

Bracing for COVID-19

CID Annual Survey of the International NGO Sector 2019-20

Methodology

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

The survey was conducted in August-September 2020 and covers the last full financial year for each member (across 2019-20). The online survey provides CID's roughly fifty member agencies the opportunity to provide feedback in key thematic areas: size, scope, finances, and CID member priorities; satisfaction with the MFAT partnership and with CID; and views on future direction.

The Survey captures quantitative and qualitative data to understand CID members' global presence and state of operations. While the survey invites respondents to self-reflect on perceived strengths and weaknesses of their individual NGOs and the sector, 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 2019-20 survey, the same number as the last survey. 5 of those members completed only parts of the survey relevant to their organisation.

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Who We Are

The Council for International Development (CID) is the umbrella organisation that unites and supports New Zealand's international NGOs and organisation 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

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Snapshot of the Sector

Key findings and analysis from the survey

3

Slight decline in overall funding

Total annual income was estimated at \$190m million, a slight drop from last year (at \$202m) and down from 2016-17 at \$215m. For most members, this financial data is from prior to the COVID-19 pandemic, or at least prior to New Zealand lockdowns.

Continued shift to the Pacific

Around 80% of NGOs have partnered with a Pacific entity. Funding to the Pacific as a proportion of CID member income is up from 20% in 2016-17 to 30% this year.

Private sector increasing development impact

66% of NGOs reported a partnership with a New Zealand business – up from 54% last year. Notably, those partnerships with the private sector are increasingly focused on overseas development assistance in the form of project and programming implementation.



Sector concerns about COVID-19

37% of members expected their income to decrease in the next financial year, up from 20% in the last survey. This is likely a result of COVID-19 prioritising domestic concerns over international aid and humanitarian work.

The sector is exploring how COVID-19 might impact business models – hopefully with increased partnerships with local partners, and more shared services.

Similar top 10 countries

There is a focus on many of the same countries as in previous years: South Sudan remains country receiving the most funds, and 4 of the top ten countries are in Africa, with 3 in the Pacific and 3 in South-East Asia, demonstrating the breadth of CID members' work.

Snapshot by the numbers



Partner with the private sector

66% of international NGOs are partnering with the private sector, more than in the previous survey



Funds raised for development and aid

The sector generates millions each year for humanitarian assistance and development



From the private sector and multilaterals

The sector is diversifying its income in response to funding challenges, setting up well for the impact of COVID-19

15% decline

66%

43%

Over \$190 million

6th year in a row

Growing support

In public donations over time

Public are not less generous, just giving in different ways. The sector is responding to this challenge with innovation and new business models



Collaborate with each other

International NGOs are working together in different ways each year



Child sponsorship as a revenue source down

Even though child sponsorship makes up 40% of public revenue, the public are less and less likely to give in this way



COVID and its impact on the sector

Famines are on the increase, and [COVID-19 has reversed 30 years of progress on extreme poverty](#)

Challenges

46% of New Zealand's aid charities have identified COVID-19 and lockdowns as a serious threat to their survival. Key challenges are continuity of funding and programmes, as well as threats to traditional business models. Business models as we used to know them, have gone forever. Organisations are adapting to a much more uncertain operating environment. And COVID has accelerated 10-years of change into a 3 to 5-year period, if not sooner.

Responses

Most of the sector has responded with flexibility and is in the process of adapting ways of working, including building the capacity of local partners to implement development. In New Zealand, some are actively pursuing shared services or office space, as well as increasing collaboration. Operational costs have been cut and business models are changing.

Risk

But some agencies will continue to struggle without support or flexibility from big funders like MFAT. Public donations may continue to decline as incomes are challenged and 'charity begins at home – and stays at home'. This will make traditional 'match funding' (where MFAT matches funds raised from the public) particularly challenging.

Need is increasing

Need is increasing in the places where we work. The Pacific is facing decades of reversal in development gains as the tourism industry is decimated. Globally, COVID is set to push 34 million additional people into hunger by the end of 2020. Right now, at least 30 million children are at risk of preventable disease or death as immunization levels drop, due to COVID. Famines are on the increase and COVID has reversed 30 years of progress dealing to extreme poverty.

Opportunities

But COVID has also created opportunities. Closed borders in the Pacific for example have increased local ownership of development. This trend towards greater 'localisation' is positive and has major implications for the business models of aid agencies. There is a greater focus on strengthening the capacity of locals to respond and drive development, even respond themselves to cyclones, for example when Cyclone Harold struck this year during lockdown and closed borders.



“Financial stress with COVID-19 restrictions”



“Keeping Government accountable to their international commitments”



“Retaining good staff”



“Declining child sponsorship supporter base and impact in our long-term developing contexts”



“Remaining relevant to emerging locally led activism and development leaders”



“Unsustainable structures of trade and commerce”

Challenges for the sector according to CID members

Workforce Profile

Gender, standards, and profile of CID member organisations

4



Most are full time

The majority (73%) of international development paid workers in New Zealand are employed full-time, with 27% of paid workers being employed part-time. This is an increase in the proportion of full-time staff on the last survey

2

Doing a lot with a few

74% of our international development organisations are operating with less than 17FTEs

3

100% Code Compliance

All CID members demonstrating accountability, i.e. they have in place, or are strengthening, the policies and processes to keep staff and volunteers as safe as possible, manage complaints and show where funding has been spent

4

Most staff work in NZ

Most organisations have more people working in New Zealand than overseas; only 14% 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

