivation index 9-10 (census area units)
Howick	9% (40,932)	127,125 (+12%)	37.8 years	49%	55% European 39% Asian 5% Māori 5% Pacific	\$30,300	71%	6.4%	95.3%	None (7 is highest)
Māngere- Ōtāhuhu	4% (17,382)	70,959 (+4%)	28.3 years	39%	60% Pacific 20% European 17% Asian 16% Māori	\$19,700	42%	15.5%	87.3%	Aorere, Ōtāhuhu West, North, East, Fairburn, Māngere Station, Harania North, East & West, Favona West, North & South, Arahanga, Viscount, Māngere Central, Ascot (10); Māngere East & South (9)
Ōtara- Papatoetoe	4% (19,959)	75,663 (+5%)	29.3 years	42%	46% Pacific 31% Asian 21% European 16% Māori	\$21,100	46%	13.7%	84.9%	Te Kopuru, Ruawai (10); Dargaville, Kaiwaka (9)
Manurewa	5% (22,659)	82,239 (+7%)	29.8 years	32%	37% European 33% Pacific 25% Māori 20% Asian	\$24,700	55%	13.3%	75.4%	Wiri, Manurewa Central & East, Homai East & West, Burbank, Rowendale, Clendon North & South, Weymouth West & East, Leabank, Beaumont (10); Randwick Park (9)
Papakura	3% (14,898)	45,633 (+10%)	33.1 years	20%	61% European 28% Māori 15% Pacific 13% Asian	\$28,000	58%	11.2%	81.9%	Hyperion, Takanini North, Papakura South & East, Red Hill (10); Takanini South, Papakura Central, North & North East, Massey Park, Rosehill (9)
Franklin	5% (22,935)	65,322 (+11%)	40.2 years	19%	85% European 13% Māori 6% Asian 4% Pacific	\$33,500	72%	5.6%	89.8%	Pukekohe North, Tuakau (9)
Auckland region	473,451	1,415,550 (+8%)	35.1 years	39%	59% European 23% Asian 15% Pacific 11% Māori	\$29,600	61%	8.1%	91.2%	

Community snapshot – key findings

Some areas in South Auckland have experienced higher-than-average population growth.

- The populations of Howick, Franklin and Papakura have grown at rates faster than the regional average (Auckland Council, 2016).

South Auckland, like the Auckland region in general, is ethnically diverse. It has a large Māori population and Pacific population, as well as a large proportion of people from migrant backgrounds.

- Ōtara-Papatoetoe, Māngere-Ōtāhuhu and Manurewa are the most diverse local board areas in Auckland (Statistics New Zealand, 2013).
- One in four people in Papakura (28%) and Manurewa (25%) identifies as Māori (Auckland Council, 2016).
- Nearly two-thirds of people in Māngere-Ōtāhuhu identify as Pacific (61%), alongside almost half of the people in Ōtara-Papatoetoe (46%) and one-third of the people in Manurewa (33%) (Auckland Council, 2016).
- Of all the Auckland local board areas, Howick has the highest proportion of people identifying as Asian, at 37%. This is expected to increase to 51% by 2038. Ōtara-Papatoetoe also has a large Asian population, at 31% (Auckland Council, 2016).
- In the entire Auckland region, Howick has the highest proportion of the population born overseas, at 49%. Ōtara-Papatoetoe also has a high proportion of the population born overseas, at 42% (Auckland Council, 2016).

The community in South Auckland has a low median age, and there is a significant number of vulnerable children and young people who are at risk of poor outcomes.

