

Small Steps

CID Annual Survey of the International NGO Sector
2018

New Zealand's international charities are showing signs of devolving the implementation of development programmes to local partners in the Pacific, as the focus on impact increases.

But challenges remain. Public donations, particularly child sponsorships are in decline. Partnerships with each other or with New Zealand businesses are either static or have dropped. And increased fragmentation of the sector is not incentivising collaboration.



COUNCIL *for*
INTERNATIONAL
DEVELOPMENT

Methodology

The Council for International Development (CID) Annual Sector Survey is a year-on-year snapshot of the non-governmental international development sector in Aotearoa New Zealand.

The survey was conducted in April/May 2019, but covers the last full financial year for each member (ranging across 2017-2018). Some qualitative data therefore reflects views on activities and changes in 2019. The online survey provides each of CID's roughly fifty member agencies the opportunity to provide feedback in key thematic areas: size, scope, finances and priorities of CID members; satisfaction with the MFAT partnership; satisfaction with CID; and views on future direction.

The survey captures both quantitative and qualitative data to understand and describe CID members' global presence and state of operations. While the survey does invite respondents to self-reflect on perceived strengths and weaknesses of their individual NGOs and the sector as a whole, it does not aim to evaluate the effectiveness of the sector's development impact and performance across countries or themes.

35 (roughly 80% of CID members) responded to this 2018 survey, an increase from last year's survey, although this also reflects the increase in membership. 40 members in total completed at least parts of the survey.

Who we are

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The Council for International Development (CID) is the umbrella organisation that unites and supports New Zealand's international NGOs and organisations working in development. We strengthen our members, support them to develop skills and professional standards, influence governments and policy-makers, and bring the sector together to share expertise.

Snapshot of the sector

Key findings and analysis from the survey

03



Small steps in the right direction

New Zealand's 'mission driven' organisations are adapting to the localisation agenda, and increasing their partnerships and work in the Pacific. Our new 'localisation thermometer' shows that around 80% of members have worked in some way with a Pacific partner organisation; and while partnerships overall have declined, partnerships in the Pacific have increased, with a 6% increase in funds spent in the Pacific. However, deep changes to business models and ways of working are limited, revealing that the sector is still unclear of its future role, and how best to devolve development to partners in-country.

The number of partnerships overall, particularly with New Zealand businesses, has either declined or remains static, although it appears that existing partnerships (particularly in the Pacific) are deeper and longer-term.


New data shows that our NGOs workplaces are generally healthy, with a balanced gender split, and around 60% of organisations benchmarking salaries (although only 30% are Living Wage accredited). Alignment with the Sustainable Development Goals is predominantly through use of SDG language in organisational documents, rather than in more substantive ways.

Confidence healthy despite drop in public donations, particularly child sponsorship

Most members reported relatively high confidence in the future, despite the continued trend for public donations to decline. There has been a big drop in child sponsorship, from 60% in 2017 to only 37% in 2018 (partly due to new members who don't do child sponsorship. But the decline is still compounding in real terms at roughly 8% every year. High confidence could reflect positive views amongst some members of MFAT's new multi-year funding system which is being piloted in 2019. There is also evidence of some steps towards diversified funding, for example an increase in working with other government departments.

Otherwise the sector appears more fragmented, with partnerships between New Zealand NGOs static or in decline. The gap between the larger and smaller members appears to be growing. A decline in partnership between NGOs and New Zealand businesses reveals a private sector moving away from 'Corporate Social Responsibility', and becoming more discerning about its partnerships with NGOs.

CID works in 71 countries (up from 70 last year, and 60 the year before), revealing again that CID members are often the only face of New Zealand in countries with the greatest need. South Sudan received the most funding from CID members in this period, compared with Papua New Guinea last year (and double what PNG received).



Overall funding about the same, but big drop in child sponsorship

Total annual income was \$202 million, a slight drop from last year (at \$215m). Child sponsorship dropped from about 60% to 37% of funding, partly due to new members with no child sponsorship, but reflects a continued decline.

Fewer partnerships between NGOs

49% of NGOs partnered with each other, a slight drop from 50% last year, and continuing a decline in NGO partnerships over a number of years. The gap between large and small NGOs appears to be increasing

But partnerships with Pacific increase

Around 80% of NGOs have partnered with a Pacific entity. There's a 6% increase in funds to the Pacific. There are healthy signs that localisation is beginning to influence practice.

Fewer partnerships with business

Only 54% of NGOs reported a partnership with a New Zealand business - a drop from 70% last year. Businesses continue to partner with organisations like universities where the 'shared value' is clear (recruitment and R&D), pointing to the need for NGOs to do more to pitch the 'shared value' of partnership.

Increase in humanitarian work

More funds have gone to humanitarian work this year. South Sudan received the most funds, and double the amount compared to last year's top country (from \$8m to nearly \$18m this year). Our NGOs continued to go to where the humanitarian need is greatest.

Responding to Pacific crisis

Members also continued to respond to emergencies in the Pacific, particularly the volcanic eruption in Ambae and Cyclone Gita (in the survey period).

New top 10 countries

South Sudan has overtaken PNG as the country receiving the most funds. 7 out of 10 of the sector's top 10 countries are some of the least developed - an increase of 3 from last year.

New priorities

An increased focus on humanitarian work, on infrastructure/industry/innovation, with a slight drop in education, health, human rights and peace & justice. This could reflect a greater focus on building Pacific resilience to climate change & a focus on tourism.

Key findings

Workforce profile

Gender, standards and profile of CID member organisations

04

Most are full time - just

The majority (58%) of international development paid workers in New Zealand are employed full-time, with 42% of paid workers being employed part-time.

1

Depend on volunteers

The size of a voluntary workforce is 50% the size of the paid workforce, but as public donations decline, so too does volunteering - a challenge for the sector. Increased focus on health & safety and compliance could be deterring some volunteers.

5

Sector does a lot with not many people

2

Doing a lot with a few

70% of our international development organisations are operating with less than 17FTEs

Nearly 100% Code Compliance

Nearly all CID members now have the policies and processes in place to keep staff and volunteers as safe as possible, manage complaints and show where funding has been spent.

3

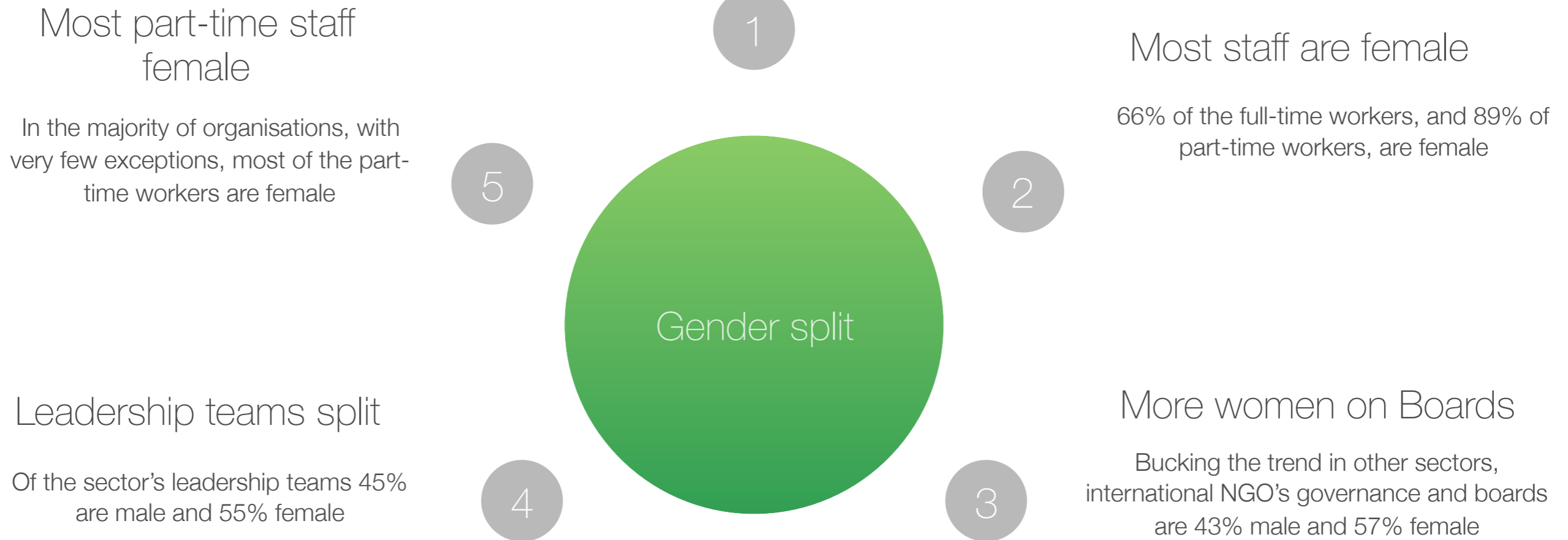
Most staff work in NZ

The majority of the organisations within the sector have more people working in New Zealand than overseas; only 17% of responding organisations have more people (i.e locally engaged staff) working outside of New Zealand. So despite localisation, it appears that on the whole, the old charitable business models remain in place.

