



Reaching out to a wider world

The State of New Zealand's international aid sector

CID member survey 2016



SUMMARY

Results from the 2016 annual survey of Council for International Development (CID) members reveal a vibrant sector that is leading New Zealand's engagement in the world, delivering development results in over 60 countries. Last year, financial support to CID members matched the solid levels from 2014, generating \$182 million for overseas development and humanitarian aid activities.¹ The majority of this work is delivering results in Health, Education, Decent work, Resilience, Clean Water and Humanitarian assistance. The New Zealand public continues as the driving force behind CID members' development efforts, providing over 56% of CID member funding.

At the same time, the survey also reveals a sector that is rapidly evolving, and a CID membership that is changing its approach along with changing times. In the field and at home, CID members are forming more partnerships with each other and other stakeholders to deliver development results. Members are tapping into new funding streams as traditional fundraising methods produce decreasing yields.

The partnership between CID members and the New Zealand Ministry of Foreign Affairs and Trade (MFAT) remains strong. While government funding to CID members has not significantly changed since 2012, CID members are reporting increasing familiarity and confidence with the structure of the MFAT-managed New Zealand Aid Programme, and growing satisfaction with their engagement with MFAT counterparts. The two partners continue to converge around shared thematic priorities, including health, education, resilience and humanitarian assistance.

Where the two partners converge in thematic interests however, there is a significant distance between the ambitious global horizons of CID members and the much more focused Asia-Pacific boundaries of the New Zealand Aid Programme.² This geographic divergence limits the scope for collaboration beyond the Asia-Pacific, despite common thematic priorities and interests.

A note on methodology

The CID survey was conducted in September 2016. The online survey provides each of CID's 39 member agencies the opportunity to provide feedback in four thematic areas: 1) size, scope and priorities of CID

¹ While CID's membership captures the majority of New Zealand's major development and humanitarian NGOs, it should be noted that the New Zealand public's support for international development and humanitarian response is larger than the present CID membership. The New Zealand public also supports international development and humanitarian response outside of CID member NGOs – whether through the Red Cross and Red Crescent Movement (including the New Zealand Red Cross), non-CID member United Nations agencies or other global and local overseas NGOs. While the full breadth of the New Zealand public's generosity is therefore not captured in this survey, the results do provide an accurate indicator of the financial health and emerging trends amongst New Zealand's development and humanitarian NGOs, and by extension of the New Zealand sector as a whole.

² According to statistical reporting by the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), 79% of New Zealand's gross bilateral Official Development Assistance in 2013-14 went to countries in Oceania and 'Other Asia' (that is, countries outside 'South and Central' Asia). 'New Zealand Gross bilateral ODA, 2013-2014 average,' From OECD [website](#). Accessed: December 19, 2016.

members; 2) satisfaction with the MFAT partnership; 3) satisfaction with CID; and 4) views on future directions.

The survey seeks to provide a snapshot of the state of the development and humanitarian sector in New Zealand, in terms of the size and scope of the sector, and the health of the key stakeholder relationships therein. Towards this end, the survey captures both quantitative data from CID members' global programming, as well as qualitative data collected from CID member perceptions of their respective NGO's relationships with key stakeholders, notably MFAT and CID. While the survey does invite respondents to self-reflect upon the perceived strengths and weaknesses of their individual NGOs and the sector as a whole, the survey does not aim to evaluate the effectiveness of the sector's development impact and performance across countries or themes. There is however a need to measure results where possible. CID will examine how future surveys might be used to help capture and measure the sector's collective impact.

35 CID member agencies (92% of the membership) responded to the 2016 survey, down slightly from 38 in 2015. Two members who did not file responses were small organisations whose impact on the overall financial picture was negligible. However, results from previous years have been adjusted to account for one member agency whose income data in previous surveys did have a noticeable effect on the overall financial picture, but who did not report in 2016.