- Four out of the six local board areas in South Auckland have a median age that is lower than the regional average. The median age is lowest in Māngere-Ōtāhuhu at 28.3 years (Auckland Council, 2016).
- Levels of prior participation in early childhood education for children starting school in South Auckland are lower than the national average (96.8%) in Māngere-Ōtāhuhu (89.2%), Manurewa (92.9%) and Ōtara-Papatoetoe (93.2%) (Education Counts, 2017).
- NCEA Level 1 achievement rates are significantly below the national average (89.4%) and the regional average (91.2%) in Papakura (76.8%) and Manurewa (77.2%) (Education Counts, n.d.).
- In the former ward areas of Manurewa-Papakura and Manukau, a significant number of children are at risk¹. In Manurewa-Papakura, 23% of 0- to 5-year-olds and 26% of 6- to 14-year-olds have two or more risk factors. In Manukau, 17% of 0- to 5-year-olds and 21% of 6- to 14-year-olds have two or more risk factors. These rates are around double the Auckland regional average (the Treasury, 2015).
- In Manurewa-Papakura a significant number of young people are at risk²– with 22% of 15- to 19-year-olds and 12% of 20- to 24-year-olds at risk of poor outcomes. This is double the Auckland regional average. Manurewa-Papakura also has the highest proportion of long-term NEET (not in education, employment or training) youth aged 20-24 years in the Auckland region, at 23% (the Treasury, 2015).

¹ Four risk factors for children aged 0-5 and 6-14 have been identified by the Treasury. See <https://insights.apps.treasury.govt.nz>

² Five risk factors for young people aged 15-19, and five risk factors for young people aged 20-24 have been identified by the Treasury. See <https://insights.apps.treasury.govt.nz>

The number of people living in areas of highest deprivation (deciles 9-10) in South Auckland is equivalent to the entire populations of Dunedin and Gisborne combined.

- The average deprivation index scores for the former council areas³ of Papakura (8) and Manukau (7) are the highest in the Auckland region (see figure 2).
- In these two areas, more than 160,000 people are living in the most deprived, decile 9-10, areas (Papakura = 41%, 20,286; Manukau = 40%, 140,241). This is more than the entire resident populations of Dunedin (120,000) and Gisborne (37,000) combined (Statistics New Zealand, 2013).
- In five out of the six local board areas in South Auckland, there are pockets of high deprivation, with the largest concentrations found in (see figure 3):
 - Ōtāhuhu;
 - Māngere and Favona;
 - Ōtara;
 - Papatoetoe;
 - Manurewa, Clendon and Takanini;
 - Papakura;
 - Pukekohe North and Tuakau.

Figure 2: Average census area unit NZDep2013 Index by former ward

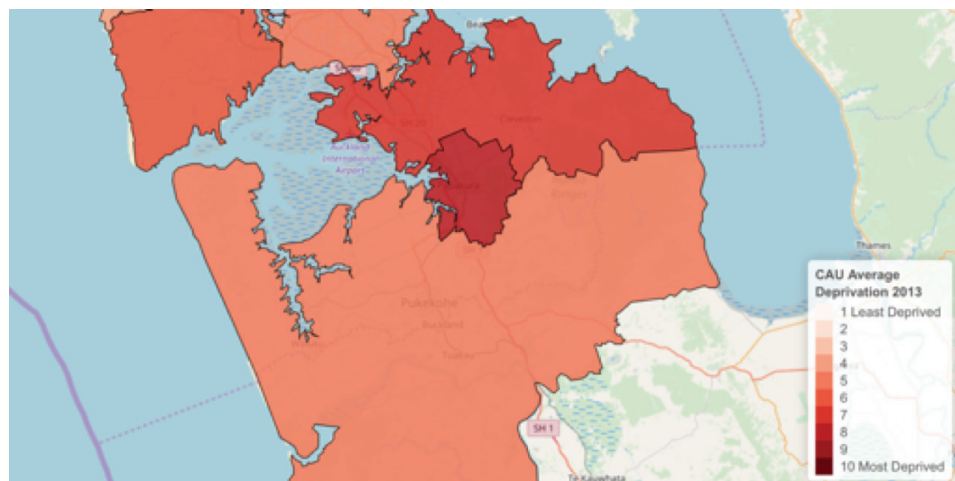
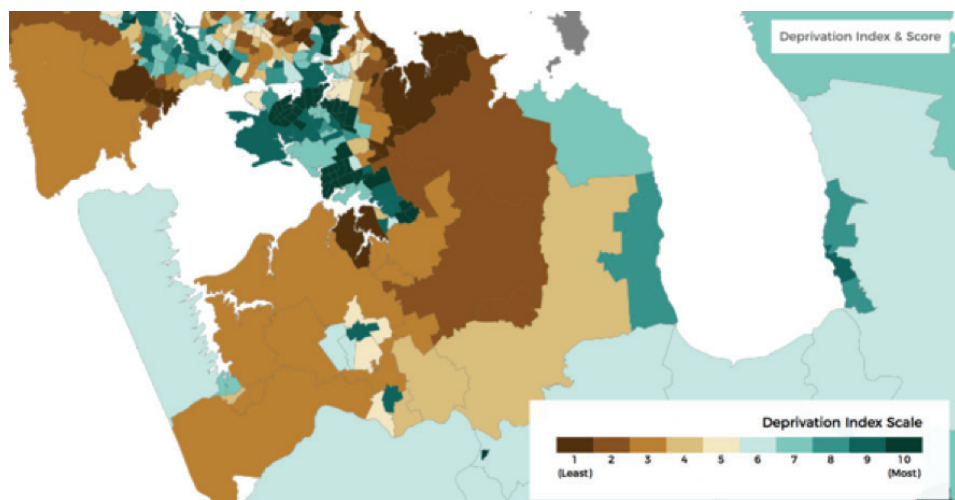