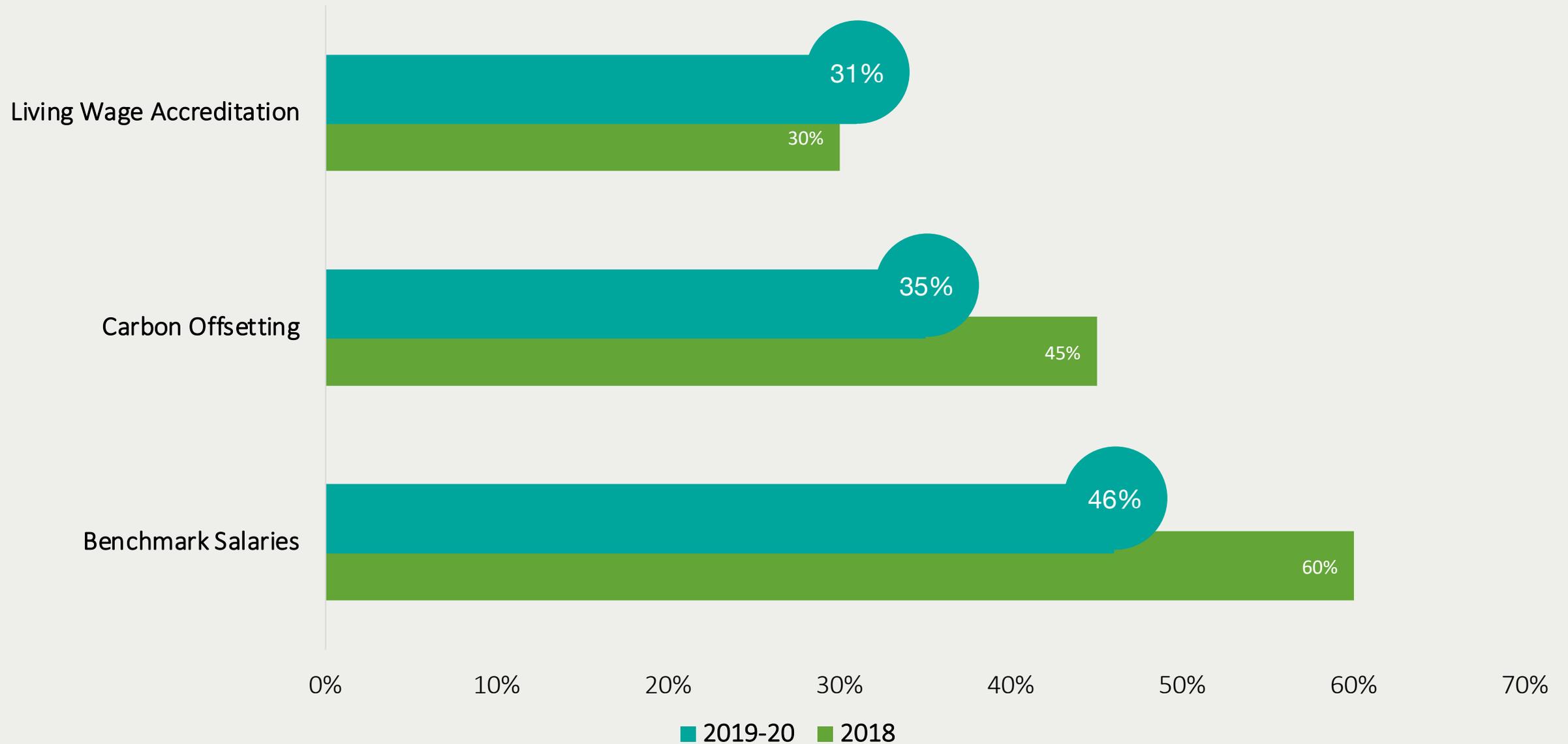
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Depends on volunteers

The size of a voluntary workforce is 43% 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

1

Sector declines with Social Good Measures, except Living Wage



Most part-time staff female

In the majority of organisations, with very few exceptions, most of the part-time workers are female at 79% (again a decrease on last survey's 89%)

Women on Boards

Ahead of other sectors, international NGO's governance and boards are 54% male and 46% female. This is a switch from last survey – with 43% male and 57% female.

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

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



Most staff are female

63% of the full-time workers, a decrease of last survey's 66%

Leadership teams split

Of the sector's leadership teams 37% are male and 63% female (up 8% on the previous survey)

Finances

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

5

Slight drop in funding continues

Financial support for CID members decreased from \$215m in 2016-17 and \$202m in 2017-18 in the previous survey to \$190m this year. This could be due to a focus on localisation, domestic focus during COVID-19, or financial reporting changes

Humanitarian activity

While the number of crises and need increased, they could not be responded to in the same way due to COVID-19



A sign of COVID-19

The small drop could also be explained by the beginning of the impact of COVID-19 on CID members' financial situation, indicating a tough year ahead

Overall income healthy

The financial health of the sector remains in viable shape, although the presence of COVID-19 factors presents a threat

Similar funding sources

Funding sources remain similar to previous surveys. 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.

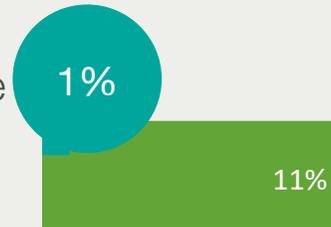
According to JBWere research, bequests and philanthropy remain a largely untapped source of funding for CID members. Data reveals that only 2% of funding came from bequests, and 2% from Foundations. This is a decline on the previous survey (6% for each). As traditional public donations decline, attracting 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.



Funding sources

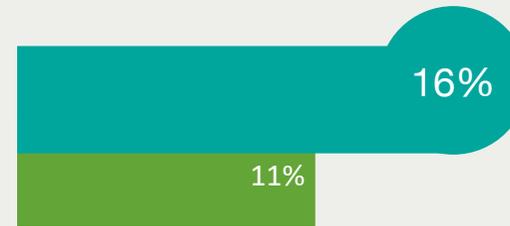
Sales, services, investments

Drop from last survey – probable cause a significant member not completing financial data



Multilateral organisations

Slight increase on last survey in 2017-18, demonstrating increased dependence



MFAT/Government

MFAT (and other government) funding continues to increase



Public funding

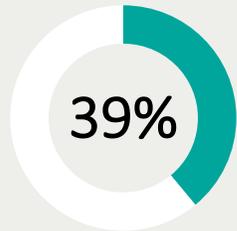
Still the largest source of funding, and this survey slightly reverses a long-term decline in public donations



0% 10% 20% 30% 40% 50% 60%

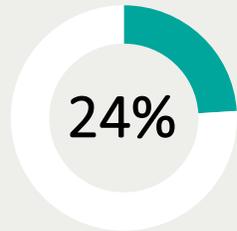
■ 2019-20 ■ 2018

Proportion of public funding by type



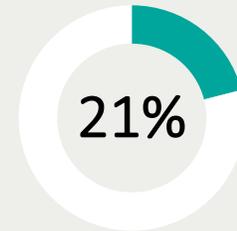
Child sponsorship

Similar to the last survey



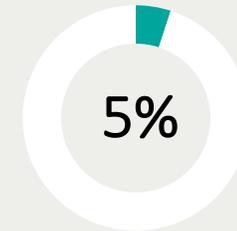
Regular donations

Slightly down on last time



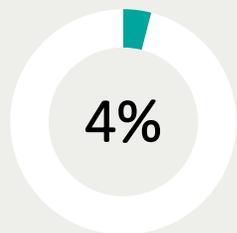
One-off donations

For example, public fundraising



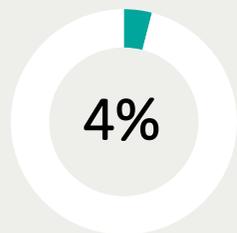
Private sector

Significantly higher than last survey



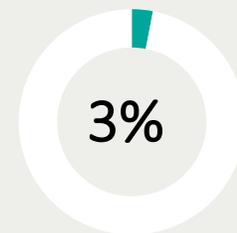
Bequests

Slightly down on the last survey



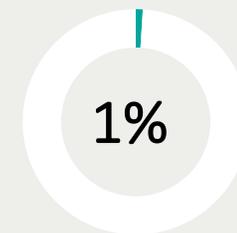
Emergency appeals

For example cyclones and disasters



Other (e.g. foundations)

Low compared to other countries



Philanthropic endowments

Untapped potential

Trends in public funding

New Zealand is the again 3rd most charitable country, behind the United States and Myanmar (replacing Indonesia and Australia). New Zealand has consistently ranked in the top 5 in this *Global Giving Index*. 65% of New Zealanders give to charity, a much higher figure than the global average.