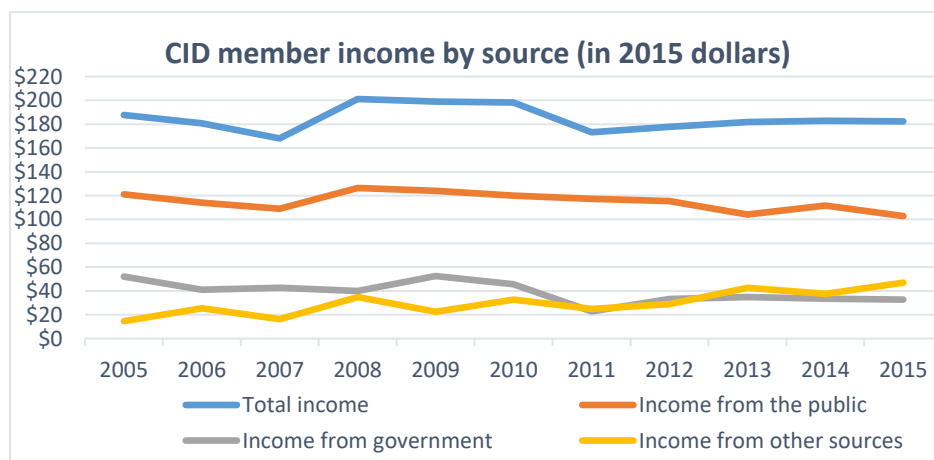
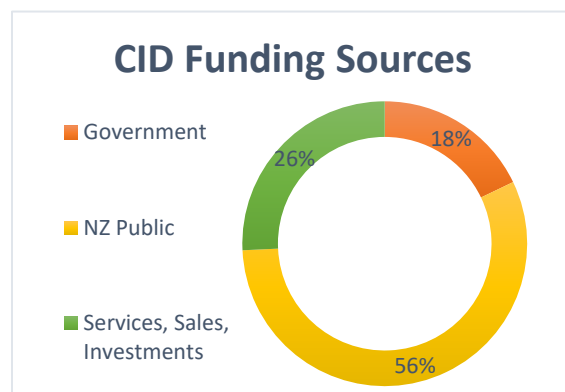
SECTION ONE: FINANCIAL STATE OF THE SECTOR

In 2015, CID's 39 member NGOs generated over \$182 million dollars from all corners of New Zealand society, and translated it into meaningful development and humanitarian results in over sixty countries, in health, education, water and sanitation, decent work, community resilience and disaster response. New Zealand's development sector is healthy, in large part due to the ongoing support of a generous New Zealand public.

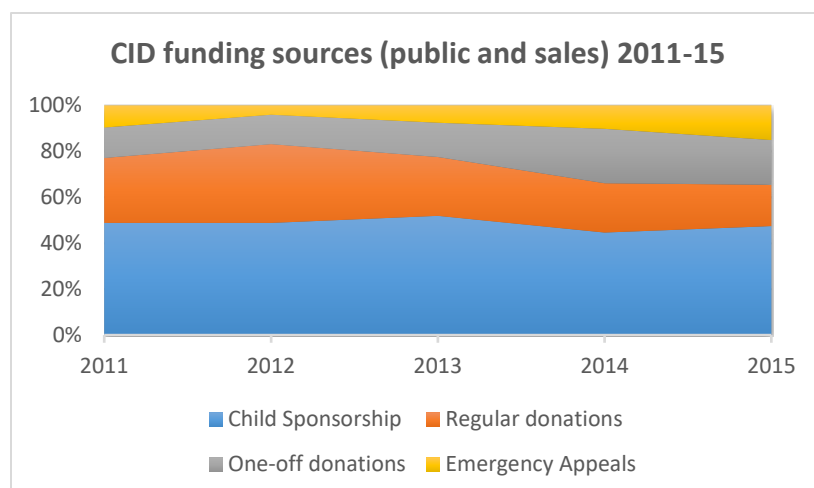
While overall net revenues have held steady since 2013, the CID survey results reinforced several worrying trends over the past few years, pointing to a shifting funding landscape for the sector.