Figure 3: NZ Deprivation Index 2013 by census area unit (image source: New Zealand Herald Insights, 2014)



Median incomes are below the Auckland regional average in four out of five local board areas in South Auckland, and unemployment rates are also very high.

- Median incomes are lower than the regional average in Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa and Papakura. They are lowest in Māngere-Ōtāhuhu at \$19,700, closely followed by Ōtara-Papatoetoe at \$21,100 and Manurewa at \$24,700. These figures are significantly lower than the Auckland regional average of \$29,600 (Statistics New Zealand, 2013).
- Unemployment is also an issue in Māngere-Ōtāhuhu, Ōtara-Papatoetoe, Manurewa and Papakura. The unemployment rate of 15.5% in Māngere-Ōtāhuhu is almost double the regional average of 8.1% (Statistics New Zealand, 2013).

Levels of home ownership are low in parts of South Auckland, and housing affordability is a significant issue in these communities.

- Home ownership rates are significantly lower than the regional average (61%) in Māngere-Ōtāhuhu (42%) and Ōtara-Papatoetoe (46%), and also lower in Manurewa (55%) and Papakura (58%) (Auckland Council, 2016).
- For renters, housing affordability is low in the former council areas of Papakura and Manukau, where respectively 66% and 71% of renters have below-average incomes after housing costs (Ministry of Business, Innovation and Employment, 2016).

3. The South Auckland community sector landscape

3.1 Sector – barriers to impact

Interviews with key informants identified priority challenges in the South Auckland community sector landscape that have acted as key barriers to sustained impact.

The key challenges in South Auckland’s community sector landscape include:

1. The overall size and scale of communities in South Auckland.
2. Low levels of trust in external organisations.
3. Sector fragmentation.
4. Issues with funding accessibility
– in terms of both community capacity and funder practice.
5. Organisational capacity, capability and sustainability.
6. A ‘survival mode paradigm’.
7. Funding short-termism.

Overall, these challenges were identified by interviewees as having the greatest impact on the following groups:

- **Māori and Pacific communities** – who experience challenges working in government and philanthropic funding landscapes that are often not responsive to or empowering of the Māori and Pacific worldviews.
- **Small groups and social entrepreneurs** – who often have less capacity and fewer resources to effect change and/or maintain levels of impact without burnout.

These challenges are discussed further below.

⁴ The ‘sector landscape’ is defined as including local social service providers, non-profit groups, volunteer community organisations, community leaders and social entrepreneurs, and other community-led activities.