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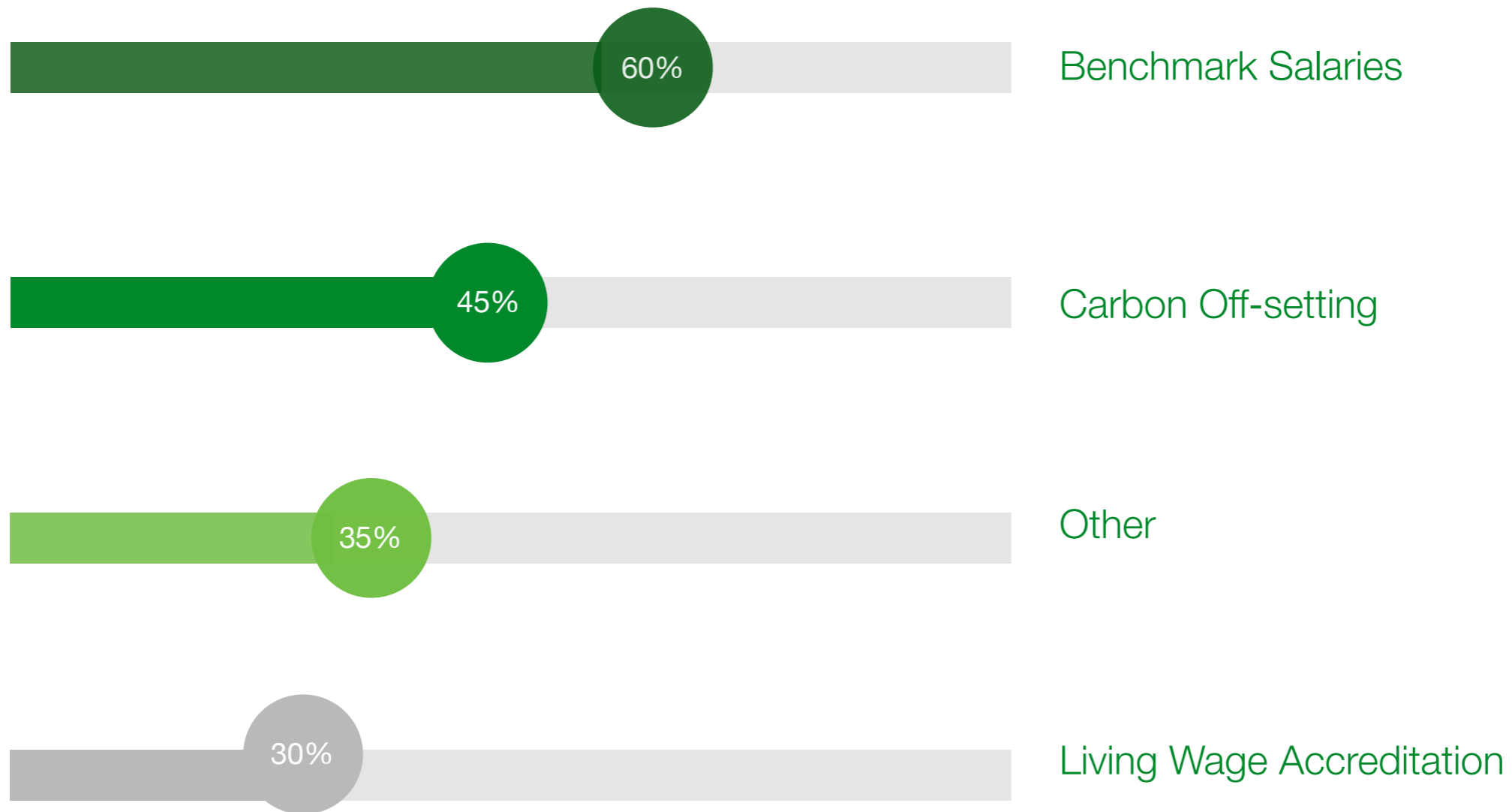
Gender split is healthy

Although this is the first time collecting data across staff, leadership and Boards, the sector appears to be doing better than in former years at addressing gender balance especially in leadership positions.



However, because women are in the majority across all staff, in relative terms female representation at leadership levels is still relatively low.

Sector ranks well with Social Good Measures, except Living Wage



An additional 35% identified other social good measures including: Fairtrade certification; Ethical Fashion Report; Childsafe Guidelines; Energy Saving Initiatives, unionised workforce; social accounting; and Employsure.

* Results are more than 100% because members have adopted several benchmarks

Finances

05

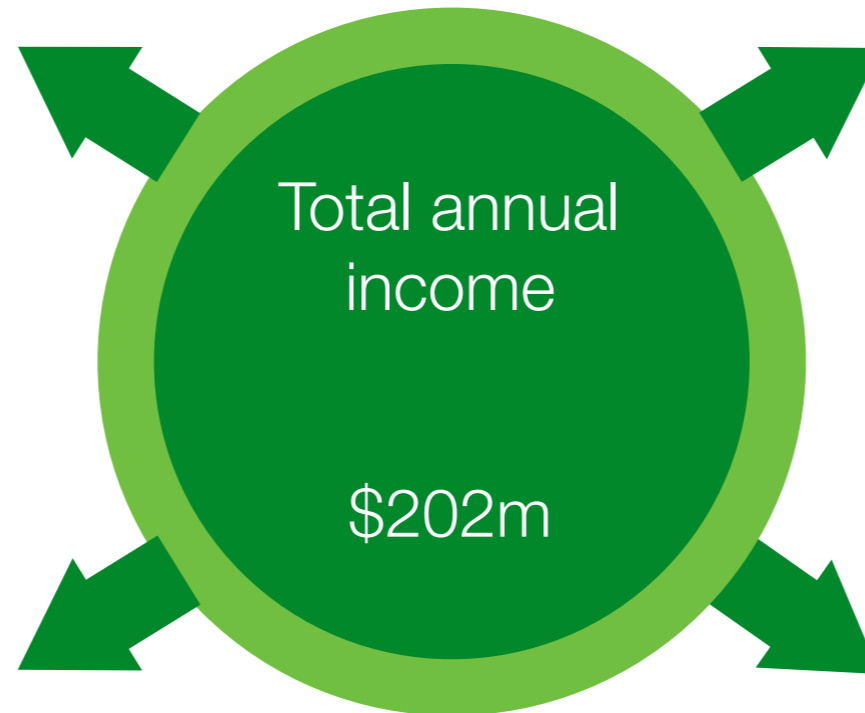
Where is the funding coming from, where is it being spent and on what activities?

Slight drop from last year

Despite this slight drop, funding has increased over a number of years. Financial support to CID members increased from \$182 million in 2017 to \$215 million in last years report, although this is also driven by an increase in CID membership.

Fewer emergencies

The slight drop could also be due to a fewer number of emergencies in the 2017/18 financial year.



Associate members

The small drop could also be explained by the profile of CID membership slightly changing, for example more social enterprises and business partners joining as Associate Members.

Overall income healthy

The financial health of the sector remains in viable shape.



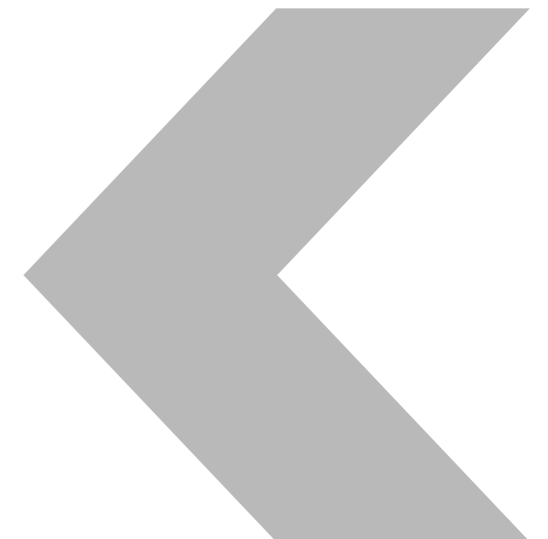
Similar funding sources

Funding sources remain similar to former years. Public support is still the largest source of income, and although it remains static, the multi-year decline appears to be continuing - 15% lower than a decade ago.

According to JB Were research, behests and philanthropy remain a largely untapped source of funding for CID members. Data included for the first time this year reveal that only 6% of funding came from behests, and 6% from Foundations. As traditional public donations decline, attracting larger donors and corporates becomes more important, particularly as NGOs can be more innovative and risk-taking with these funds, than with funds from government.

Big drop in child sponsorship

Child sponsorship has dropped from 60% last year to around 37% this year, (although this is partly due to new CID members with no child sponsorship changing the proportions of funding). On average, child sponsorship is declining about 8% per year as a source of revenue for relevant members. But NGOs are showing signs of diversifying funding sources, with an increase in partnerships other government departments for example, and with behests, Foundations and philanthropy being measured for the first time.



Funding sources



Public donations

Still the biggest source of funding, and static compared to last year, but multi-year trend of declining public funding appears to continue (15% over 15 years).



MFAT/other government

MFAT as a funder has increased from 18% to 21%. This would be a higher number if the largest NGO (World Vision) with less MFAT funding than other members, was removed.



Multilateral Organisations

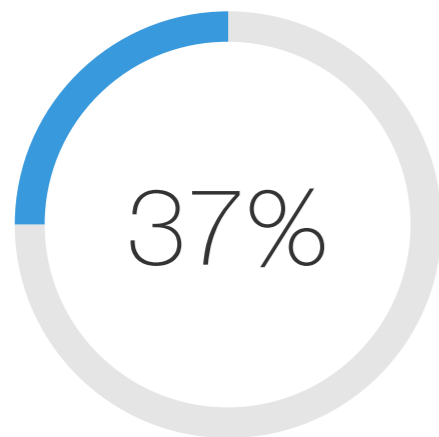
Similar to past years.



Sales, services, investments

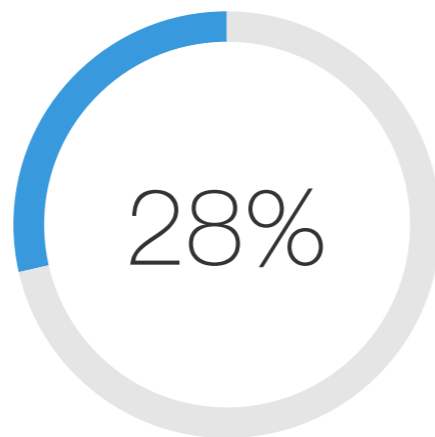
Slight drop from last year (at 16%). This figure is predominantly led by TradeAid data.