Public funding

The New Zealand public continues to be the principal source of support for CID members, providing 56% of respondents' revenues in 2015. The \$102.4 million in public support was down from the spike in public support reported in last year's survey (\$111 million). Adjusting revenues for inflation accentuates a downward trend in the real (versus nominal) level of public and government support over the past decade. Considering that incomes in New Zealand have increased at a slightly higher rate than inflation during this period, in real terms, the New Zealand public support is nearly 15% lower than it was a decade ago.³



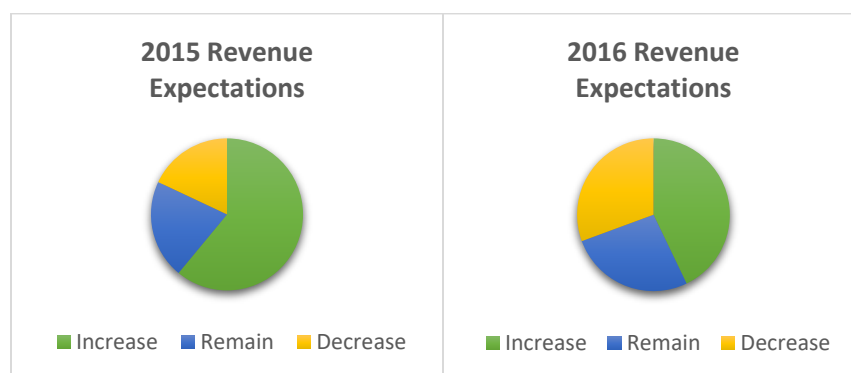
³ Based on a comparison of median salary in New Zealand, calculated in 2015 dollars, of \$28,628 in 2005 versus \$32,292 in 2015. Income statistics drawn from the Statistics New Zealand, New Zealand Income Survey. Accessed [online](#) on November 4, 2016.



What's behind this decline? Shifts can be observed in regular and one-off donations (a year-over-year decline of nearly \$12 million from 2014). Additionally, revenues from child sponsorship declined for the fourth consecutive year since its peak in 2010 (\$54.4 million). Declines in sponsorship are particularly noteworthy, as they account for over 40% of CID member revenues (\$49 million in 2015)

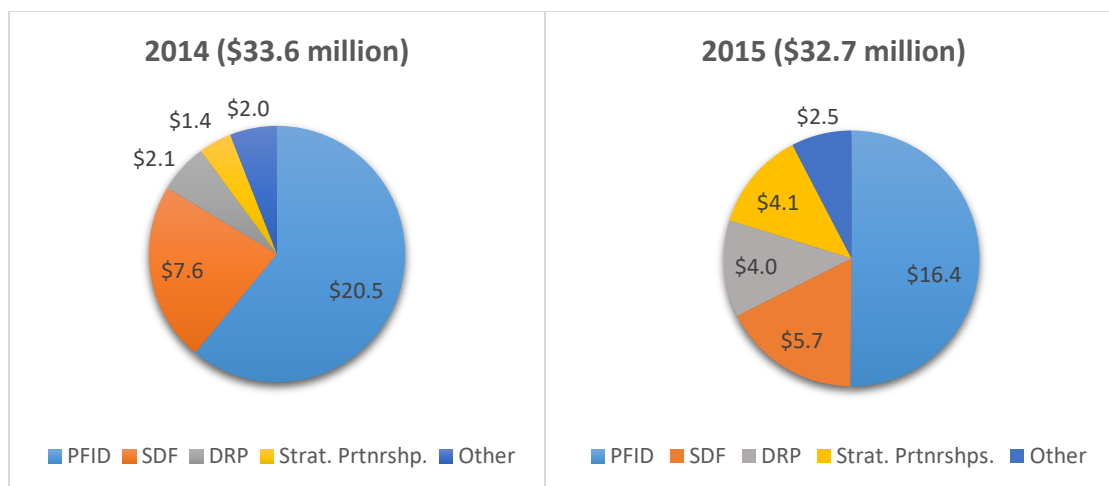
and are employed by 13 CID member agencies. On a positive note, the public has shown increasing engagement around global disaster situations. Reductions in sponsorships and donations were partially offset by a second countervailing trend in the sector - growing public support through emergency appeals.