1. The size and scale of the communities

South Auckland is a community of cities. Māngere is the size of New Plymouth and Manurewa the size of Palmerston North; however, one interviewee suggested that each community does not have the same level of infrastructure as single cities outside Auckland:

“What would it look like if a community like Māngere had the same infrastructure and assets as a city that size?”

Across the area there are many local contexts, with different assets and changing populations. As such, multiple interviewees suggested that South Auckland cannot be treated as one, homogenous place. Its scale and complexity can make it especially challenging for funding and investing organisations to:

- identify the local ‘game-changers’ to support and/or partner with;
- create and implement cohesive strategies for impact across the region;
- work with the levels of agility needed in diverse and changing communities.

For both funders and providers, achieving impact in South Auckland, individually and collectively, *“requires a tailored approach”*.

2. Low trust in external organisations

Three interviewees described trust as an issue in the South Auckland community and community sector. Low levels of trust were attributed to a history of external organisations ‘doing to’ the community:

“South Auckland is messy because of a lack of an ability to form trusting relationships”.

To overcome this, funders need a long-term presence in South Auckland to build mandate and trust, and must partner in ways that empower local communities and their ways of working with their communities.

3. Sector fragmentation

The majority of interviewees raised sector harmonisation as a key issue in South Auckland, driven by changes in government contracting models. The impact of sector harmonisation in South Auckland has been the perceived creation of a “fragmented” sector with *“no middle”* – i.e. a mixture of large social service providers able to procure government contracts, and smaller, fragmented and self-funded entrepreneurial activities led by communities.

Interviewees cited a range of consequences of this polarised and fragmented sector landscape, including:

- disconnections between organisations doing good work;
- a lack of end-to-end services, such as youth development to training and employment;
- issues of growing capacity in small organisations so that they can develop greater reach/scale, impact and sustainability;
- the burden placed on large organisations to provide leadership, mentoring or umbrella roles for small groups, without needing extra resourcing to take on this role.

Sector fragmentation is an issue that may need a strategy to navigate and address by funding across ‘ecosystems’ within the sector. Advice from interviewees suggested that philanthropic funders address/navigate sector fragmentation by:

- **avoiding:**
 - direct funding to social service providers that already hold significant government funding contracts;
 - ‘topping-up’ funding practices that are seen to perpetuate under-funding by government.

- **focusing on funding:**
 - initiatives, issues and approaches that are less likely to attract government funding – such as early intervention/prevention, early-stage innovation and community economic development programmes;
 - key (mid-size) community ‘anchor’ organisations – resourcing those organisations and their networks or ecosystems (see section 5);
 - smaller providers with potential, helping to grow their capacity for scale and impact.

“[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.”

“Invest in prevention where government cannot.”

4. Issues with funding accessibility

Almost all interviewees described issues in South Auckland relating to funding access, centring on two key issues.

The first related to the overall capability and capacity of communities and organisations to access funds – meeting sometimes rigid eligibility criteria, navigating funding processes/systems and working within funder-defined parameters.

The second focused on the capacity and responsiveness of funders to make funding more accessible and empowering for communities. In particular, interviewees were concerned that funders create frameworks and make decisions that advantage some organisations over others:

“Those who know how to put a good paper together thrive over those who are doing the best work.”

5. Organisational capacity, capability and sustainability

Organisational capacity, capability and sustainability was identified as a key issue in South Auckland. Interviewees described a range of common priorities, including issues with:

- governance capacity across the sector;
- a lack of middle-management capability within organisations;
- quality data collection and evaluation expertise;
- a lack of financial capability, particularly in relation to:
 - under-costing initiatives, which over time causes under-funding;
 - organisational design and sustainability.

“We see many funded small-scale activities but there is little that is sustainable. There is little capacity to assess the real financial cost of activity, so it often gets underfunded with no view to become sustainable. We need to be realistic about the size an organisation needs to be to be sustainable.”

