First principles review of Crown funded schemes: review and proposed approach

March 2011
Executive Summary

1. This paper outlines the process the Department of Internal Affairs (the Department) undertook to review five community Crown funded schemes and the results of the review. The review found that better outcomes for communities could be achieved from a community-led development approach. The paper describes this approach and how such a model might look. It concludes by identifying what this might mean at a general level for the Department.

2. The development of the new model has been informed by a review of international literature; a review of New Zealand evaluations and some site visits.

3. Our review of international literature suggests that where the outcomes sought through a funding programme are primarily about ‘community development’, adopting a community development approach to the design of the funding programme itself is beneficial.

4. This is supported by our understanding of community development practice in New Zealand – our case studies highlight the need for flexible, responsive and longer-term funding approaches that support community-led initiatives. Given that several government agencies are incorporating a community development approach into their policies, programmes and processes, opportunities exist for the Department to develop its community development role further.

5. Further, an investment approach is recommended – this would facilitate a strategic way of doing things, in which funding and other resources can be used in a planned and integrated way to support significant and enduring change, rather than isolated projects or activities. The various elements of the model are discussed. The high-level changes are shown in the following diagram.

<table>
<thead>
<tr>
<th>Current approach</th>
<th>Proposed new approach</th>
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<tbody>
<tr>
<td>Funding focused</td>
<td>Community focused</td>
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<tr>
<td>Funding as an end point</td>
<td>Funding as one means to an end</td>
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<tr>
<td>Department as distributor of funds</td>
<td>Department as investor of funds</td>
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<tr>
<td>Funding communities across the board</td>
<td>Targeting funding to specific communities</td>
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<tr>
<td>Focus on developing community and voluntary sector organisations</td>
<td>Focus on communities, whānau, hapū and iwi (including C &amp; V sector organisations)</td>
</tr>
<tr>
<td>Focus on funding a community intervention or programme</td>
<td>Focus on funding to match a community’s stage of readiness and its identified outcomes</td>
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Introduction

6. This paper outlines the process undertaken by the Department to review five community Crown funded schemes and the results of the review. The paper proposes a new approach to the management of the Crown grant funds, grounded in community development principles.

7. The proposed new approach is at an early stage of development and will be refined as more policy and operational focus is given to it.
Background to the First Principles Review

What are the Crown funded schemes?

8. Table One lists the five schemes that are the subject of this review and the 2009/10 appropriations for each. Further information on the schemes is provided in the ‘Community Crown Funded Schemes’ section of this paper.

Table One: Crown funded schemes

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Annual funding (GST excl)</th>
<th>2010/11</th>
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<tbody>
<tr>
<td>Community Organisation Grants Scheme (COGS)</td>
<td>14.000</td>
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<tr>
<td>Community Development Scheme (CDS)</td>
<td>2.560</td>
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<tr>
<td>Community Internship Programme (CIP)</td>
<td>0.331</td>
<td></td>
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<tr>
<td>Youth Worker Training Scheme (YWTS)</td>
<td>0.200</td>
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<tr>
<td>Support For Volunteers Fund (SVF)</td>
<td>0.402</td>
<td></td>
</tr>
<tr>
<td><strong>Total funding</strong></td>
<td><strong>$17.493</strong></td>
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9. The schemes contribute to the Department’s overarching outcome of “Strong, sustainable communities/iwi/hapū” in a variety of ways. Collectively, the schemes are intended to support communities to identify and work towards their own goals, help to build the capability of community organisations, and encourage individuals to participate in their communities and in the community and voluntary sector.

10. New Crown funding to support digital literacy and connection was appropriated in Budget 2010 ($8.3 million over three years). This was not included in the review as it is a specific future-focused, targeted and time-limited fund.

Why review the Crown schemes now?

11. There are three key drivers for the first principles review of the Crown funded schemes:

Changes in the operating environment

12. In 2009, the Local Government and Community Branch undertook an environmental scan, which examined key trends and drivers likely to impact on communities in the next five to twenty years. The scan identified a number of challenges and opportunities for government and for communities, whānau, hapū and iwi Māori:

- **For Government:**
  - recognising that a ‘one size fits all’ policy approach by central government is unlikely to be effective
  - identifying new ways of working with communities and with whānau, hapū and iwi Māori.