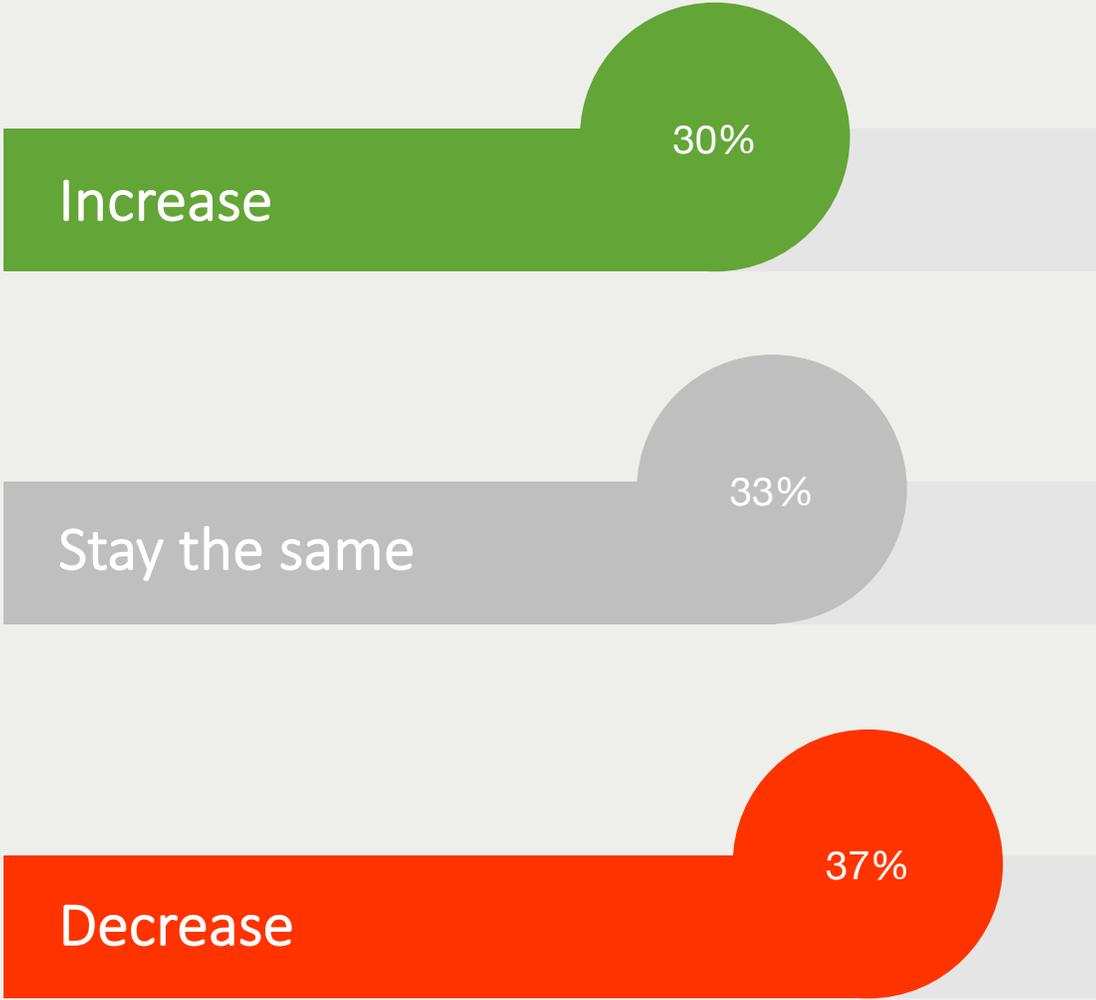
According to the *Trends in Global Giving Report 2020*, crowdfunding continues to rise, particularly services like Facebook Fundraising Tools.

Trust in NGOs remains static according to the *Edelman Trust Barometer*, at 55%, which is higher than for other organisations.

Confidence of the sector decreases

In contrast to the previous two surveys, confidence in the financial stability of the sector has dropped markedly. Only 30% of respondents believe their income will increase over the next financial year, with 37% expecting a drop. This compares to high confidence in funding in the last survey, with just 20% expecting a decrease. This is almost certainly a response to COVID-19, compared to the positive impact of the Pacific Reset and a new MFAT funding model in the last survey in 2017-18.

Decreased confidence among members



Increase

30%

37% of participating members expect their income to decrease over the next year, compared with just 20% in 2017-18.

Stay the same

33%

This suggests members are not optimistic about public fundraising, which still accounts for 60% of member funding. The public are more likely to fund domestic NGOs as a result of COVID-19, as need increases in New Zealand.

Decrease

37%

There is still some positivity among members – 30% expect an increase, perhaps as a result of increased demand for poverty reduction and humanitarian work due to COVID-19 and climate change.



Change in top ten countries

In CID membership's top ten countries for development spend, changes are observed. There is an ongoing trend of increasing funding to the Pacific and our near neighbourhood. Funding has also increased to Africa, at the expense of the Americas, the Middle East/Central Asia and South-East Asia

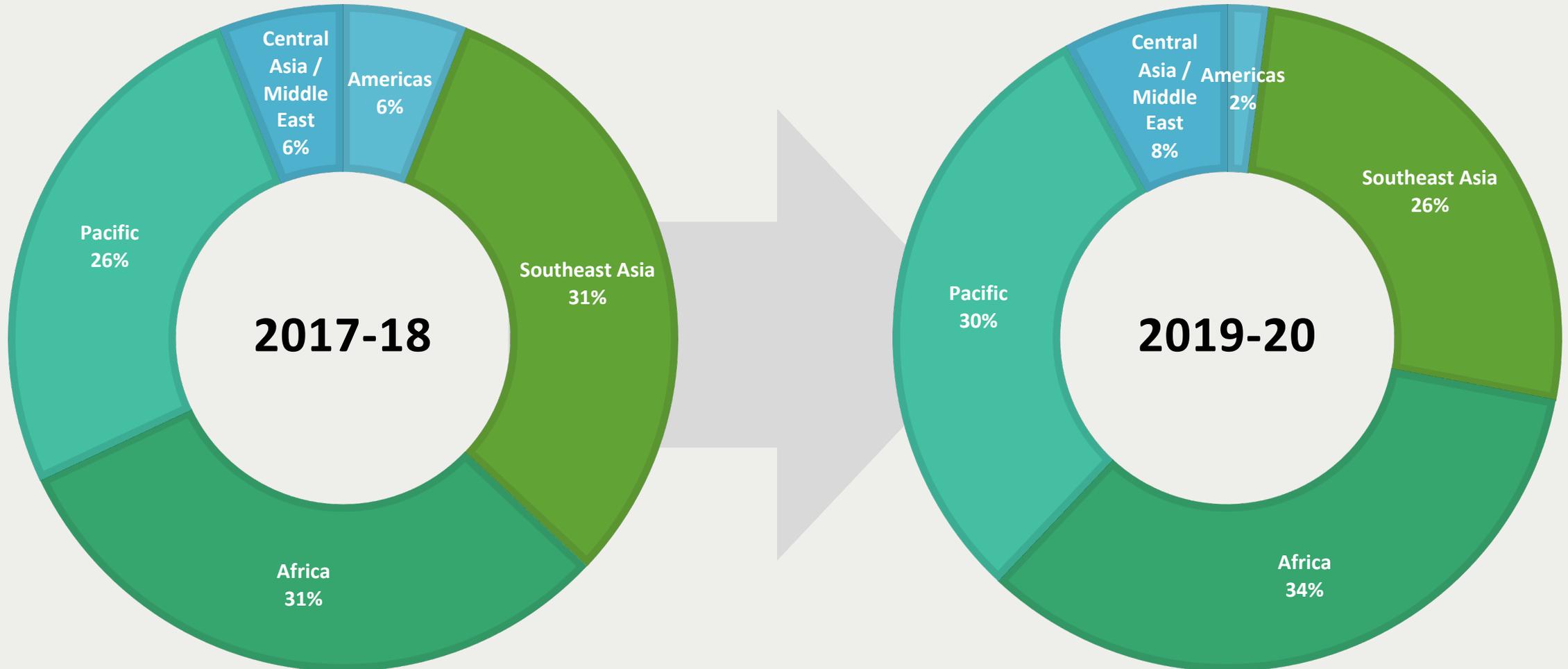
South Sudan remains the top funding destination, as does the general make-up of the top 10 – 4 from Africa, 3 in the Pacific, and 3 in South-East Asia