Shifts in the funding landscape may be giving some CID members cause for concern over the future growth prospects of their NGOs, and the sector as a whole. Expectations for the future amongst respondents are less optimistic than 12 months ago. In 2015, 61% of respondents were confident of a revenue increase – a particularly optimistic year - versus 42% this year. At the other end, more respondents in 2016 – 30% – expect revenues to decrease over the next 12 months than in previous years – up from 18% in 2015, and 19% in 2014.



Ministry of Foreign Affairs and the New Zealand Aid Programme

The Ministry of Foreign Affairs and Trade (MFAT) continues to be an important funding partner for CID members, with the MFAT-managed New Zealand Aid Programme accounting for 18% of respondents' revenues. While in real terms government funding to New Zealand NGOs has also declined significantly over the past decade, assistance through the Aid Programme has largely stabilized since 2012 – an important site of relative financial predictability for the sector.



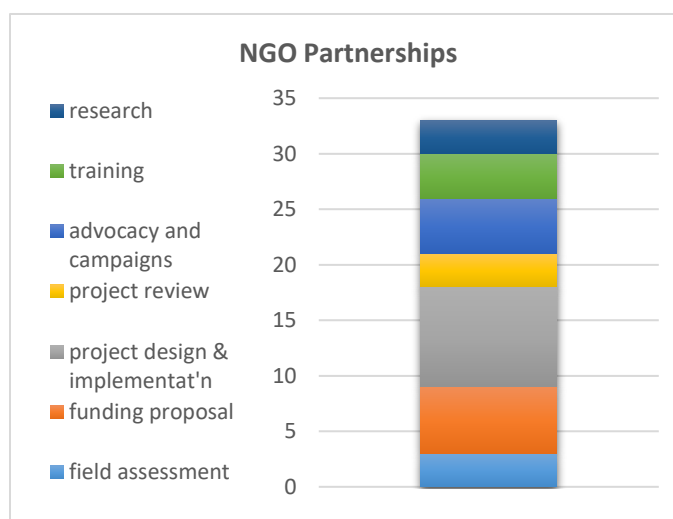
Other funding streams

The sector in 2015 realized significant increases in revenues from sales of goods and services (a 35.3% increase over 2014) and multilateral organisations (\$10.6 million more than in 2014 – a 102.4% increase). In each case however, gains were driven by a single member – Trade Aid in the case of sales (95% of total), and World Vision in the case of multilateral organisations (also 95%). While revenues from sales and multilaterals are contributing to significant development outcomes, they are not indicative of new revenue-generating trends for the sector as a whole. That said, other CID members might look to Trade Aid and World Vision to gain a better understanding of how they too might generate new and additional funding through these channels, to grow and diversify the funding base of the sector.