Sources of Public Funding



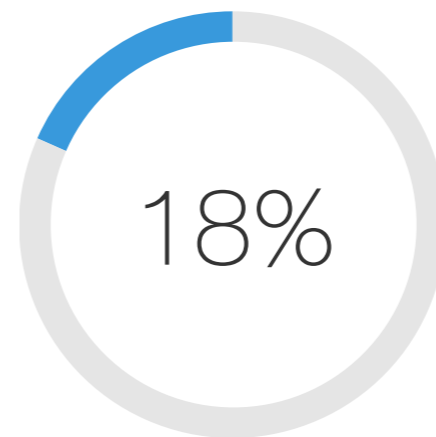
Child sponsorship

Big drop from 60% last year



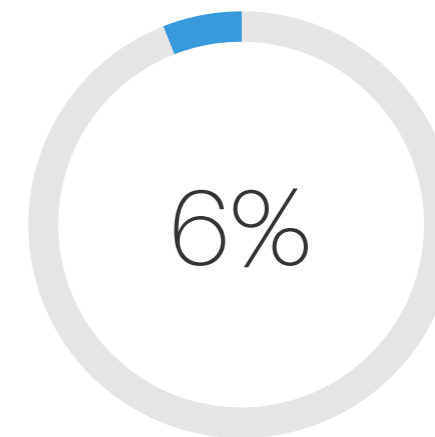
Regular donations

Other than child sponsorship



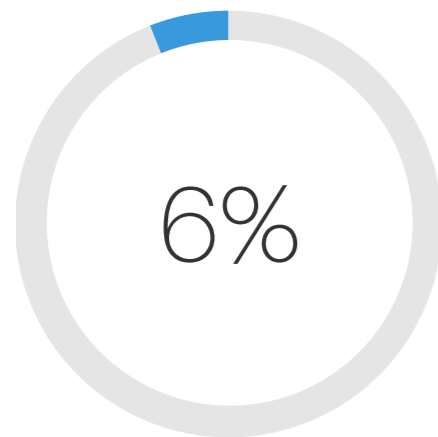
One-off donations

Public fundraising for example



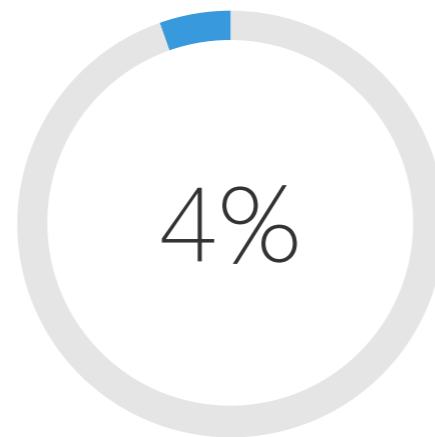
Bequests

Low compared to other countries



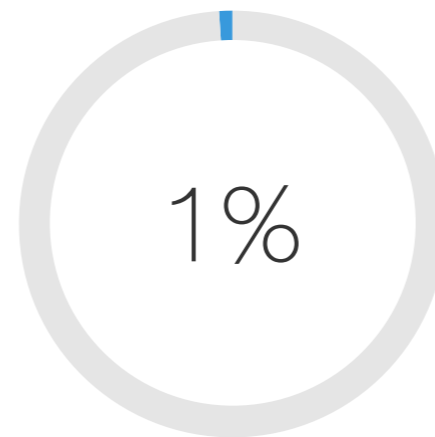
Other (eg Foundations)

Low compared to other countries



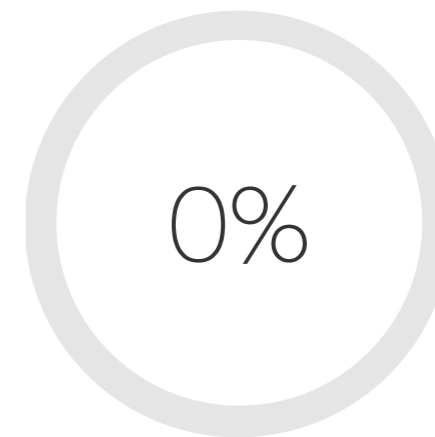
Emergency appeals

For example cyclones and disasters



Private sector

Low compare to domestic NGOs



Philanthropic Endowments

Untapped potential

Trends in public funding

New Zealand is the 3rd most charitable country in the world behind Indonesia and Australia. 68% of New Zealanders give to charity compared to 29% worldwide.

While crowdfunding and other direct sources of donating are on the rise, this doesn't appear to be cannibalising donations to charities; only 16% of people who have given to crowdfunding campaigns globally gave less to NGOs and charities as a result, according to the *Trends in Giving Report 2018*.

But public donations continue to decline globally. People haven't become less generous. Rather young people in particular appear to want to work for organisations that do good, not just donate. Also trust in NGOs globally has dropped from 75% in 2001 to less than 50% last year. While it has increased slightly this year in the *Edelman Trust Barometer* to 57%, it has also increased for business, government and media. This reflects a roughly 5.9 out of ten average rating for trust in the New Zealand sector (from *NZ Charity Services*).

Confidence of the sector increases again

In 2017/2018, the trend of increased confidence continued. Over 80% of responders believe their income will increase or stay the same in the next financial year (i.e. in 2018/2019). This confidence could be due to the timing of the survey in 2019, with a new funding approach from MFAT, and a belief that additional funding will be available, along with the government's focus on a 'Pacific Reset'.



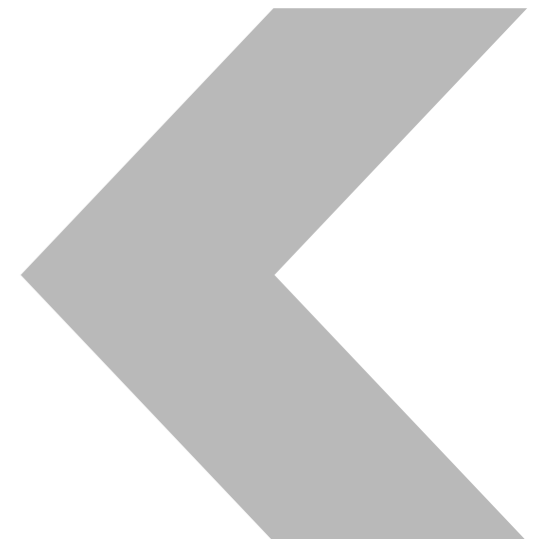
Change in Top Ten countries

In CID membership's top ten countries for development spend, significant changes are observed. There is an increase in funding for Pacific countries, reflecting the government's renewed focus on the Pacific. Vanuatu received increased development, potentially due to the volcanic eruption in Ambae.

Countries in South East Asia also made it into the top ten. The spend generally follows the need. Conversely, Fiji received a high proportion, despite being the most developed country in the Pacific, but it is also a major hub for the Pacific and some local NGOs work across the whole Pacific region.

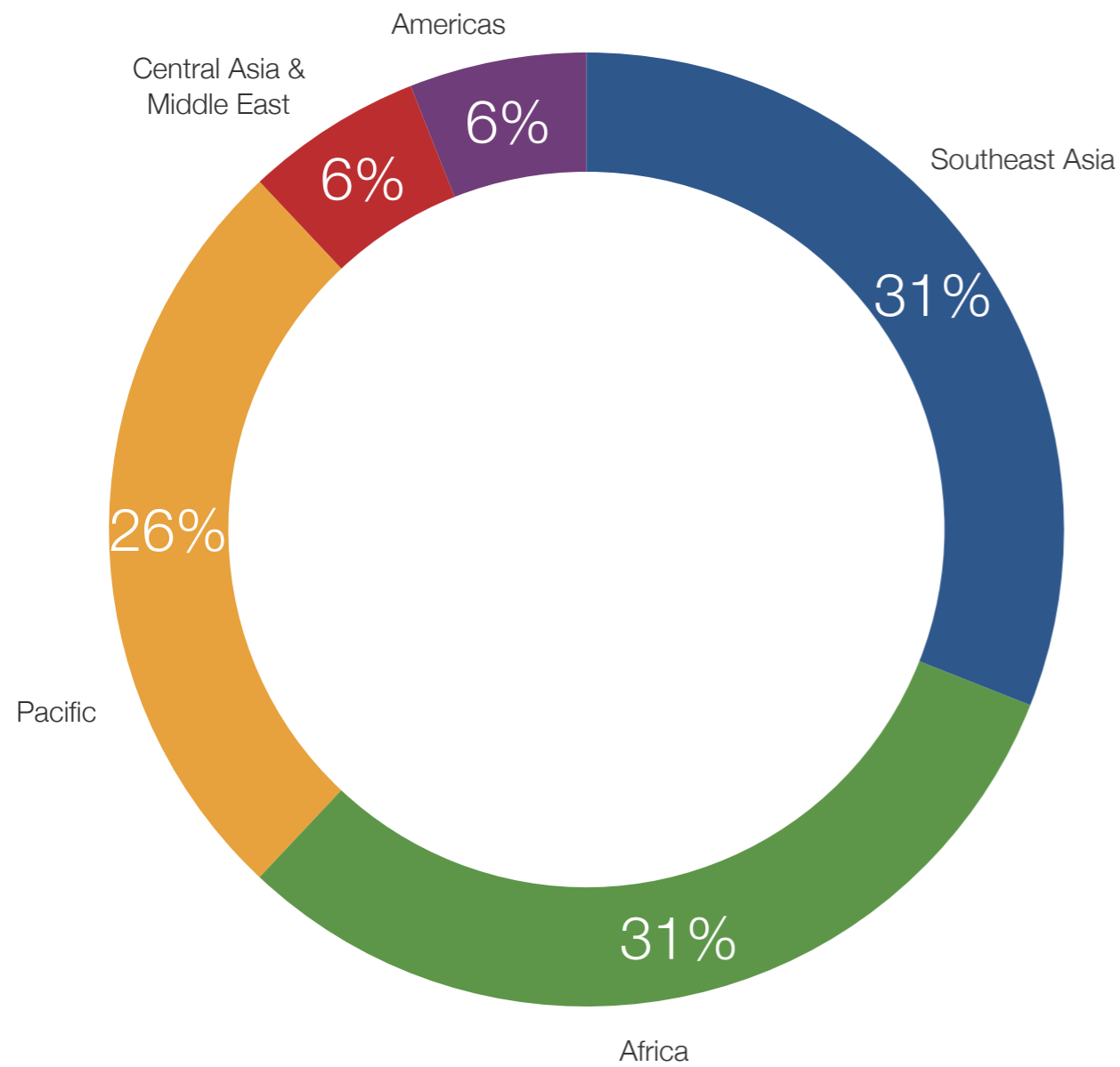
Top country, double the spend compared to last year

In last year's report the top country for development spend (PNG) got \$8m, compared to more than double that this year for South Sudan (receiving over \$17m). Vanuatu, which was absent in the Top Ten last year is the second biggest recipient of NGO funds this year (again likely due to the Ambae eruption). Seven out of the Top Ten this year are amongst the world's Least Developed Countries, according to the latest UN Human Development Index - three more than last year - proving again that New Zealand's NGOs go to where the need is greatest, and are often the only face of New Zealand in countries with the most conflict and poverty.