To address issues with capacity in South Auckland, interviewees identified that support should be responsive to target organisations/communities:

“Local and suited to the context... [and] have proven experience working with Pacific or Māori communities.”

6. A 'survival mode' paradigm

Interviewees described a sector in South Auckland that is under high stress – working in a complex environment of high community need, sector fragmentation and under-resourcing:

“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.”

Common issues raised by interviewees included:

- under-costing causing financial stress;
- providers over-stretching to win contracts and to meet targets;
- providers over-servicing funding contracts to meet levels of community need;
- funders under-funding.

7. Funding short-termism

A lack of long-term funding in South Auckland was identified as a key barrier to achieving impact. One interviewee specifically cited a lack of continuation funding for initiatives that were promising and/or proven:

“There are many examples of programmes and interventions that have received innovation or start-up funding over a period of a few years. Many of the programmes have been proven to be effective in South Auckland, but now sit on bookshelves as the funding for them has dried up and there were no other avenues for further investment in the timeframe needed.”

3.2 Government funding in South Auckland

Social investment approach

The community and social sector landscape in New Zealand is in a period of change driven by new social investment approaches being pursued by central government. Social investment approaches have a strong focus on achieving 'value for money' – determined through the use of a cost-benefit analysis tool (CBAX) that measures the value of potential impact against the cost of investment (Deloitte, 2016; Treasury, 2017b). Social investment approaches also have a more targeted focus on measuring results and impact (the Treasury, 2017a).

The long-term impacts of this shift in funding approach have yet to be fully realised in the New Zealand community sector. A report by Deloitte (2016) suggests that potential issues include:

- a lack of people capacity and capability within the non-government provider sector;
- overcoming silos in contracting across government agencies;
- challenges for providers in measuring outcomes effectively.

Stakeholder perceptions collected through this research suggested that the overall impacts/trends in the community sector could include:

- fewer, larger contracts awarded to providers that have sufficient scale and capacity to manage accountability and demonstrate outcomes;
- larger service providers 'taking over' or merging with smaller providers that don't have capacity to continue accessing government funding under the new investment approach and compliance models;
- smaller organisations with limited track records and/or capacity struggling to attract government funding and 'surviving' with philanthropic funding and volunteers.

3.3 Opportunities for investing in impact in South Auckland

Interviews with key informants identified opportunities for effective philanthropy with the potential to strengthen impact in the South Auckland community. The opportunities related to:

- priority ways of working (with the community, the sector and other funders) that philanthropic funders could consider adopting or strengthening in order to increase impact;
- investment approaches with the highest potential to address challenges and accelerate impact;
- other strategic roles that funders could play to deliver on their prioritisation of South Auckland and strengthen impact.

These opportunities are discussed in this section of the report.

3.4 Priority ways of working

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.

Priority ways of working included:

1. Increasing engagement with the community – including:
 - developing a community mandate;
 - creating equal partnerships.
2. Increasing funding accessibility and decision-making transparency.
3. Strengthening cultural intelligence.

These opportunities are discussed further below.

1. Increasing engagement

Engaging effectively with the community

Hands-on engagement was seen by interviewees as important, increasing funders' potential to:

- identify effective organisations and initiatives;
- track emerging issues and promising new solutions;
- develop an understanding of philanthropy's potential role within existing and new opportunities;
- build effective partnerships.

“Get more involved at a deeper level to understand needs.”

Developing mandate

Most interviewees directly or indirectly highlighted the importance of building meaningful engagement in order to be informed about community needs.

One interviewee went further, asserting that funders seeking to work in relationship with a community must first develop a mandate and understand where the community sees funders taking roles as investors and partners.

Based on advice from interviewees, funders may therefore need to consider:

- how they consult and work alongside South Auckland communities to identify roles and investment opportunities;
- their overall principles of engagement and, in particular, their responsiveness to Māori, Pacific and other diverse communities;
- long-term plans for/approaches to community engagement.