- **For communities, whānau, hapū and iwi Māori and Government:**
  - capitalising on the benefits of diversity and maintaining community cohesion
recognising and supporting the multiple and varied contributions that
whānau, hapū and iwi Māori bring to communities and working with them to
unleash their full potential

- encouraging innovation in an environment of significant fiscal constraints
- preparing for the impacts of climate change, including the geographical
displacement of some communities
- using new technologies (particularly information and communications
technologies) to maximum benefit.

13. Government investment in community development must be ‘fit for purpose’ and
supporting communities in this changing context.

Concerns about the cohesiveness of the ‘package’ of Crown funded schemes

14. While the individual schemes have a shared focus on increasing community
capability, they were established in an ad hoc way in response to separate issues.
As a result, the focus has been on advancing specific initiatives, rather than the
development of a cohesive ‘package’ of funding support. We cannot be sure that
the current mix of programmes represents the most effective investment in
community development.

Appropriateness of funding administration and decision-making models

15. The Crown funded schemes are administered in different ways¹ and it is timely to
consider the extent to which our funding administration and decision-making
processes align with good funding practice and the Department’s kaupapa.

16. In addition, the Minister for the Community and Voluntary Sector has established
three outcomes for the community and voluntary sector: “Valued Community and
Voluntary Sector portfolio”; “Empowered Communities”; and “Trusting government–
sector relationship”. The review represents an opportunity to consider how the
Crown funding administered by the Department can best be aligned with the
outcomes sought by the Minister and the related contributing goals.

Objective of the review

17. The Minister of the Community and Voluntary Sector approved the scope of the
first principles review of Crown funded schemes in 2009. The objective of the
review was:

“To maximise the potential contribution of Crown funding administered by
the Department, to the development of strong, sustainable communities,
whānau, hapū and iwi Māori.”

18. The following assumptions underpinned this objective:

- Government can play a legitimate (and potentially effective) role in supporting
  community development

- the outcome of strong, sustainable communities, hapū and iwi remains a valid
  and important purpose for the Crown funding administered by the Department

- the Crown funding available to invest in community development (i.e. $17.5
  million administered through the five schemes) is unlikely to increase in the
  short to medium terms

¹ Three schemes are administered by national office, with input from independent panels. The Youth Worker
Training Scheme is regionally administered. COGS is supported by regional administration, with funding
distributed by 37 Local Distribution Committees composed of volunteers.
there may be potential to use these funds in a different way to enhance the contribution that is made to the outcome of strong, sustainable communities, whānau, hapū and iwi Māori.

19. Importantly, the review does not attempt to assess the effectiveness of any of the individual Crown funded schemes. Nor does it comment on the current levels of government funding for community development.

20. The primary question to be addressed is: how can the $17.6 million available through the Crown funded schemes be used to have the maximum impact on the development of strong, sustainable communities, hapū and iwi?

The Department’s contribution to community development

21. The Department has a relatively broad mandate to support the development of “Strong, sustainable communities, hapū and iwi”. This distinguishes it from other government agencies, which, while also engaged in forms of community development, generally have a focus on a particular aspect of individual or collective well-being, for example education, health or social services. The Department is therefore able to maintain an overview, and put in place schemes that are truly developmental and responsive to the wider social context.²

22. Community development and funding services are delivered from a national office and 16 regional offices throughout New Zealand.

Community development services

23. Community Development and Funding Advisors are responsible for providing advice, information, resources and facilitation services to empower communities, whānau, hapū and iwi Māori organisations and community groups to develop innovative responses to meet their needs.

24. The range of services available includes:

- assistance with governance and management, leadership development and community planning and development
- advice on collaborative processes, brokering relationships, meeting accountability requirements and measuring the outcomes of projects and services
- advice and assistance to develop and manage volunteer resources
- advice on how to apply for, and effectively manage, grant funding.

25. The Department also provides a range of publications and resources for community groups, including the Community Resource Kit and CommunityNet Aotearoa. The Community Resource Kit provides a complete and practical guide to setting up and running a successful organisation. CommunityNet Aotearoa is an online resource containing a link directory, case studies and discussion boards.

26. An important distinction is drawn between the roles of departmental Community Advisors, and those of “Community Development Workers”. The key point being that departmental Community Advisors focus on facilitation, not on direct service provision.

We assist communities on behalf of the Government by providing community development and funding advice to communities. We are able to lead and

model good practice by facilitating processes to help communities achieve self-reliance. This means that our focus is on building the capacity of communities to initiate their own solutions to their own issues.3

**Funding support**

27. The Department has responsibility for the administration of two broad categories of funding directed towards the development of strong, sustainable communities, hapū and iwi Māori: Lottery grants; and Crown funded schemes.