New Approaches for Changing Landscape

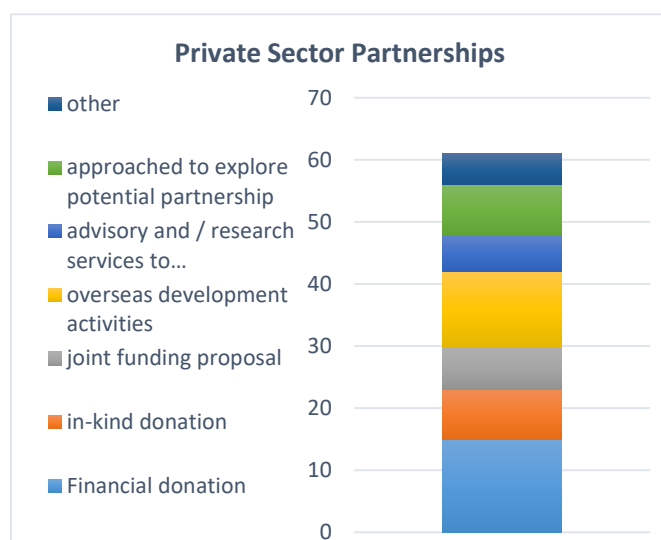
While the sector may be facing challenges in the current funding model, CID respondents are aware of the changing fiscal landscape, and have reported a range of avenues by which they are seeking to halt the trend. For example, seven respondents signaled they are investing in stronger fundraising capacity for their international development activities. Bequests were also highlighted as an emerging preferred method of public support, while others still will be looking to strengthen corporate philanthropy from the private sector as a site for potential revenue growth.

Moreover, CID members are also changing the way they work, to gain ever greater development benefit from each dollar they raise and invest. As the 2016 survey reveals,



CID members are working ever more closely with each other and with new development partners such as the private sector, to share resources, coordinate efforts and build on each other's comparative advantages.

63% of respondents reported at least one collaboration with another New Zealand-based NGO in the past year (see chart, above), a steep increase on the 25% reporting NGO partnerships the preceding year. These collaborative initiatives have taken a range of forms – including joint-project design and implementation, collective advocacy, and joint training.

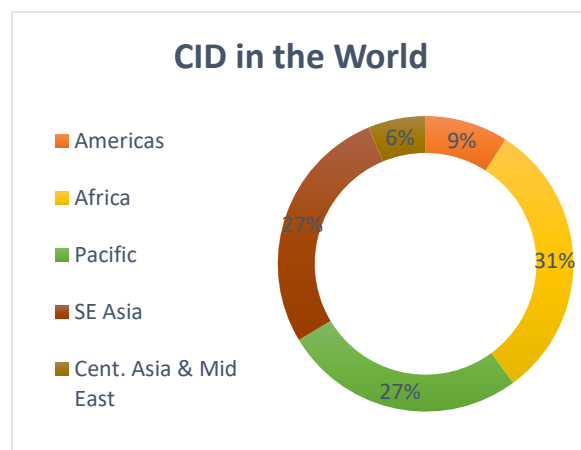


A further 69% of respondents reported at least one partnership with a private sector partner. This was also a significant increase over the previous year, when a third of members reported such partnerships. While over a third of the 61 private sector initiatives undertaken last year were in the form of financial or in-kind contributions, the survey reveals that for NGOs, this partnership is far more than just a marriage of financial convenience. On at least 19 occasions, private sector actors were partners in either the design or delivery of overseas development projects. The private sector has also drawn on CID member expertise to provide advice and research.

Recommendation: CID members are confronting changes in the sector by adopting new ways to deliver development outcomes, particularly through increased collaboration amongst NGOs and with the private sector. CID can and should support these efforts by conducting research, developing guidance tools, and providing training on good practice examples in this emerging area. While CID membership is restricted to non-profit organisations, CID can and should also expand its own engagement with CID's private sector partners, to better understand their motivations for partnership, broker new partnerships between private sector and CID members, and to foster and encourage broader private sector engagement with responsible business codes and practice.

Regional focus

The CID membership continues to demonstrate diverse regional engagement. CID members are engaged in over sixty developing countries around the world. Many of CID members' programmes are located in communities where development challenges are greatest, including in Sub-Saharan Africa, South East Asia, the Pacific and Middle East. For instance, six of the top ten largest countries of CID engagement are amongst the world's least developed, according to the latest UN Human Development Index.⁴