Creating equal partnerships

Increased engagement was seen as essential for funders to achieve impact in South Auckland. Based on feedback from interviewees, building effective partnerships in South Auckland requires:

- meaningful and sustained engagement to build trust and mandate in a community where low trust has been identified as a key issue;
- reciprocity – i.e. two-way relationships based on an exchange of value;
- a genuine sharing – of presence, time and power.

“These relationships can’t be one way. It must be a trade – don’t put people in your debt... But make it a fair trade so that we’re not putting in \$5 of effort for your \$1 of funding.”

“Be at the table – don’t force collaboration on the community; but don’t just give us the money either.”

“Learn how to partner in equal position.”

Choosing the right partner was also identified by multiple interviewees as important.

Factors that might inform the selection of partners included:

- mana, reputation and organisational strength/track record;
- reach and potential for scale;
- potential to achieve the desired outcomes.

2. Increasing funding accessibility

Issues with funding accessibility were cited as a key challenge in South Auckland.

To address access issues that are related to community sector capacity and capability, interviewees suggested that philanthropic funders consider:

- strengthening the communication of strategy and eligibility requirements;
- strengthening engagement with communities during pre-application;
- trialling more user-centred application processes;
- working alongside communities to co-create funding opportunities that are non-transactional and place less emphasis on application-writing;
- investing in community capacity development.

“Currently, the people that apply and get money will be those with experience or resource to be able to apply.”

“It’s too hard to engage with funders... There isn’t much two-way communication. For many small organisations or groups this is significant time. What we really need is for them to be supporting the application process and be in the community to build capacity.”

Experimenting with policy- and decision-making to increase funding accessibility

Philanthropic funders may need to give consideration to their decision-making policies and practices in order to make funding more accessible to communities that currently face barriers. This might include:

- developing flexible funding policies that enable key partner organisations to access multiple funding streams;
- experimenting with participatory or devolved forms of decision-making that empower communities to make decisions and steer investment based on local priorities and/or different cultural frameworks;
- making long-term funding commitments to organisations or communities (place-based) that are untagged; this may also require different models of reporting/ accountability.

3. Strengthening cultural intelligence

South Auckland has large Māori and Pacific communities. Multiple interviewees highlighted the importance of working and funding in ways that are culturally responsive:

“For example, a domestic violence programme for Tongan families must understand the values of Tongan families. We cannot use a Tongan medium to then still deliver a mainstream intervention based on mainstream values and expectations.”

Five interviewees described the need for funders to develop ways of working that are culturally responsive. This required, as a minimum, the prioritisation of funding to initiatives that are designed, delivered and evaluated in culturally responsive ways.

These interviewees also described the need for funders to grow their cultural capacity/ cultural intelligence in order to develop effective partnerships for impact with Māori and Pacific communities. Examples of the capacities required included:

- finding ways to overcome challenges with funding policies to build effective partnerships with Pacific churches;
- strengthening relationships with iwi, hapū and marae;
- innovating with funding processes to increase accessibility for Māori and Pacific organisations;
- investing in the Māori and Pacific economies.

“Empower the indigenous and Pacific worldview.”

“Recognise the Pacific economy and the Pacific vision of value and prosperity.”

“The community politics in Pacific communities are incredibly complex and the churches have a very strong role. It may not be the role for Foundation North to fund the churches directly... but they may wish to get alongside and partner on initiatives.”

3.5 Investment approaches

Interviews with key informants highlighted investment approaches that funders could consider in order to strengthen impact in South Auckland. This advice included opportunities to strengthen transactional funding approaches, as well as opportunities for new ways of investing. Priority approaches identified by interviewees included:

1. Investing to strengthen sector capacity.
2. Hyper-local funding – place based and ecosystem based.
3. Broadening the scope of investment approaches, including:
 - continuing to fund what ‘works’;
 - multi-scale approaches;
 - innovation funding;
 - impact investment.
4. Using data effectively.

These opportunities are discussed further below.