28. Staff administer and service the Lottery Grants Board and the network of Lottery Distribution Committees, preparing and processing application forms, advertising and publicising grant availability, investigating applicants and preparing reports on them, organising distribution committee meetings, arranging the distribution of grants and monitoring their use. Lottery Distribution Committees will distribute approximately $88 million to communities in the current financial year.

29. The Department also administers and provides information and advice on Crown funded grant schemes to support local initiatives, community services and community-based youth development. These schemes are the focus of the first principles review.

30. There is no overarching strategy to guide the prioritisation of the package of Crown funding administered by the Department. Each of the Department’s regions is required to set out its annual priorities through a planning process that seeks to balance existing commitments with new requests or emerging need. The focus is on those communities that are most disadvantaged and with the highest needs.4 More detail on the Crown funded schemes is provided in ‘Community Crown Funded Schemes’, below.

**Balance of responsibilities**

31. While front-line staff have the mandate to provide community development advice to communities, it appears (at least anecdotally) that the majority of advisor time is spent on funding-related work. This work includes the provision of support to groups and organisations wanting to apply for grants administered by the Department; and activities that support funding decision-making processes (Crown funds and Lotteries).

32. While this type of work is necessary and does contribute to community development outcomes, it is nevertheless narrowly focused and limits the capacity of staff to work in a more generic way alongside communities, whānau, hapū and iwi Māori.

33. It is not clear the extent to which a focus on support for funding simply reflects administrative requirements and subsequent demands placed on advisor time – although this is the most likely explanation. However, it is also possible that a lack of clarity about the boundary between ‘facilitation’ and direct service provision in relation to community development may act as an impediment for some staff.

**Community Crown funded schemes**

34. This section provides an overview of the current Crown funded schemes. It begins by describing their place in the overall community funding ‘market’. A brief description of each fund is then provided. The section concludes with a short

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3 DIA Induction Information for Community Development and Funding Advisory Role (2009).
4 DIA Induction Information for Community Development and Funding Advisory Role (2009).
discussion of issues and questions arising from the administration of the current schemes.

35. As noted earlier, it is not the intention of the review to assess the effectiveness of the schemes, nevertheless it is useful reflect on the issues that the current schemes give rise to.

Community grant-making in New Zealand

36. The Department is the major government grant-maker in the community sphere. However, central government grants comprise a very small proportion (approximately 5 per cent) of total philanthropic and grant funding to the not for profit sector. The vast majority of this type of funding is sourced from donations, bequests and non-government trusts and societies.\(^5\) (Contracts for service form the basis of the greatest portion of central government funding provided to the sector).

37. The five Crown funded schemes under review account for less than 1 per cent of the total philanthropic and grant funding to the not for profit sector.

Overview of the schemes

38. COGS is by far the largest of the five schemes, and it also has the broadest funding mandate. The COGS kaupapa (approach) is to promote the identities and values of communities as a way of reaching social, cultural and economic fairness. COGS funding provides support to a wide range of grass roots voluntary and non-profit community organisations. Grants may contribute to ongoing running costs (such as rent, travel, volunteer and administration expenses), to special events such as hosting hui, fono or community workshops, or to project-based expenses. COGS grants range in size from $500 to $20,000. The average COGS grant in 2008/09 was $3,885.

39. Thirty-seven Local Distribution Committees (made up of volunteers) consider and make decisions on grant applications from organisations within their local communities. This distribution mechanism distinguishes COGS from all other grant funds serviced by the Department.

40. Each of the remaining four Crown funded schemes has a more narrowly defined purpose, although arguably all foster a community development approach and contribute to the Department’s intermediate outcomes. The Department provides direct administration for these four schemes.

41. The Community Development Scheme (CDS) enables communities to employ a community development worker to assist them to achieve their development priorities. The annual appropriation ($2.56m) is allocated through 32 grants of $80,000 each. Recipients receive a grant for each of three years to pay for a community development worker’s salary (subject to progress being achieved each year). In general terms the scheme empowers communities and creates opportunities for them to identify and resolve their own issues.

42. The Youth Worker Training Scheme funds the informal training needs of youth workers. The training helps to ensure that youth workers have the relevant requisite skills and that youth work is conducted in a planned and efficient manner. The annual funding of $200,000 is allocated to five regions, each receiving $40,000. The scheme contributes to the high-level outcome of building the capability of community organisations.