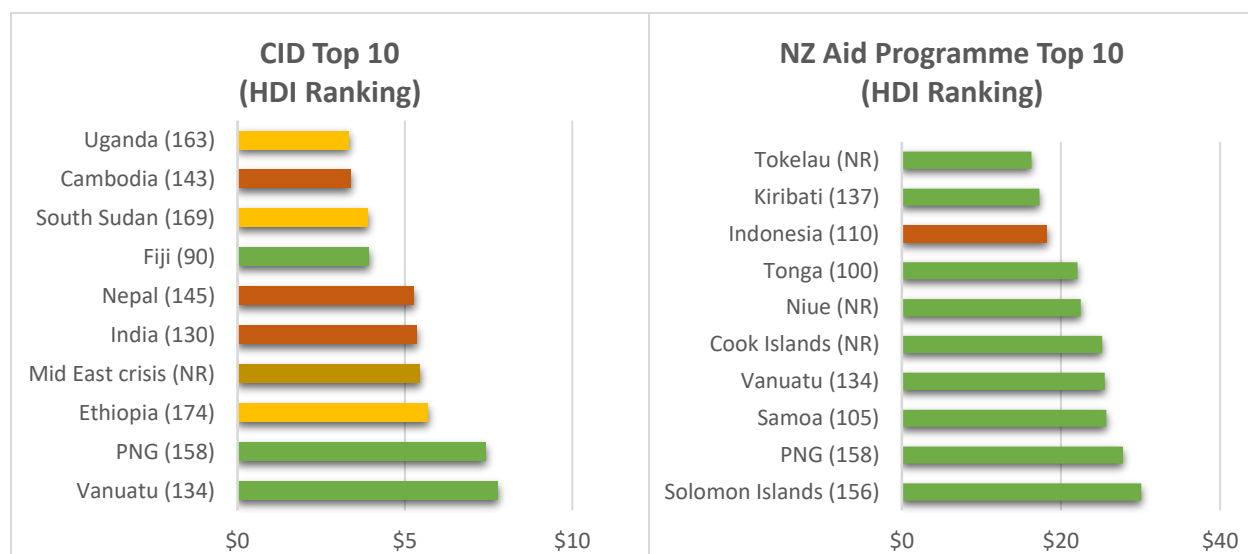
By contrast, MFAT has adopted a much more tightly focused Pacific approach for its aid programme funding. In 2015, nine of the New Zealand Aid Programme's ten largest countries of engagement were located in the Pacific region (the exception being Indonesia).⁵ Moreover, a much higher percentage of the overall Aid Programme budget - 38% - was concentrated in the top ten, in contrast to 28% of CID members.⁶ In 2015, the NZ Aid Programme provided a total of \$13.7M for development activities the African continent, compared to CID's member NGOs, who generated over \$32 million for development activities on the continent from non-government sources.

Despite these divergent approaches, survey respondents held generally positive views of the NZ Aid Programme's geographic priorities and approach. When asked, 54% of respondents either 'strongly agreed' or 'agreed' with the statement: 'my organisation's priorities are aligned to the NZ Aid Programme's geographic investment priorities;' versus 25% who either 'strongly disagreed' or 'disagreed.'

⁴ United Nations Development Programme, 'Human Development Report 2015: Work for Human Development,' Sourced [online](#). Accessed November 3, 2016. These six countries (those ranked below #142) are categorized as having 'low human development' in the UNDP's annual ranking of 188 countries, based on a range of development indicators. NB – This listing does not include a ranking for the regional Middle East Crisis response, which includes programming across Lebanon, Jordan, Syria and Iraq; each country with very different development scores.

⁵ Statistics for New Zealand's Aid Programme are drawn from the NZ Foreign Affairs and Trade [website](#), Accessed November 5, 2016. Country colours in graph (below) correspond with regional breakdown on page 6 (above).

⁶ Based on actual country expenditures for 2015/16 against total NZ Aid Programme budget allocation. Data drawn from MFAT, 'Vote Official Development Assistance,' *The Estimates of Appropriations 2015/16 – External Sector B.5 Vol. 4*. Accessed [online](#): November 22, 2016.