1. Investing to strengthen sector capacity

Interviewees who highlighted issues in South Auckland with organisational capacity and sustainability also described investment in capacity development as a key solution. Priorities for investing in capacity development included:

- professional development within ‘middle management’;
- governance development;
- financial capabilities, including organisational modelling and sustainability;
- evaluation.

Interviewees advised of the importance of fit-for-purpose capacity support – considering factors such as scope/length of support and matching capacity support providers with appropriate cultural capabilities.

2. Hyper-local funding – place based and ecosystem based

Interviewees highlighted the challenges of working effectively in South Auckland given the scale and size of each local community in the area. To address this, funders were encouraged to work in ways that were more ‘hyper-local’ – i.e. drilling down to smaller local contexts and identifying fit-for-purpose approaches to achieving impact in specific areas.

Consideration could be given to:

- **increasing community engagement** to identify more localised issues and opportunities;
- **developing place-based funding approaches** – which may involve choosing a pilot area and experimenting with new ways of engaging and funding there;
- **funding across ecosystems** within South Auckland, by:
 - identifying key leadership organisations or intermediaries that can act as key partners and community ‘anchors’;
 - investing and working with these organisations directly – both to deliver their own programmes/services and to take a leadership role in their networks and wider communities;
 - funding across the organisations in each anchor organisation’s network, to reduce fragmentation and “magnify with impact”;
 - leveraging their knowledge to identify issues and emergent investment opportunities in their communities or sector ecosystems.
- **experimenting with participatory grantmaking** in local areas.

“Let the solutions come from organisations with the intimate understanding of their community and their needs.”

“Work with the community to find solutions that will work at scale... Support place-based initiatives that are more connected.”

“Look across supply chains that can deliver social impact.”

“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 this ecosystem?”

“Consider funding umbrella groups as intermediaries.”

“We are working with 25 different groups locally. That is the scale that this work happens at and we can’t [provide a leadership/support role] for them all [with current resources].”

“Invest in intermediaries/channels of high trust and existing capacity.”

3. Broadening the scope of investment approaches

The majority of interviewees described the need for a range of funding opportunities in order to accelerate impact in South Auckland. These included:

Continued funding of effective programmes

Six interviewees described the importance of funders continuing to “fund what works”. This included:

- prioritising funding to programmes and initiatives designed around evidence of good practice – e.g. early intervention approaches, whānau-centred approaches;
- balancing investment in innovation by sticking with programmes that can demonstrate evidence of outcomes, in order to enable long-term impact;
- developing high-trust and low-compliance funding for organisations with strong track records;
- building mechanisms to identify smaller-scale activities that are delivering results but struggling to sustain funding.

Investment at different scales

A variety of funding approaches is required for initiatives at different ages and stages and with different levels of potential for impact. Key approaches relating to scale that were highlighted by interviewees included:

- seed funding for social enterprise or innovation;
- funding to scale-up reach and impact – including opportunities to provide co-funding with other investment partners;
- achieving scale by funding for the long term.

Long-term funding was described by four interviewees as an important approach to:

- address issues of trust in the South Auckland community;
- build knowledge and identify the right partnerships;
- achieve more sustained impact.

Interviewees talked in timeframes of 8-10 years, in order to build towards the level of impact required to shift the dial on priority issues in South Auckland.

“Make longer-term commitments. The community is used to having local and central government flip-flop on them... boom and bust approaches from outside funders or agencies have perpetuated the sense of mistrust and stress.”

“It’s not trendy – good, solid, long-term support for local leadership – but it’s what’s needed.”

Innovation funding

Developing new or more agile funding approaches to incubate and grow innovation, particularly where there is an opportunity to address systemic issues that require a new approach, was identified by interviewees as a key opportunity. Specific innovation funding approaches that were discussed included:

- cluster-based funding across an anchor organisation and its networks (see further above);
- partnership approaches with both financial and non-financial components;
- place-based or issue-based prototypes – choosing a community and working alongside it with non-contestable resources, to see what ‘emerges’ and is prioritised by communities/stakeholders;
- ‘head-hunting’ – identifying emergent social innovators and entrepreneurs;
- funding early-stage innovation and bringing government alongside to partner early.