Pacific emerging as a top destination

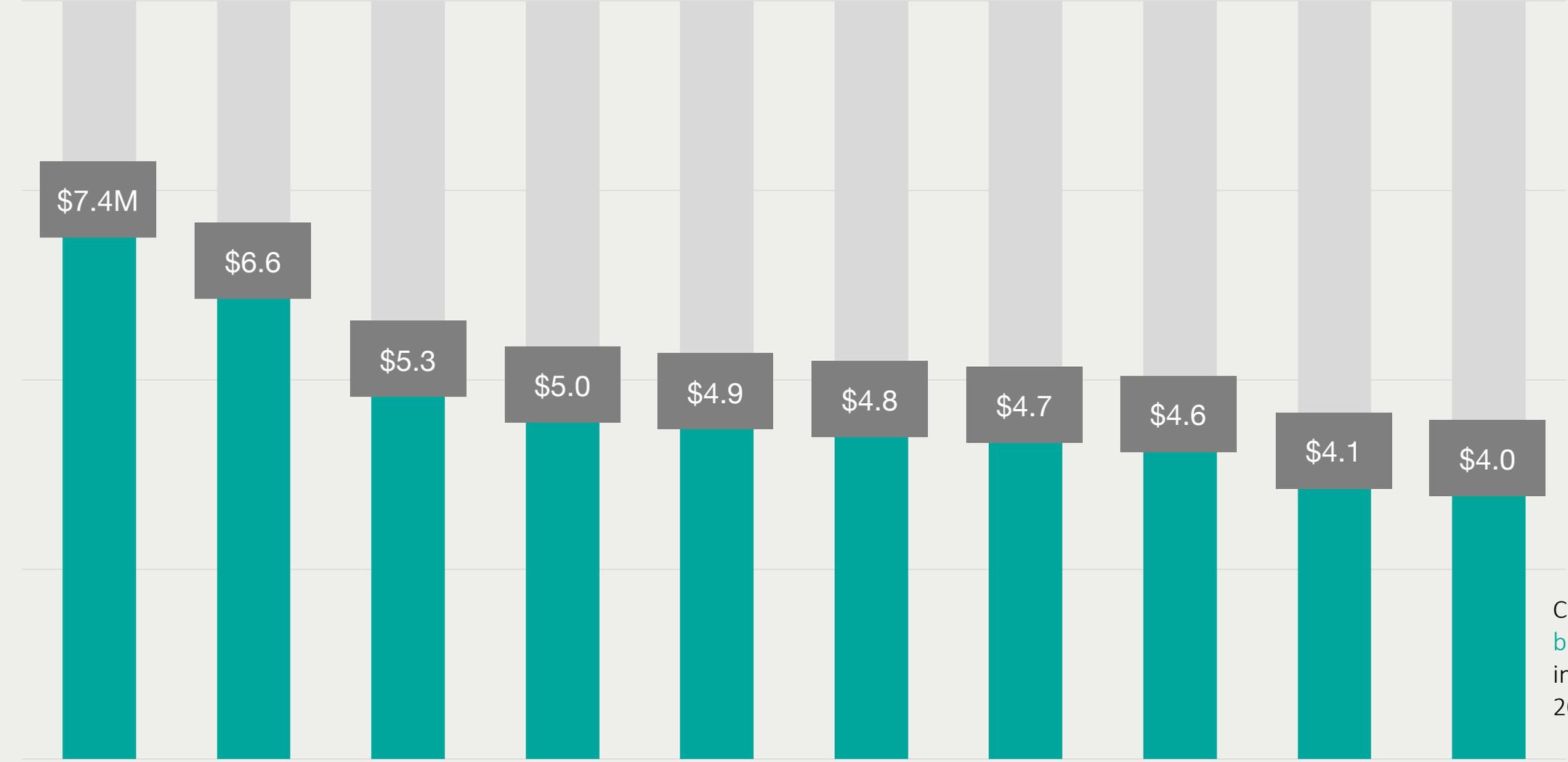
Matching the Government and MFAT's aid priorities, the Pacific continues to increase as a proportion of funding from CID members, up from 20% in 2016-17 to **30% in 2019-20**. This also reflects a trend towards localisation – with members like Anglican Missions utilising New Zealand-Pacific links to maximise the impact of aid.



Location of spend



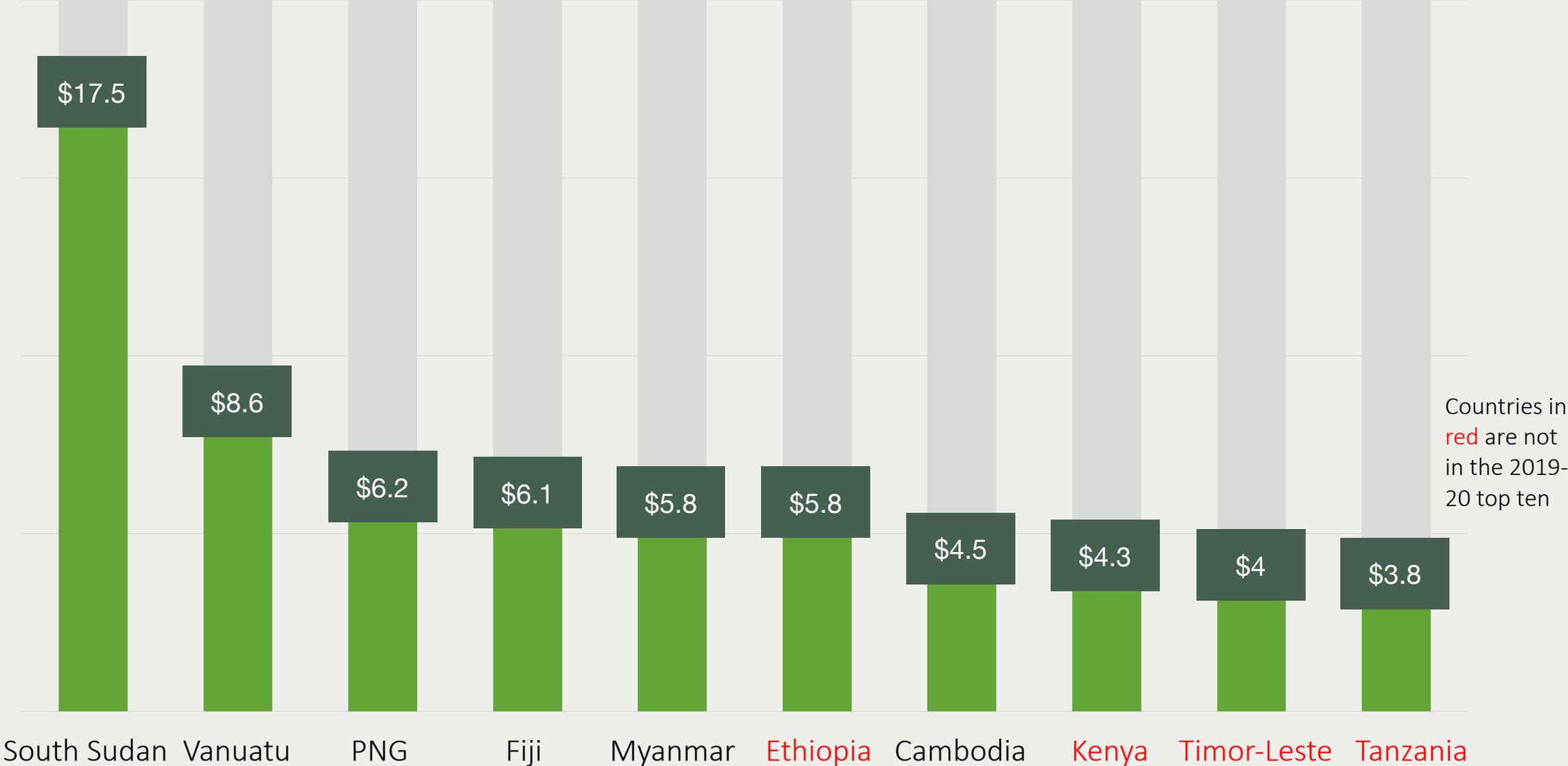
Top 10 countries for development spend 2019-20