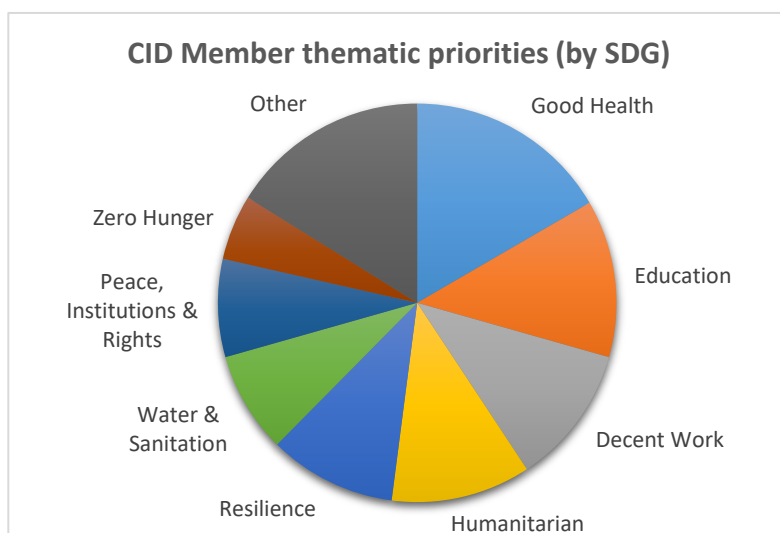


Primary Sectors of Work

Members were also asked to identify the primary focus sectors for the work they support in each country. Distinct from previous years, these themes were organized around the Sustainable Development Goals (SDGs) – 17 development priorities and related indicators of progress, agreed to by donor governments, UN agencies, development banks and NGOs.⁷ Respondents were given 15 choices and could select up to four sectors for each country.

Results indicated a sector that is as thematically diverse as it is geographically. The five most active areas of engagement included Good Health, Education, Decent Work, Humanitarian aid and Resilience.

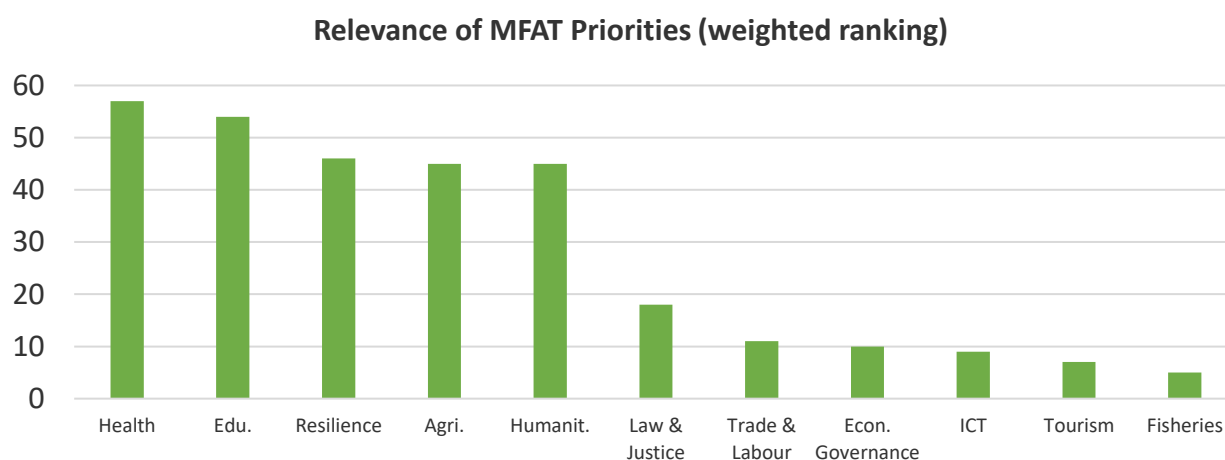
Even beyond the top five however, respondents noted fairly broad engagement across a ‘second tier’ of SDGs, with strong engagement also noted in the areas of Water & Sanitation (WASH), Peace, Institutions