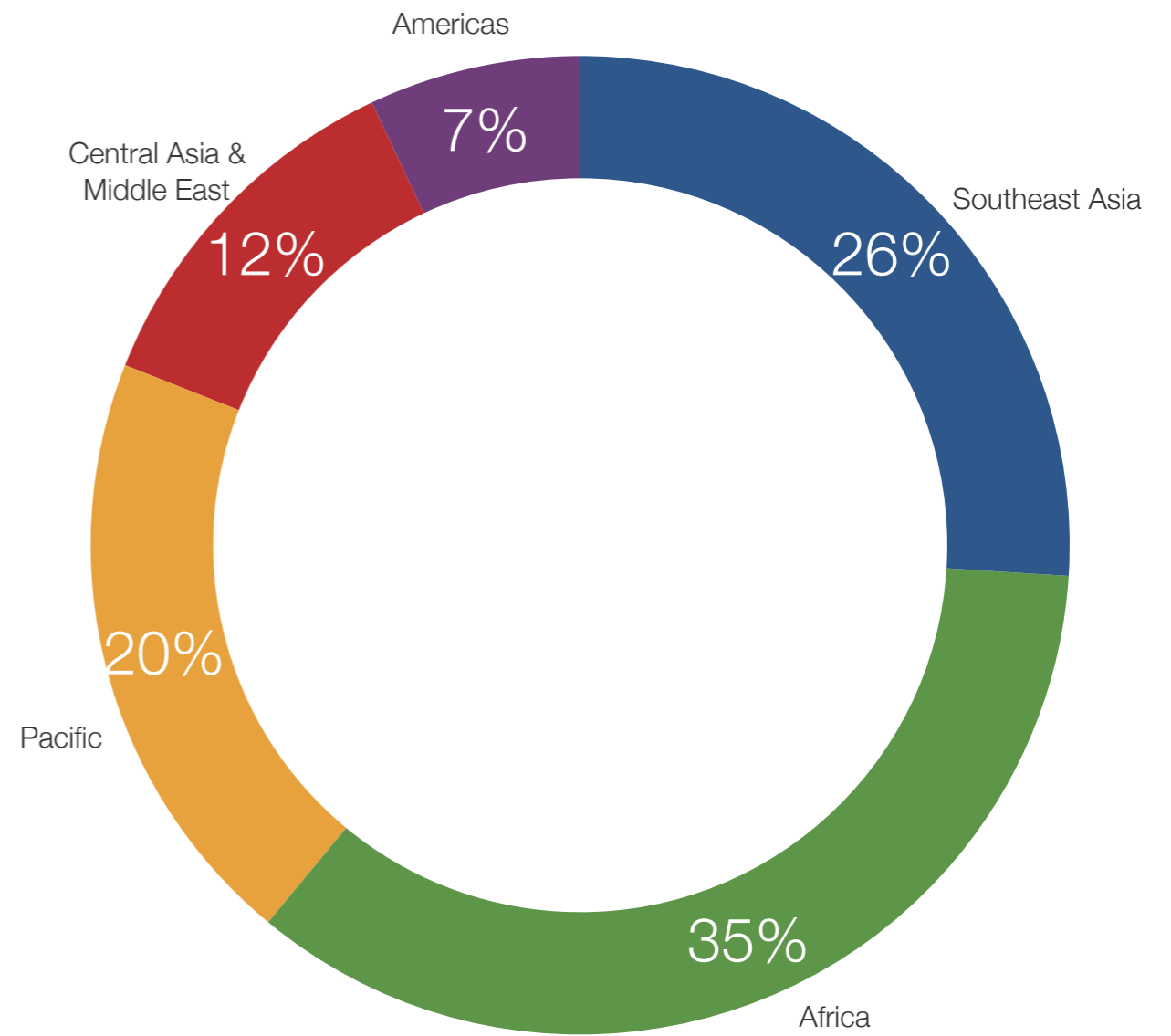


Where the money is spent

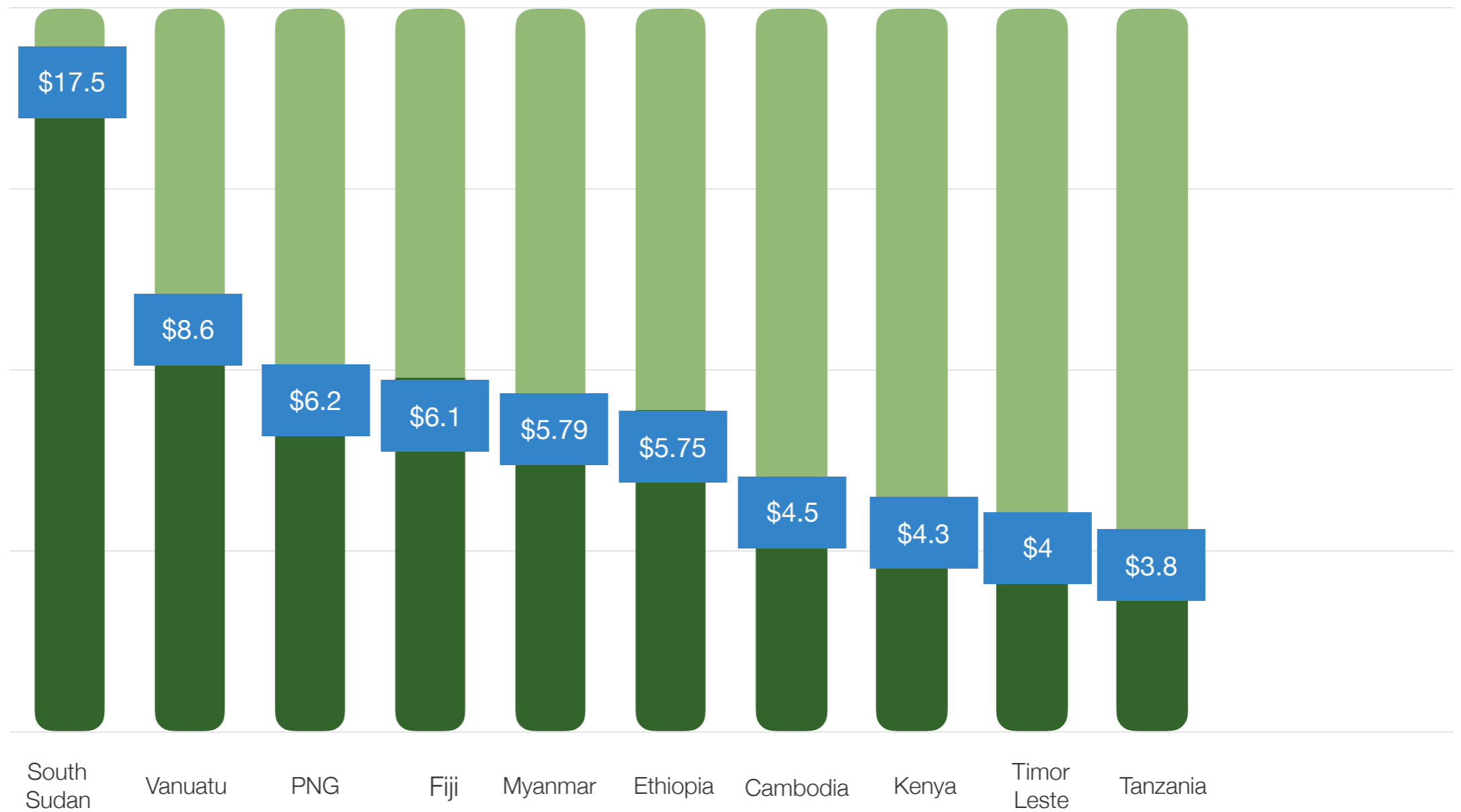
2017/18



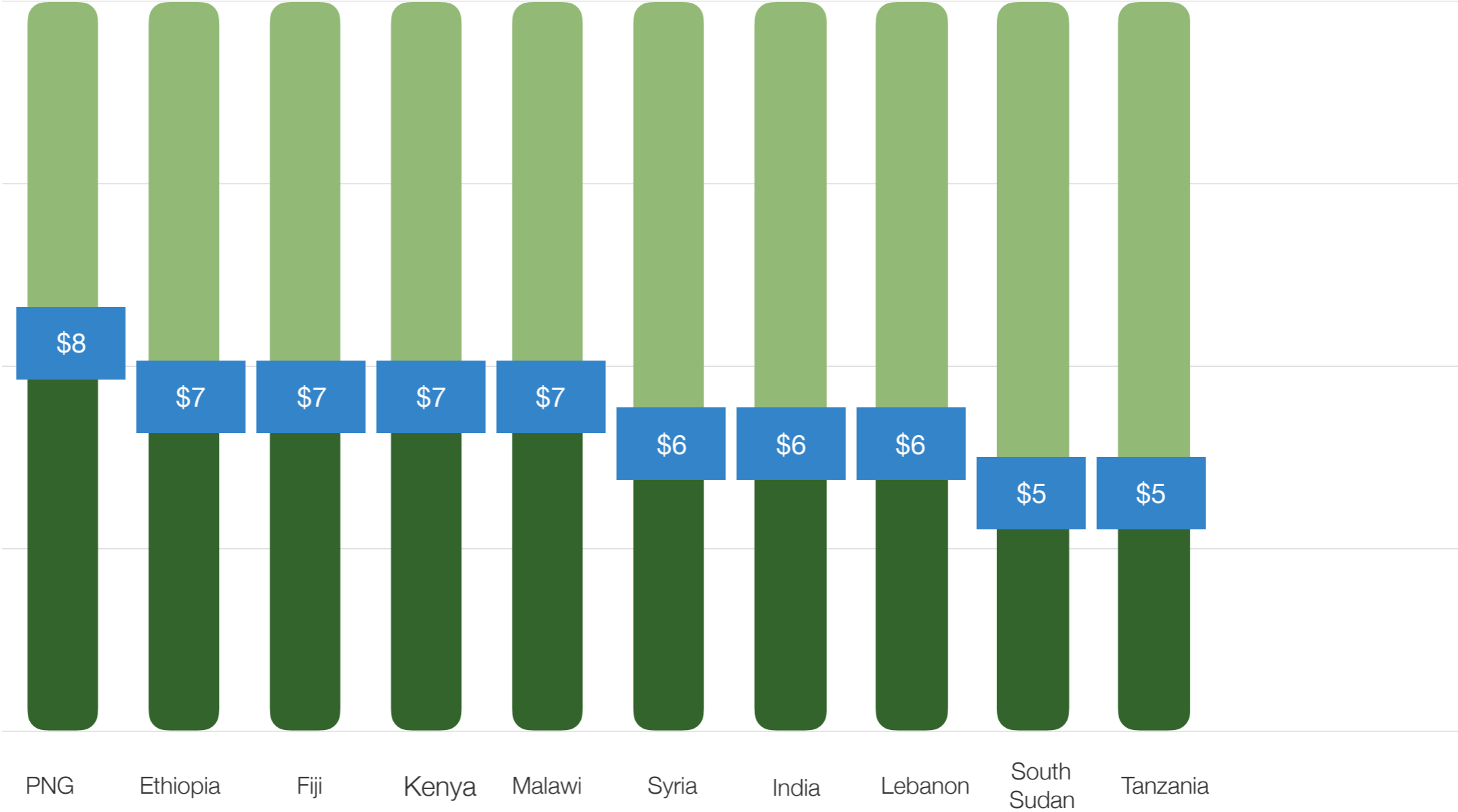
2016/17



Top Ten countries for development spend 2017/18 (millions)