South Sudan PNG Fiji Afghanistan Bangladesh Malawi Uganda Cambodia Vanuatu Myanmar

Countries in blue are new in the 2019-20 top ten

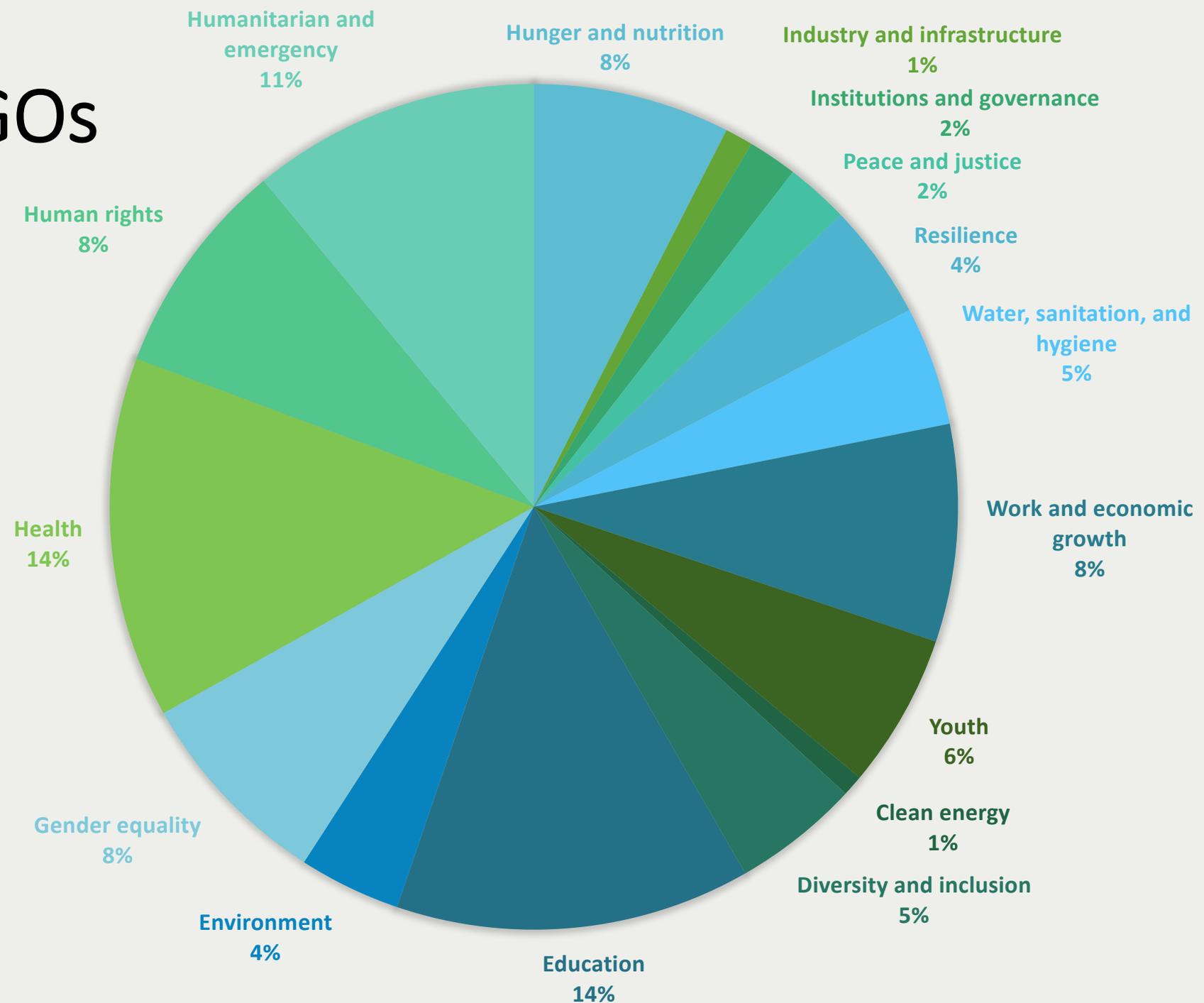
Top 10 countries for development spend 2018-19



The focus of NGOs

There has been a significant increase in stated focus on **human rights** (from 1% to 8%), at the expense of **industry and infrastructure** (14% to 1%), **institutions and governance** (13% to 2%), and **humanitarian** (22% to 11%).

Health, education, humanitarian, gender, hunger and nutrition, and **work and economic growth** remain important focuses for the sector