“Be open to different mechanisms of investment – even beyond what is currently accepted.”

“Funding should be conceptual, based around the needs of the organisations and your partnership.”

“The best kind of relationship with a funder is when they call to say we need to discuss whether this is feasible – maybe you need more money as it looks like we’re underfunding the project/outcomes.”

“[In housing] we need to take a prototyping approach. One of the barriers is that we need more efficient construction approaches to get housing up faster.”

Impact investment models

The majority of interviewees encouraged funders to consider opportunities to invest in impact through impact investing models. Specific examples that were discussed included:

- investing in business and for-profit enterprise where it is shown to drive social value;
- providing loans to support key non-profits with operating cash-flow;
- underwriting loans for housing initiatives;
- investing in seeding community economic development.

“Do not be narrow within the not-for-profit sector, but allow investment in any entity that delivers a social outcome.”

“Help drive wealth as a community asset.”

“A focus on community-led economic development is very welcome.”

4. Using data effectively

Four interviewees described the importance of data and evaluation in any investment approach, particularly in relation to:

- identifying priorities based on evidence of need and community aspirations;
- communicating expectations of impact and impact measurement;
- gathering and sharing data to inform good practice;
- demonstrating impact, to help grow mandate;
- informing ongoing funding strategies and approaches.

“What does ‘funding better’ mean in South Auckland, or for Pasifika? How do you know what is being achieved?”

3.6 Strategic roles

Interviews with key informants identified opportunities for other (largely non-financial) strategic roles that philanthropic funders could play to deliver on their prioritisation of South Auckland and strengthen impact.

Priority roles included:

1. Providing leadership and advocacy.
2. Developing strategic partnerships.

These opportunities are discussed further below.

1. Providing leadership and advocacy

Conversations with interview participants highlighted the role of philanthropy in providing leadership in the community sector. The priorities in South Auckland are similar to those in the wider New Zealand community sector, and include:

- sharing evidence of what works and championing approaches/organisations that are demonstrating impact;
- acting as a bridge between the sector and government by gathering intelligence on important issues and gaps in the sector/community and sharing this with government;
- supporting innovative new ideas and bringing other funders, including government, to the table early when these show promise.

To play an effective leadership role in these ways, philanthropic funders were encouraged by interviewees to ensure that a mandate has been provided by community partners, and that it works in ways that “add volume to their voice”.

2. Developing strategic partnerships

Partnerships were a key theme that emerged from the research – highlighted as an existing challenge and as a desired form of investment approach. Interviewees described a more strategic role for funders to play in facilitating the development of more connected and long-term South Auckland partnerships – with key potential partners including:

- key local anchor organisations, to support intelligence-gathering and the development of local or ecosystem funding approaches;
- local boards, which have local strategies in place and are positioned to be important partners in any local investment approaches;
- The Southern Initiative, with a particular focus on partnerships to grow and scale innovation;
- central government, with a focus on advocacy, early engagement in innovation and the identification of key gaps where philanthropy could play a role.

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Appendix

Interviewees

1. Tauanu'u Nick Bakulich - Auckland Council, Māngere-Ōtāhuhu Local Board
2. Gael Surgenor - Auckland Council, The Southern Initiative
3. Peter & Vicki Sykes - Māngere East Family Services
4. Laulu Mac Leauanae - Ministry for Pacific Peoples
5. Paul Gilberd - New Zealand Housing Foundation
6. Johnnie Freeland - Oranga Tamariki
7. Kim Tuaine - Pacific Business Trust
8. Debbie Sorenson, Seini Jensen, Walmason Jensen – Pasifika Futures
9. Tony Kake - Papakura Marae
10. Sharon Wilson-Davis - STRIVE Community Trust
11. Gary & Adrienne Dalton - Te Whangai Trust
12. Tevita Filisonu'u Funaki - The Fono
13. Vui Mark Gosche - Vaka Tautua