Top ten countries for development spend 2016/17 (millions)



Changes in thematic focus



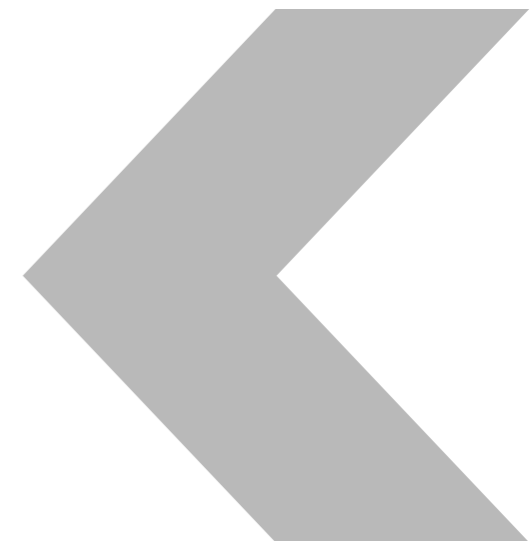
There has been an increase in funding for humanitarian work, primarily in the Horn of Africa. Activities in 'Governance/Institutions', in 'Industry/Innovation/Infrastructure' and 'Gender' have also increased. This appears to reflect an increased focus on building climate change resilience through improved infrastructure, and clean energy resources, and a focus on tourism.

There are slight drops in 'Health and Education'; 'Work and Economic growth'; 'Peace and Justice'; 'Human Rights'; and 'Wash' programmes, although these are not significant, and have potentially been incorporated into 'Governance' and 'Infrastructure'.

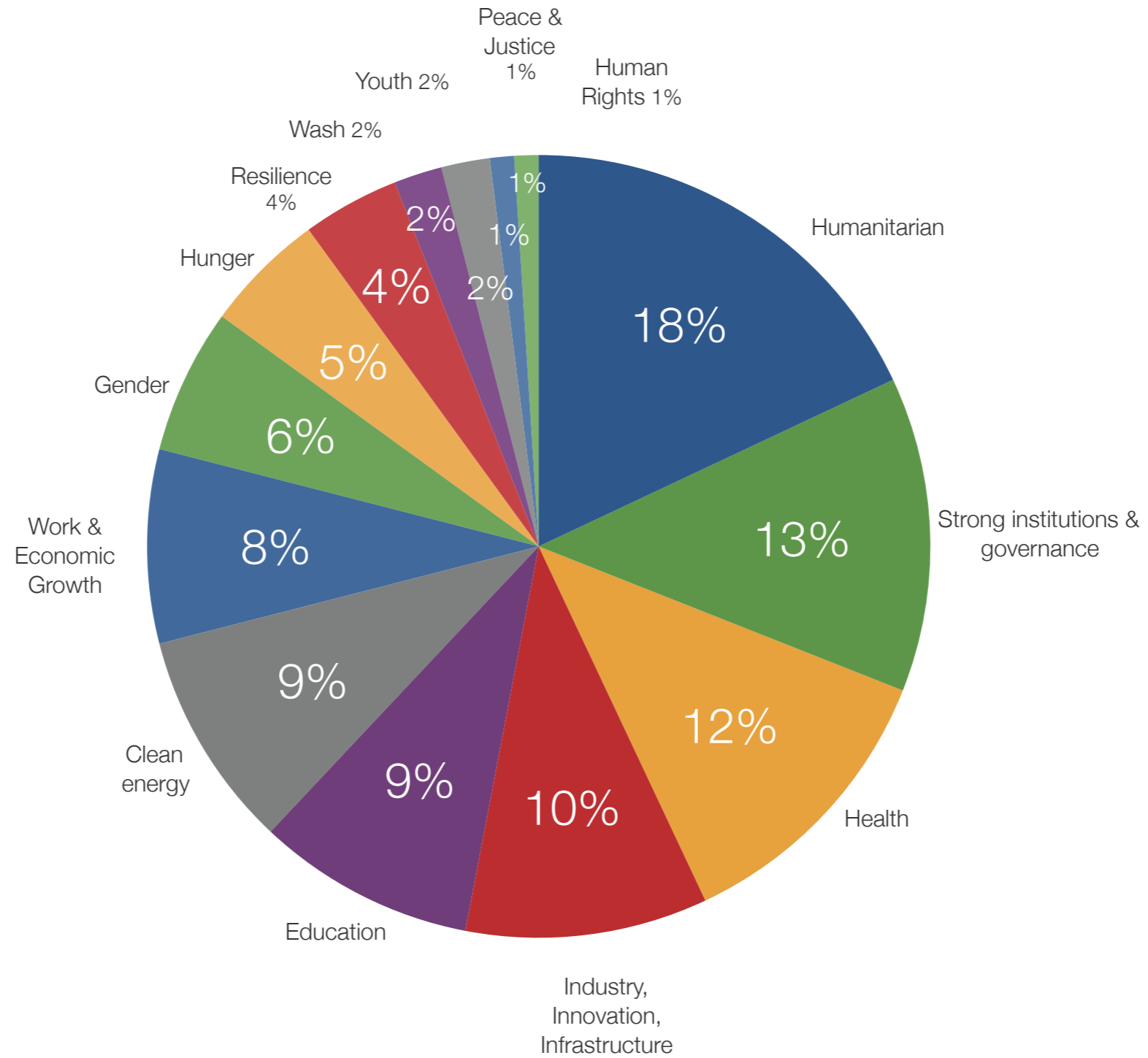
Adaptable sector

Despite a spread across all thematic areas, a key priority for CID members in this period was humanitarian activity (approximately 18%), caused by crises in the Horn of Africa, the Rohingya, and emergency events such as the Ambae eruption, and Cyclones Donna and Gita in the Pacific.

Child Protection, Anti-trafficking, Livelihoods and Agriculture were also identified as additional priorities, but were not measured this year. They will be measured in next year's Survey.



How the money is spent



Sustainable Development Goals: slow progress

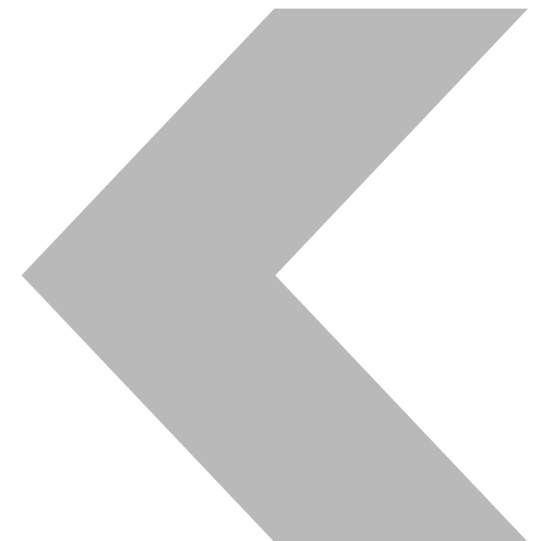


69% of responders stated that their organisation has not done anything different under the SDG framework since the last survey.

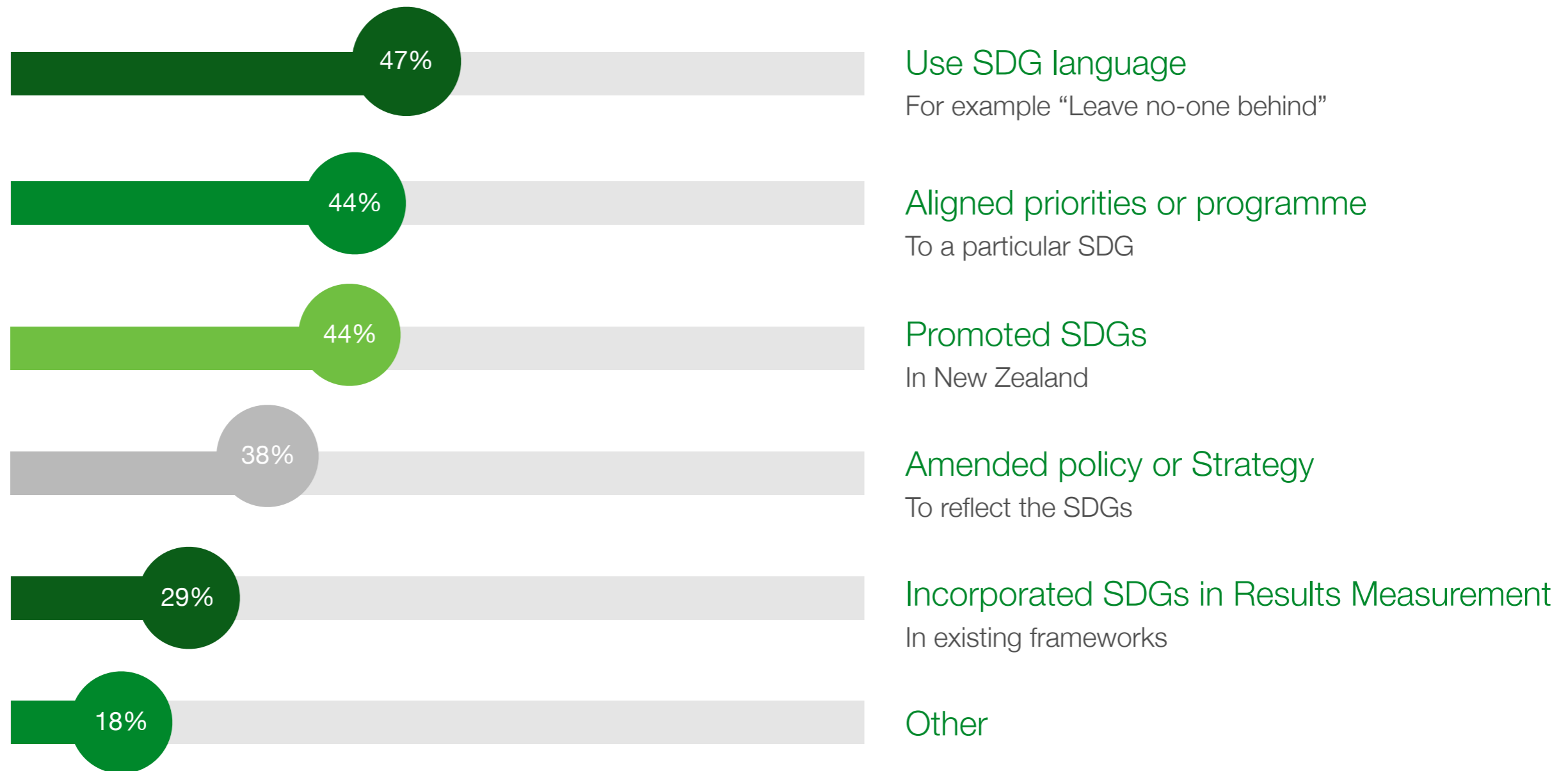
Among the members who reported to have done something in this area, the majority have taken measures like 'using particular language'; 'promoting the SDGs in New Zealand'; and 'aligning programmes to particular SDGs'.