Thematic focuses

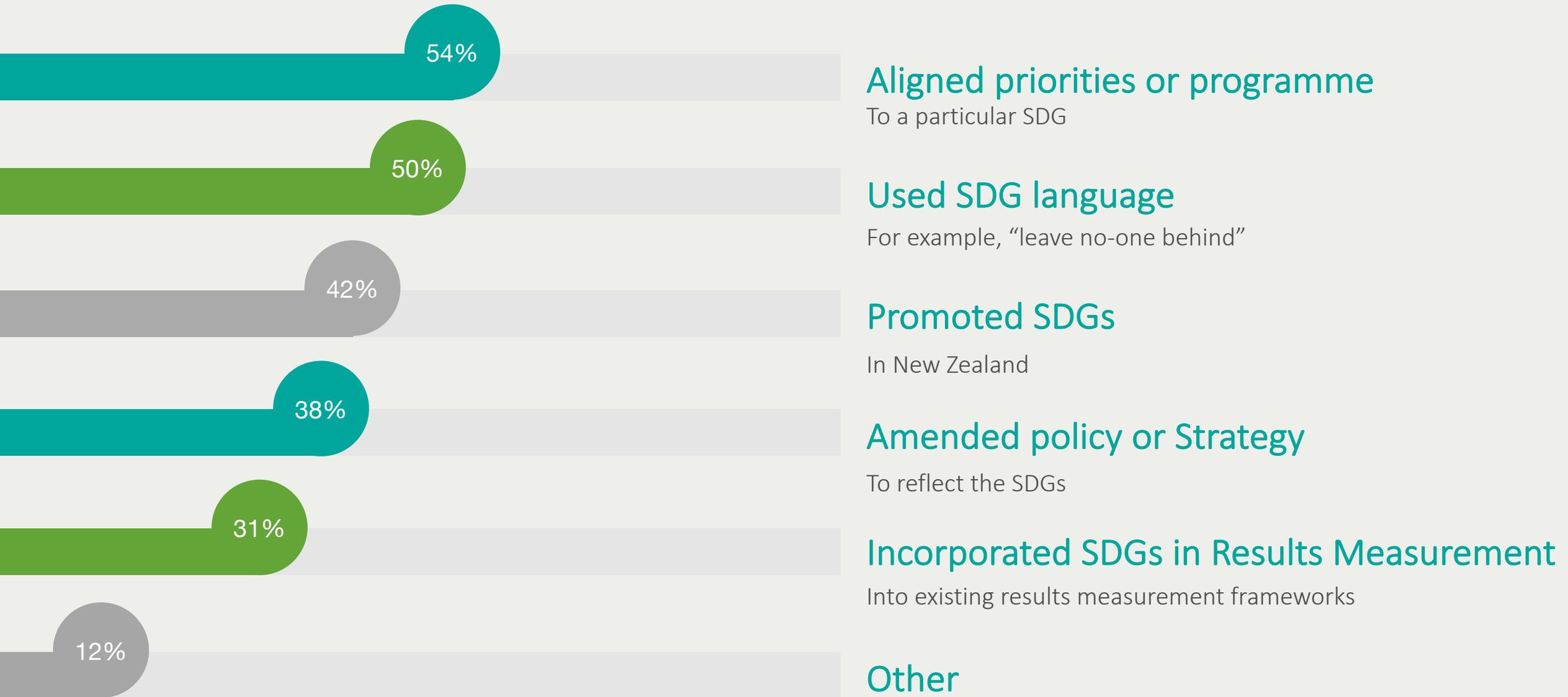
'Big ticket' focuses like health (14%), education (14%), and hunger (8%) continue to dominate CID member priorities, with more abstract thematic focuses like institutions & governance (2%), peace & security (1%), and industry & infrastructure (2%) prioritised to a lesser extent.



Climate change - a top priority?

Interestingly, despite the focus on climate change as an issue, environment (4%), resilience (4%), and clean energy (1%) are not prioritised by CID members. These numbers could decline further as COVID-19 impacts the prioritisation of immediate needs in vulnerable communities

'Aligned priorities or programmes' to Sustainable Development Goal (SDGs) ranks highest



Partnerships

Who do New Zealand's international NGOs work with?

6



Partnerships declining among NGOs

While CID members continue to work together within the sector, partnerships are declining. In 2019-20, 43% conducted projects or other outputs together, compared to 49% in 2017-18, 50% in 2016-17, and 63% in 2015-16

More collaboration after COVID-19?

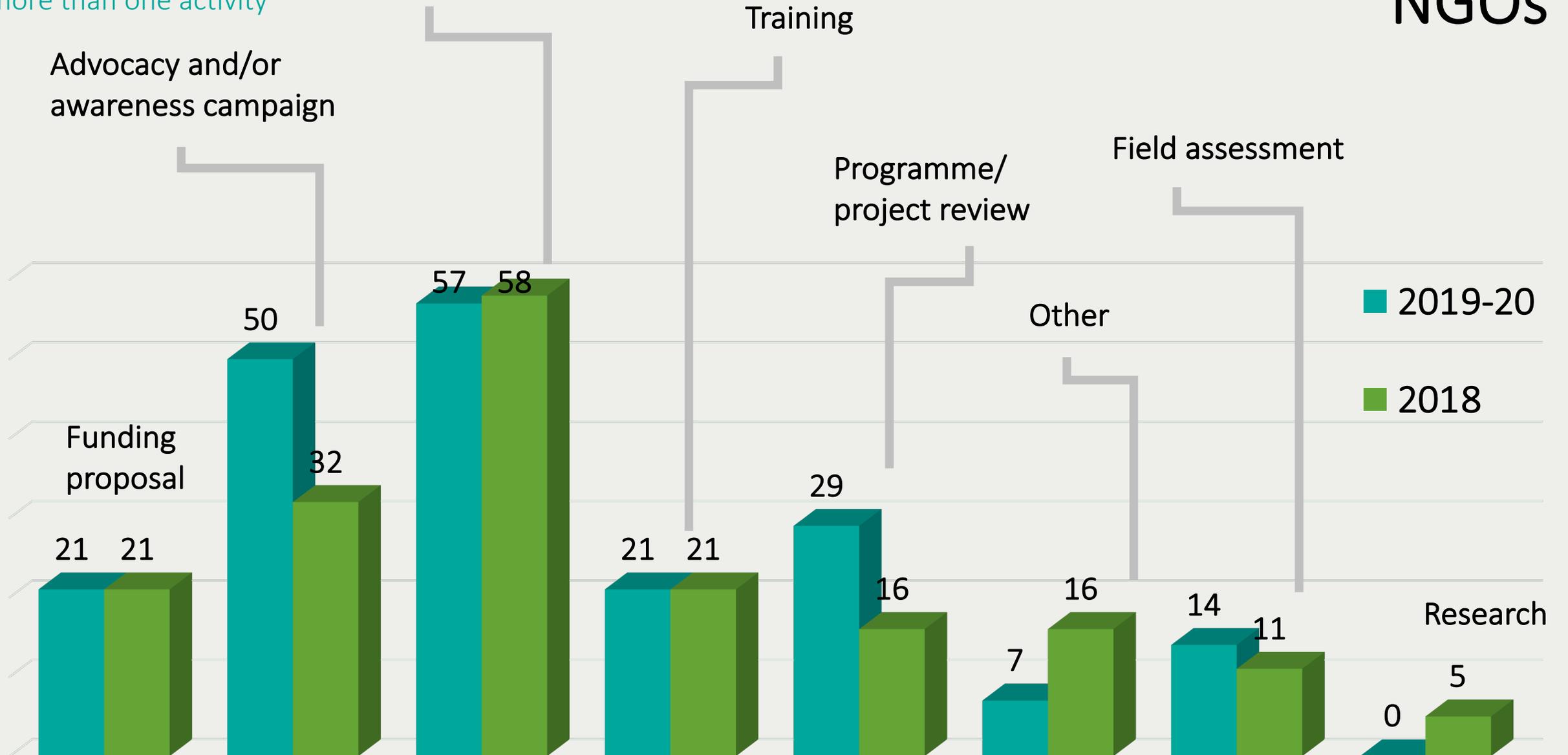
This trend may reverse in the aftermath of COVID-19, as members find advantages to shared services like office space, back-end finances, and project partnerships.

Some entities have already demonstrated new collaboration with shared office spaces.