⁷ The SDGs also integrate several cross-cutting priorities across all 17 Goals, which themselves indicate important sites of CID member activity which need to be captured in the survey to provide an accurate picture of thematic priorities. Additionally, the SDGs do not provide explicit Goals for some thematic areas of significant past CID member engagement – such as human rights and humanitarian action. To provide a workable list of survey options, several related SDGs have been combined, with additional categories of past engagement added. Goals 12, 14 and 15 (sustainable consumption, life under water and life on land) have been combined under the category of ‘Environment’; Goals 11, 13 (resilient communities and climate change mitigation and adaptation) have been combined under the category of ‘Resilience.’ Prominent non-SDG themes from previous CID surveys were retained, including Human Rights, Humanitarian, and Peace & Justice.

and Human Rights, and Zero Hunger. Two SDGs which received relatively less attention were ‘Affordable & Clean energy,’ which was selected only once, and ‘Industry, Innovation and Infrastructure’ (which was not selected).

CID member thematic priorities align with a number of the New Zealand Aid Programme’s own. When asked in a separate question to rank the most relevant of the NZ Aid Programme’s 12 investment priorities to their own work (identifying only their top five), ‘Health’, ‘Education’, ‘Resilience’, ‘Agriculture’ and ‘Humanitarian’ aid were consistently selected as most relevant to CID members.⁸ Agriculture represents an interesting departure, as it is not included as an explicit SDG in its own right. However, ‘Agriculture’ is a key sector of focus for many of CID’s ‘Decent Work’ activities, which may explain why ‘Agriculture’ is identified as an MFAT priority of high relevance to CID members.⁹



However, beyond the alignment between these top five thematic priorities, there is a steep drop off in the perceived relevance of the Aid Programme’s market-focused sectoral priorities - in Fisheries, Tourism, Information and Communications Technology (ICT), Economic Governance, and Trade & Labour Mobility.

These mixed results are reflected in CID members’ perceptions of the alignment of the Aid Programme’s priorities with their own. When asked, less than half of respondents (42%) ‘agree’ or ‘strongly agree’ with the statement ‘my organisation’s priorities are aligned to the NZ Aid Programme’s thematic investment priorities,’ with 25% disagreeing. Some respondents noted in their comments the discrepancy between the economic development focus within the Aid Programme and their distinct NGO priorities.

⁸ Respondents were asked to rank the most relevant priorities from 1 (most relevant) to 5 (less relevant), with each ranking given a score (five points for ‘1’, four points for ‘2’, three for ‘3’, two for ‘4’ and one for ‘5’).

⁹ As a broad thematic category, ‘Decent Work’ may also mask a broader range of CID member projects across a range of economic sub-sectors other than Agriculture, including areas of Aid Programme focus (ICT, Renewable Energy, Tourism, Fisheries).

Sector Finances Conclusion

CID's members are New Zealand's face to the world; translating the financial generosity of the New Zealand public into concrete development gains in partnership with communities in over sixty countries. The sector is strong, but is facing financial headwinds. Traditional channels of public support are not as reliable as they once were. However, funding from government has stabilized, with geographic and thematic alignment between the sector and the NZ Aid Programme, particularly in the Pacific. New opportunities and forms of public engagement are also emerging, through a growing awareness and responsiveness to humanitarian emergencies, and a desire of many to contribute to global development as a part of their life legacy. At the same time, CID members are working differently, drawing even greater development benefits from every dollar raised, through increased coordination and collaboration, not only with each other, but with new development partners like the private sector.

Other approaches – such as the sale of goods and services or multilateral partnerships – would appear to be potential, if under-explored, avenues for fundraising. CID members are adapting the way they generate revenues. Many of these efforts are currently happening in isolation – individual agencies having to figure out on their own what works and what does not.

CID has a role in helping ease and expedite the transition of its members to the new financial landscape – convening NGOs to share their lessons of which changes of approach are working, and which are not. CID's stock and trade in training, information sharing and outreach to new development partners are critical contributions to the future success of the sector.