For some, SDGs are embedded in existing frameworks

Some members said in addition, that they aligned the SDGs with existing results measurement frameworks in their organisations; or 'attended a conference on SDGs'.



'Using SDG language' ranks the highest*



* Results are more than 100% because most members have done more than one activity in relation to the SDGs

Partnerships

Who do New Zealand's international NGOs work with?

06



Number of partnerships between NGOs static

CID members have continued to work together to a similar extent this year, with a slight drop; 49% conducted projects or outputs together in 2017/2018, compared to 50% in 2016/2017.

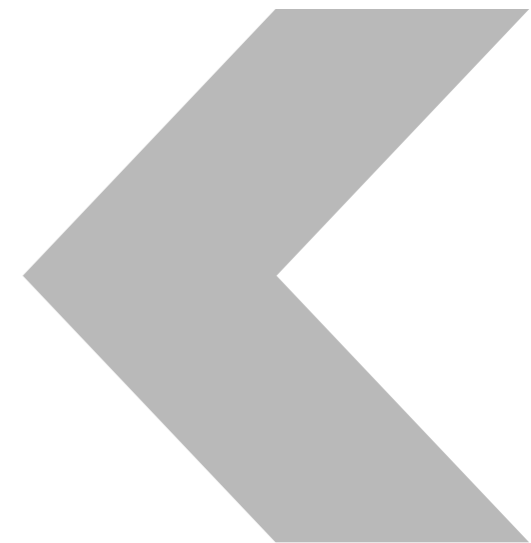
This is still considerably lower than the year prior to this, when 63% of members reported collaboration of this type in 2015/16.

Sector is fragmenting

Of the 49% reporting that they have worked with other NGOs, the nature of the work was mostly (58%) project design or implementation.

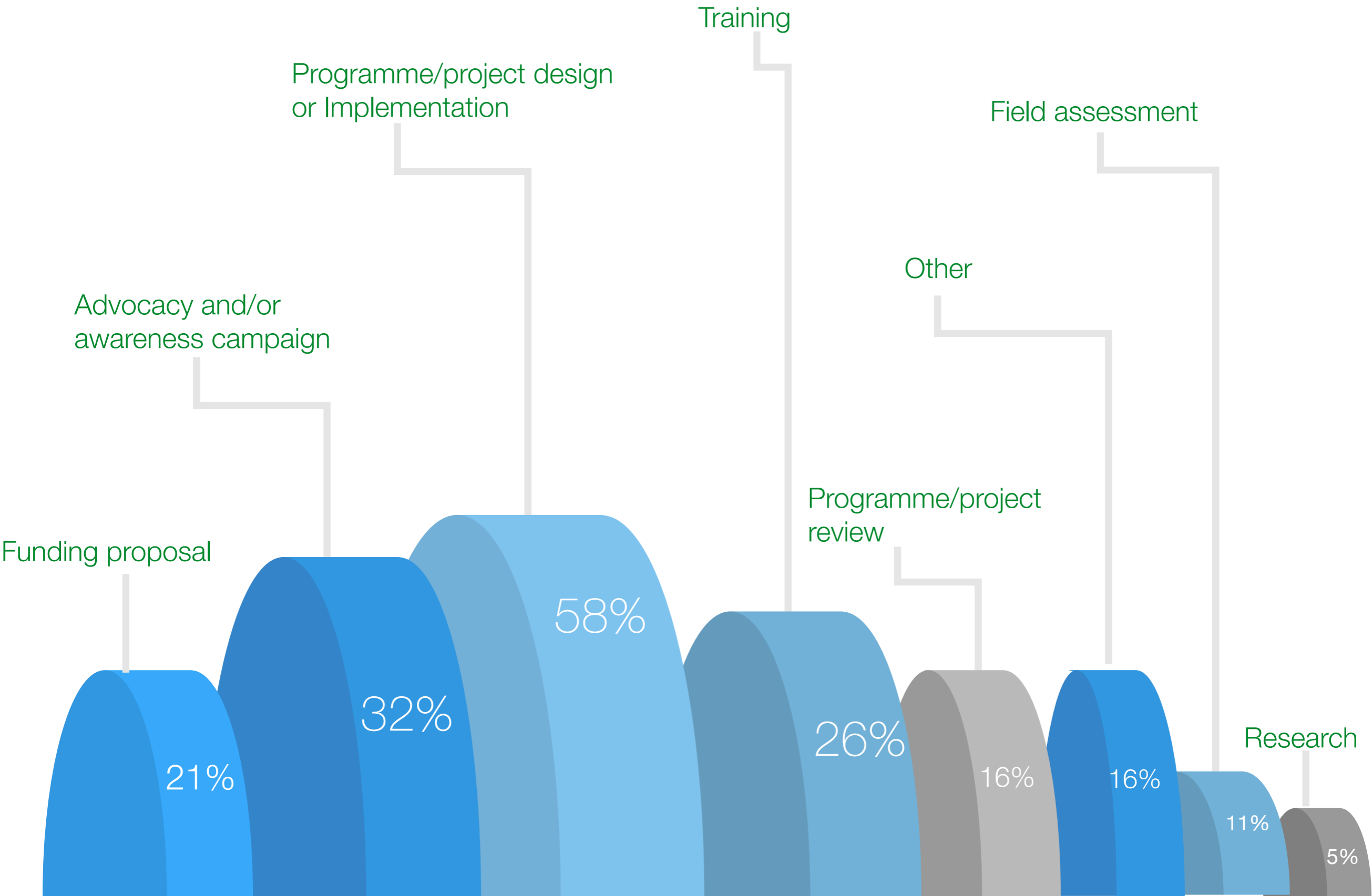
It appears that larger NGOs are pulling way from smaller NGOs, with collaborations in decline.

Some members reported additional activities, working with social enterprises and with other NGOs in the recruitment of volunteers.




Types of partnerships between NGOs

* Results are more than 100% where members have done more than one activity



Localisation thermometer - New data



80% of CID members responding, reported that they worked with overseas based (in-country) NGOs, and 17% of them have carried out more than ten activities with local partners.

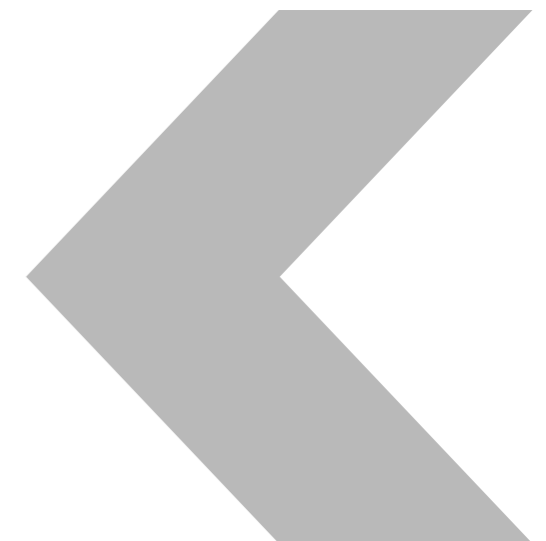
The majority of these activities involved projects, training and funding proposals.

20% of CID members performed activities in-country without an overseas NGO partner.

New question reveals steps in the right direction

The questions relating to partnership with overseas NGOs were new to the survey, so no baseline data is available.

It is refreshing to see so many CID members partner with overseas NGOs, but concerning that as many as 20% carried out activities without local partners, and 49% worked on only 1-5 activities with local partners.