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

Types of partnerships between NGOs





Localisation thermometer

77% of CID members responding (compared with 80% last survey) reported that they worked with overseas based (in-country) NGOs, and 20% of them have carried out more than ten activities with local partners, similar to last survey

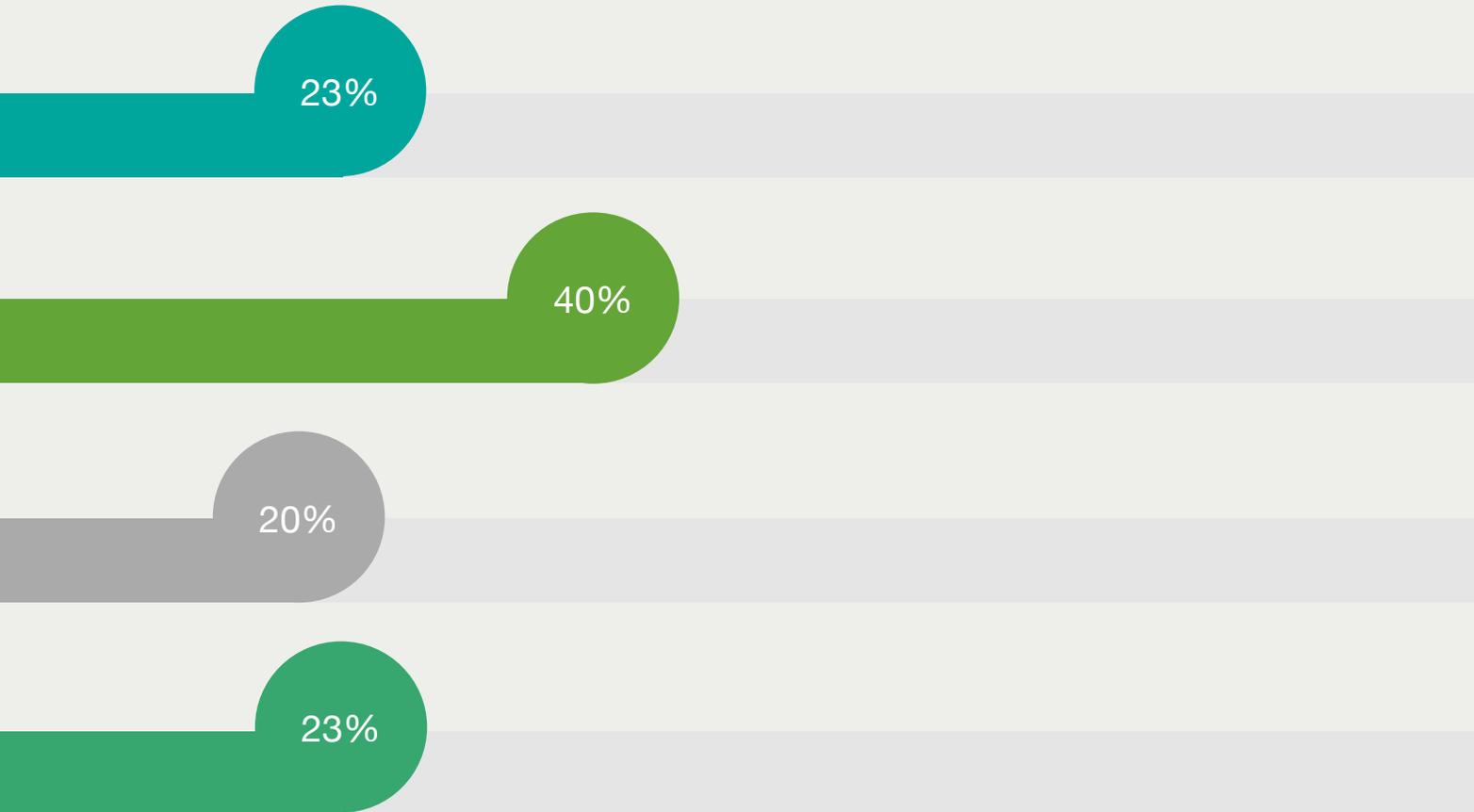
Increased localisation due to COVID-19?

As COVID-19 forces border closures, threatens income, and increases need, will we see an increase in programming work and partnerships with local, in-country NGOs?

This may signal a new way for NZ INGOs to work - with an increased role as a funder of locally-driven and locally-implemented projects and programming



Number of initiatives with an overseas NGO



None

23% is high, but this may be due to members with very specialised roles without partners