Number of initiatives with an overseas NGO



None

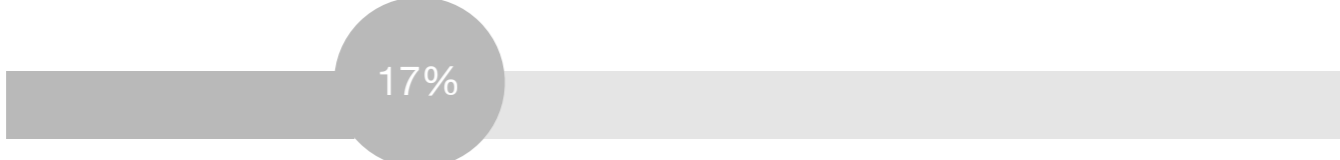
Although 20% is relatively high, it's clear from below that the majority of members (80%) are working in partnership with local partners



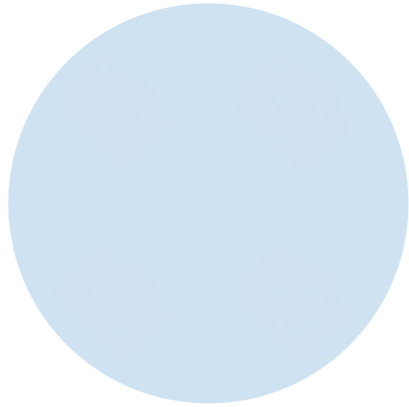
1-5 local partners



5-10 local partners

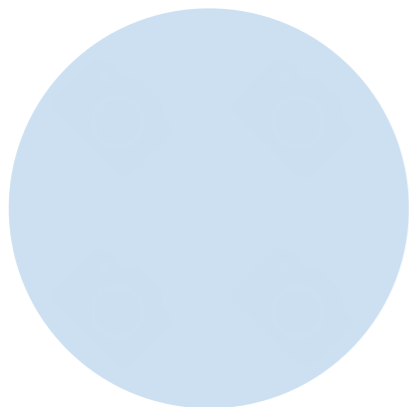
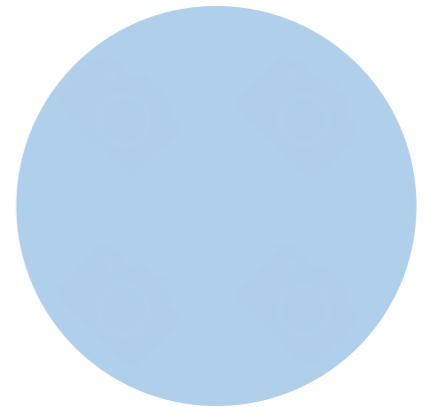


More than 10 local partners



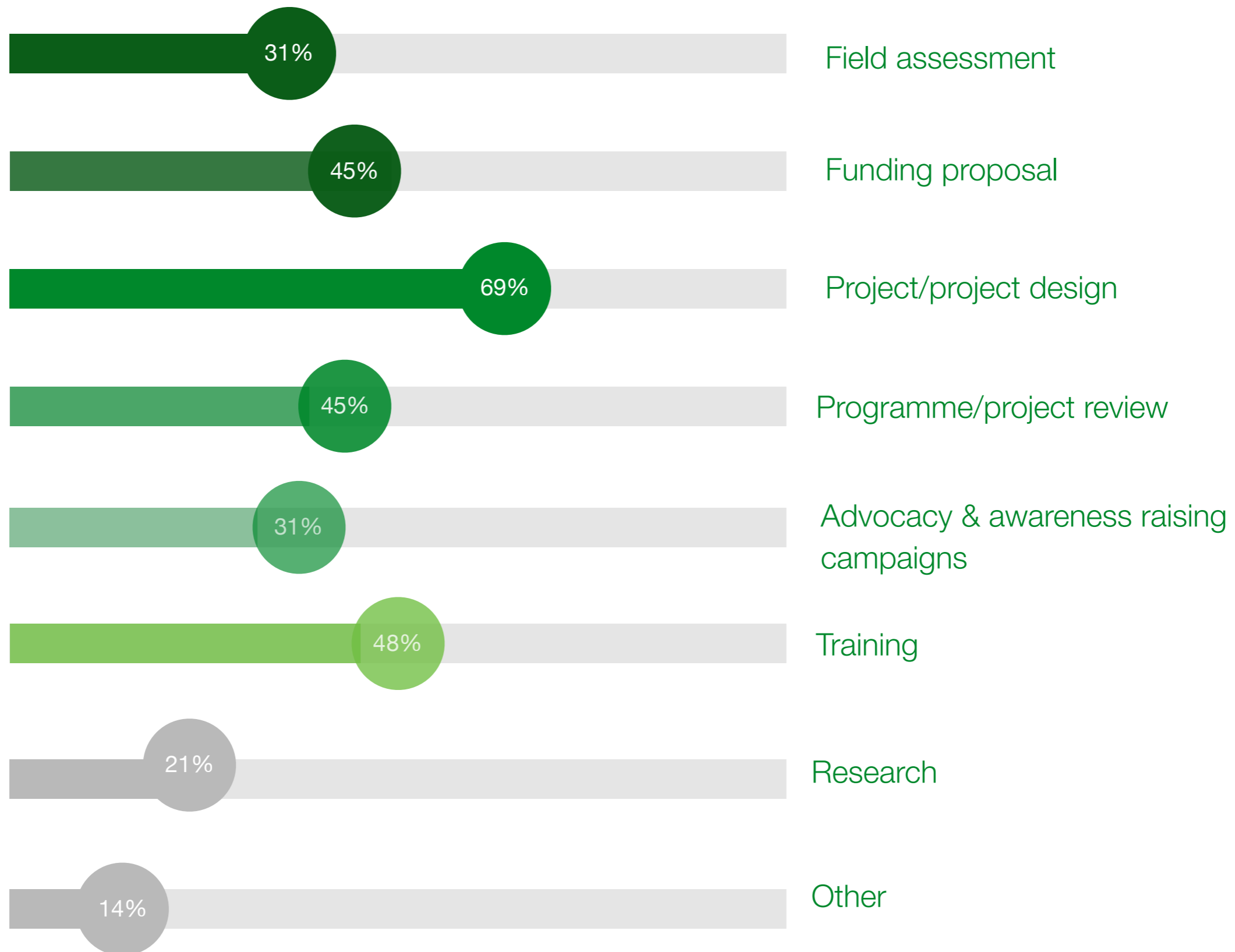
CID's recent localisation workshop revealed key challenges:

Identifying appropriate local in-country partners is tough. Those who know how to partner, report and have language skills might not necessarily be the most appropriate, whereas community-based NGOs, who might gain more from the partnerships, may not even have access to INGOs partnerships.



We need to reduce the amount of reporting requirements imposed on local in-country NGOs, working with multiple NZ iNGOs

Types of partnerships with local partners*



* Results are more than 100% where members have done more than one activity

Public sector partnerships in NZ and overseas



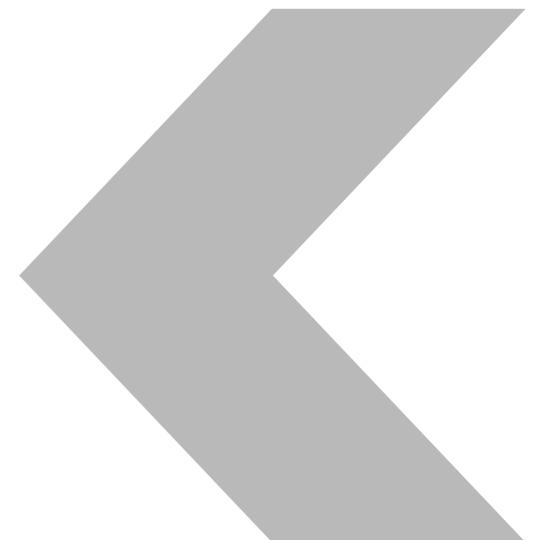
For the partnerships between CID members and public sector entities, this year has seen a large decrease in partnerships with local government in NZ (from 15% in 2016/2017 to 6% in 2017/2018)

There is little change in partnerships with academic institutions and Crown Research Institutes (from 44% last year to 43% in this year's Survey).

There is an increase in partnerships with government departments in New Zealand (excluding MFAT), from 11% in 2016/2017 to 15% in 2017/2018; a healthy sign that the sector is looking to diversify its funding base.

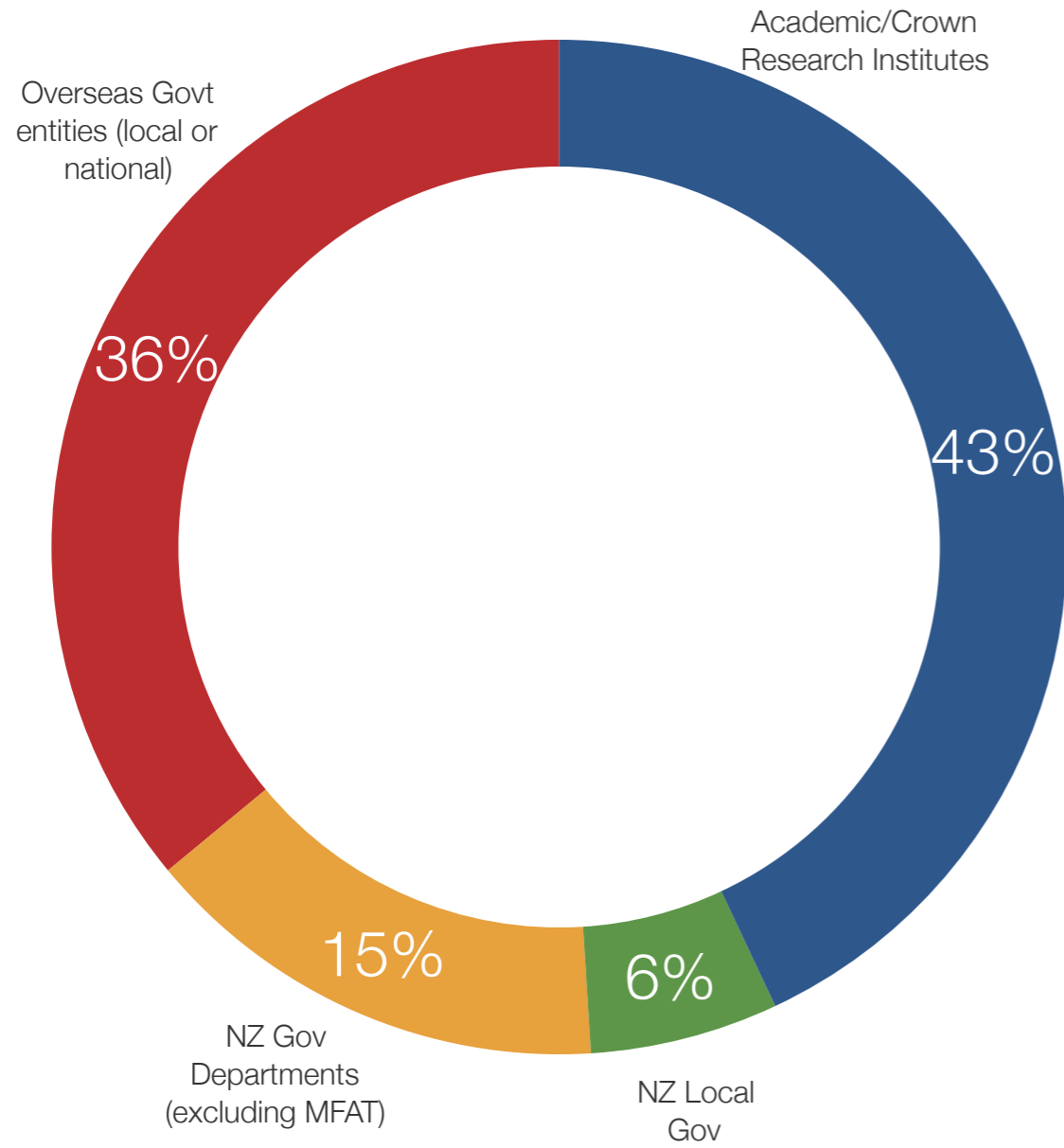
Further signs of Localisation

There is an increase in members working with government departments or local government entities overseas (from 29% in 2016/2017 to 36% in 2017/2018), showing pro-active signs of New Zealand NGOs partnering with government entities, particularly in the Pacific .

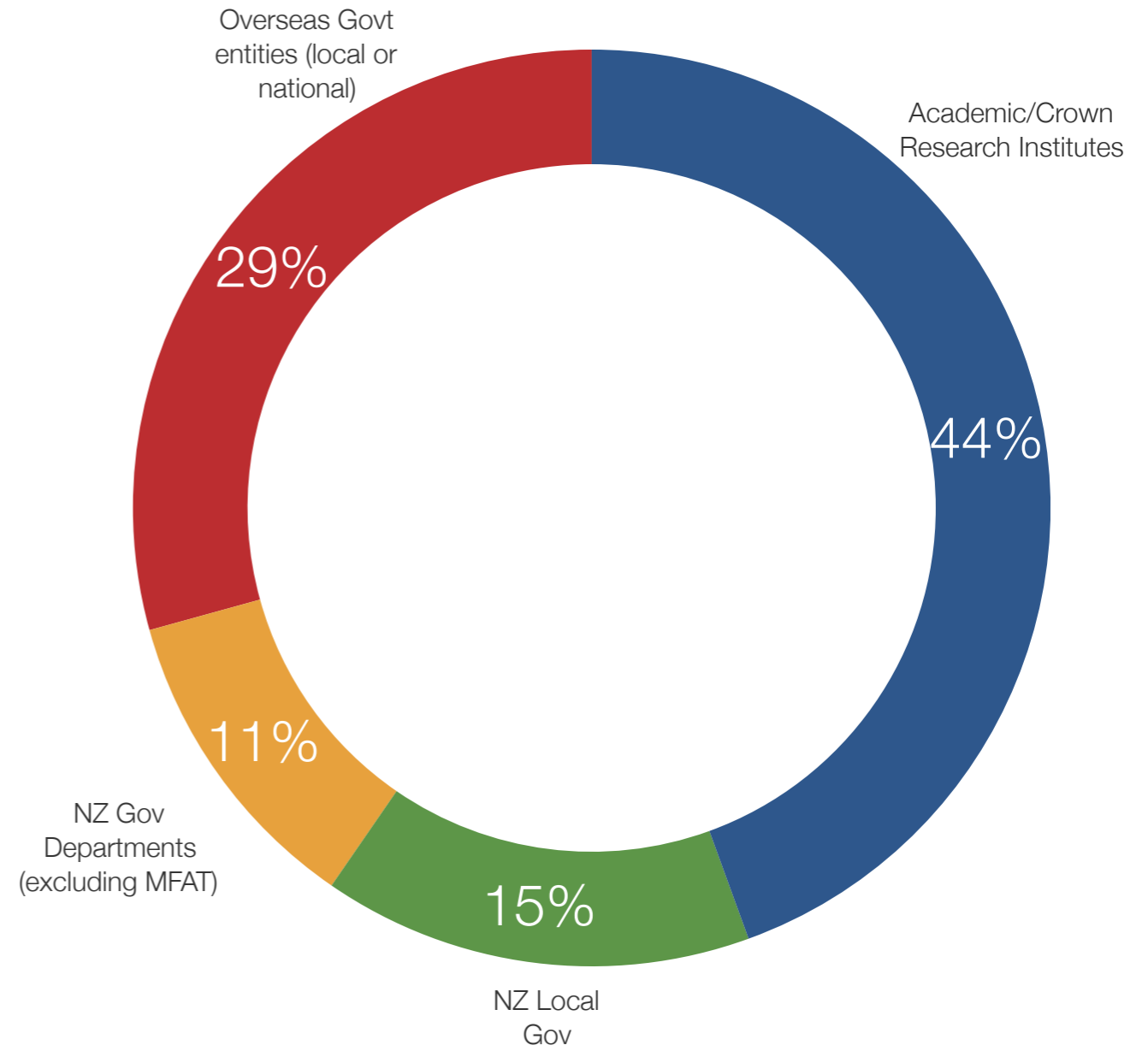


Public Sector Partnerships in NZ and overseas

2017/18

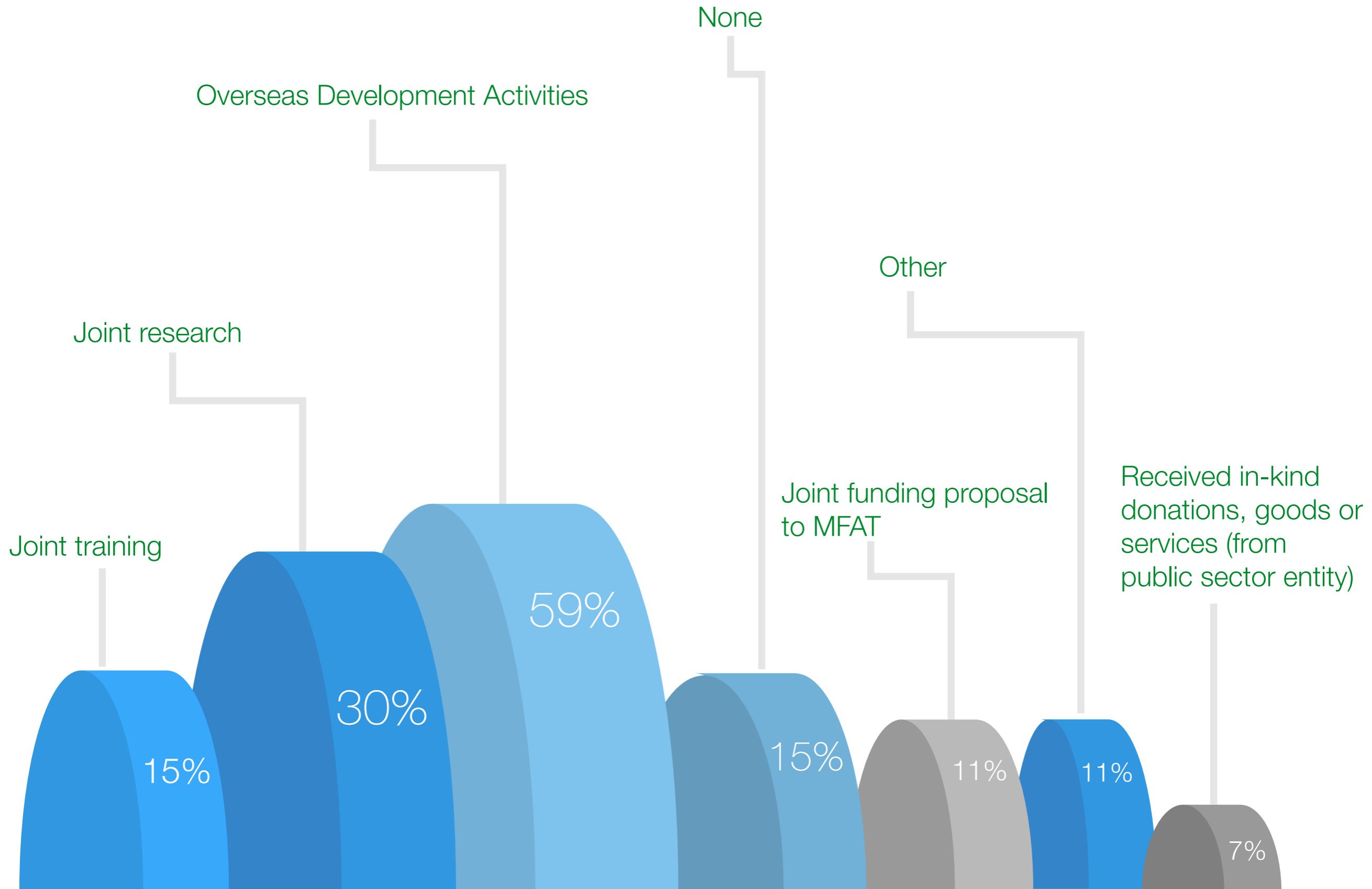


2016/17



Types of partnerships with public sector

* Results are more than 100% where members have done more than one activity



Private sector partnerships in decline

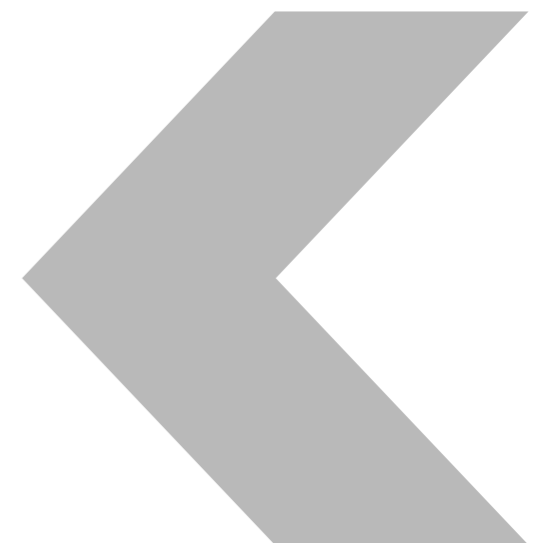
In 2016/2017, 70% of responders reported a partnership of some kind with the private sector. This year only 54% reported partnerships with the private sector.

This decline could be explained by several factors: The private sector is becoming a more active development actor, and partnering direct with local partners in the Pacific. Or they are a more discerning partner, looking for deeper partnerships beyond Corporate Social Responsibility. NGOs are not yet successfully defining the 'shared value' of partnerships. Those public organisation that can define 'shared value' are doing considerably better, for example universities, who are clear that they offer high quality graduates and 'Research & Development' to corporate sponsors/partners.

Alternatively, CID member NGOs may not be actively seeking these partnerships.

Same sorts of activities

While the number of partnerships may have declined, the split of activities have not changed significantly. An exception is partnerships relating to 'funding proposal to MFAT', which has increased from 5% in 2016/2017 to 17% in 2017/2018.



Types of partnerships with private sector

* Results are more than 100% where members have done more than one activity