1-5 local partnerships

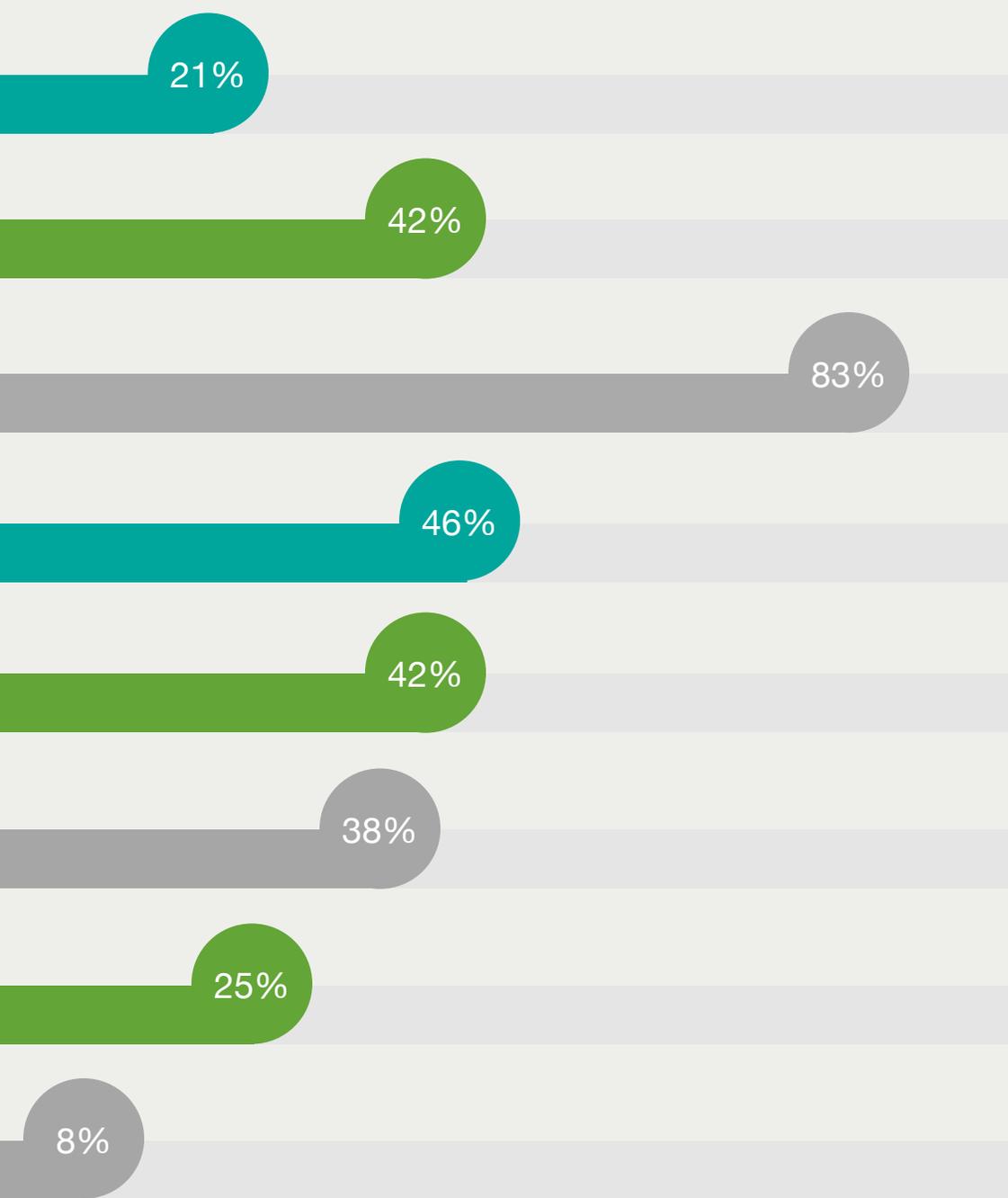
A drop from 49% last survey

5-10 local partnerships

An increase from 14% last survey

More than 10 local partnerships

An increase from 17% last survey, indicating increased international partnerships



Field assessment
Decrease from 31% last time

Funding proposal
Stable from 45% last time

Program/project design
Increase from 69% last time

Program/project review
Stable from 45% last time

Advocacy and awareness campaign
Increase from 31% last time

Training
Decrease from 48% last time

Research
Stable from 21% last time

Other
Decrease from 14% last time

Types of in-country partnerships

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



Public sector partnerships in New Zealand and overseas

For the partnerships between CID members and public sector entities, this year has seen a large increase in partnerships with local government in New Zealand, from 6% in 2017-18 to **24% in 2019-20**

There is little change in partnerships with academic institutions and Crown Research Institutes (from 43% in the last survey to **48% this year**)

Partnerships with government departments in New Zealand (excluding MFAT) continue to increase. 11% in 2016-17, 15% in 2017-18, and **21% in 2019-20**. This is a good sign that the sector is looking to diversify its funding base

Further signs of localisation

Members continue to work with government departments and local government entities overseas, stable at **34% in 2019-20**, from 36% last survey and 29% in 2016-17. This shows proactive signs of New Zealand NGOs partnering with government entities, particularly in the Pacific. We anticipate that this may increase as a result of COVID-19, and increased assertiveness from local authorities



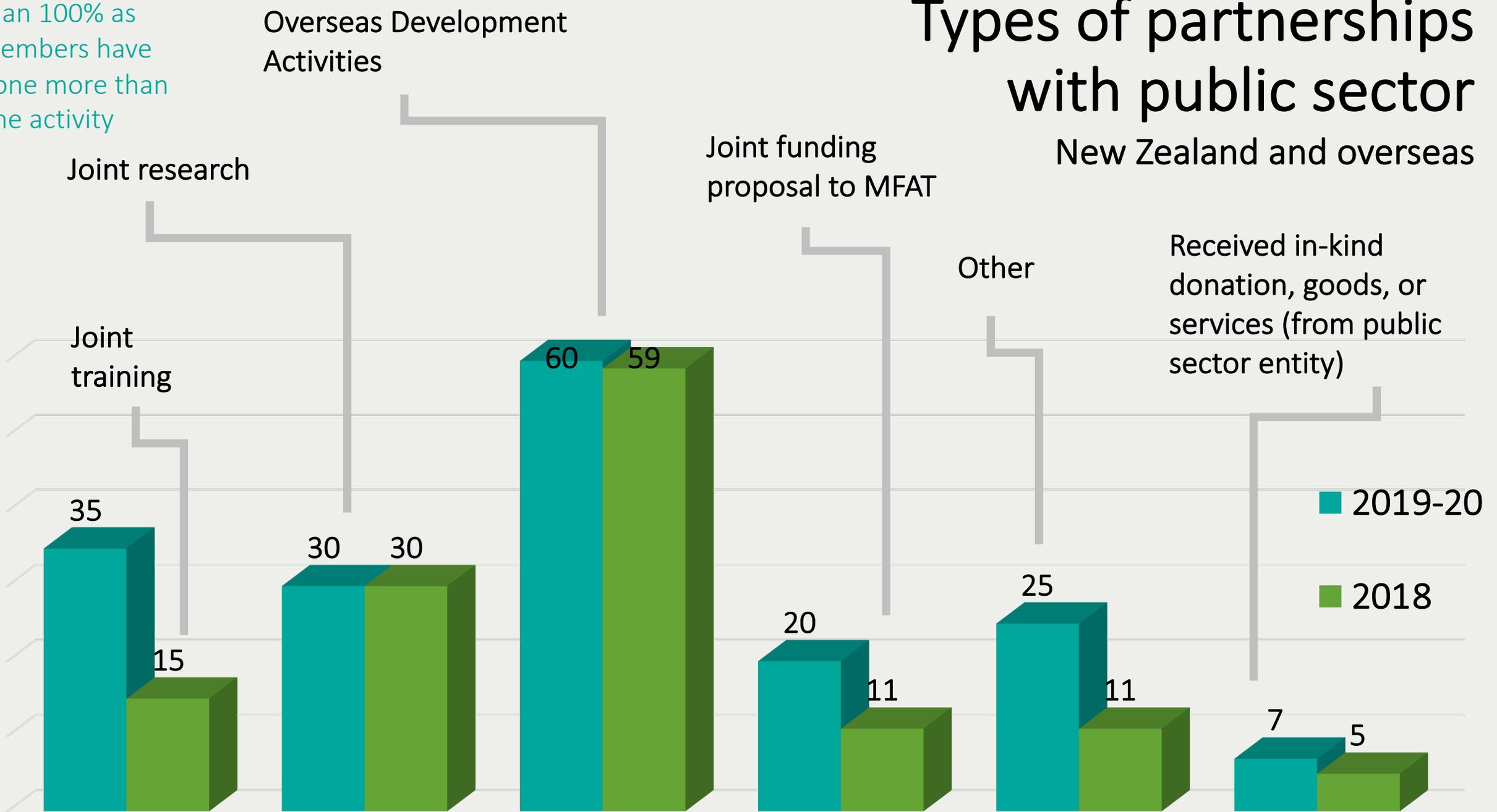
Public sector partnerships in NZ and overseas



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

Types of partnerships with public sector

New Zealand and overseas



Overseas Development Activities

Joint research

Joint funding proposal to MFAT

Other

Received in-kind donation, goods, or services (from public sector entity)

Joint training

2019-20

2018



Private sector partnerships

In 2017-18, 54% of respondents reported a partnership of some kind with the private sector. **This year 66%** reported partnerships, returning to the level seen in 2016-17 (70%).

The private sector is becoming a more active development actor and is looking for deeper partnerships beyond Corporate Social Responsibility. NGOs are not yet successfully defining the 'shared value' of partnerships. Those public organisations that can define 'shared value' are doing considerably better, for example universities, who are clear that they offer high quality graduates and Research and Development to corporate sponsors/partners.

Private sector in development

There has been a significant increase in partnerships with the private sector for overseas development activities (as implementing partner), from 17% in 2017-18 to **42% in 2019-20**. It is unclear whether the increase in overseas development activities is in support of, or contrary to, localisation – this is an opportunity for further research



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

Types of partnerships with private sector