\(^5\) DIA Survey of Funding for the Not For Profit Sector (2006).
43. The Community Internship Programme provides for the placement of skilled professionals from the business, public or social sectors on short-term secondments within community organisations. The aim is to facilitate the transfer of skills and knowledge across sectors. There is one funding round each year, with grants allocated to cover the full salary costs for the intern over the required period (usually three to six months). The programme has a dual focus of strengthening community organisations (building capability) and fostering understanding and cooperation between sectors.6

44. The Support for Volunteers Fund supports and promotes volunteering within New Zealand. It funds a national volunteering body, Volunteering New Zealand, and volunteer centres across the country. It also encourages participation in volunteering by supporting other organisations proposing projects that reflect the diversity of approaches to volunteering and the distinct needs of Māori, Pacific and ethnic volunteering. The fund contributes directly to the outcome of encouraging people to participate in their communities and, in so doing, builds the capacity of community groups.

**Impact of the Crown funded schemes**

45. It is difficult to assess the contribution the Crown funded schemes make to the Department’s high-level outcomes. The schemes are relatively small-scale and the funding contributions are usually partial, making it hard to attribute any observed changes to specific funding. This is a problem shared by agencies engaged in community development work and alternative approaches to measuring the impact and effectiveness of programmes continue to be developed.

46. Independent evaluations have been completed for the Community Development Scheme (2005) and the Community Internship Programme (2002). These focused primarily on the achievements of individual projects against the outcomes sought (rather than the schemes as a whole). The evaluations concluded that the desired outcomes were being achieved at a project level. Similarly, a meta-analysis of the Community Development Worker Based Schemes7 (2008) found that the projects reviewed were meeting their outcomes.

47. The Support for Volunteering Fund was reviewed by the Department in 2009. The review focused on the extent to which the Fund has met its original objectives, issues with the operation of the Fund, and examined how it could be realigned to better support volunteering and the needs of diverse groups. The review concluded that the Fund had been successful in meeting its original objective of establishing an integrated and dedicated national, regional and local infrastructure to support volunteering. However, the Fund has been less effective in promoting volunteering in Māori and Pacific communities and to other diverse groups.

48. An independent evaluation of COGS was completed in June 2010. For this review, we were particularly interested to know how the COGS scheme operates against a set of criteria that describe the desirable attributes in a funding framework focused on building strong, sustainable communities, whānau, hapū and iwi Māori. (Refer to Appendix one for table of criteria).

49. The evaluators assessed the scheme as follows:

- **Flexible** – The evaluation found strong evidence that COGS funding is being used flexibly. This judgement is based on two factors: the diversity of projects,

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6 The Department of Internal Affairs provides similar opportunities for staff through the CE’s Internship Programme.
7 The schemes examined were the Community Development Scheme and the former Crime Prevention Scheme, He Ara Whakapakari Papakainga and Community Based Youth Development Fund.
services and activities that are funded; and the different ways that Local Distribution Committees (LDCs) make their decisions.

- **Simple** – The evaluation shows that applying for COGS grants is straightforward and accessible. The majority of organisations complete their applications online (83 per cent) and only 7 per cent of organisations believed that filling in their application was difficult. Application processes that contributed to simplicity included support from LDC members and departmental advisors.

- **Transparent** – The evaluation found low levels of community engagement and participation in local priority setting processes and concluded that the processes are not robust enough to provide true transparency. Despite this, the evaluation found that three-quarters of community organisations perceive the COGS decision-making process to be transparent, consistent and fair.

- **Promotes cooperation and collaboration** – COGS primarily promotes cooperation and collaboration in the community through networking opportunities, at a number of levels. The evaluation also found the funds that organisations receive from COGS are not used in isolation, and that organisations’ outcomes are integrally linked to other funders and volunteer input.

- **Outcomes focus** – There was little evidence to indicate that COGS grants are distributed with an eye to the long-term outcomes that organisations are aiming to achieve. Instead, COGS grants are shared as widely as possible throughout a community. There is also no strong feedback loop on the outcomes that are being achieved, back to the LDCs or the wider community. Lack of knowledge on how grants are being used further reduces the ability of LDCs to make strategic decisions about the distribution of grants.

- **Builds capacity** – The evaluation found strong evidence of COGS building community capacity and capability. Participation on the LDCs was seen as a way to learn valuable skills and to increase networks throughout the community, greatly extending individuals’ existing networks and experiences. The wider community also experienced increased networking opportunities through COGS. (However, this must be seen in the context of relatively low levels of participation).

**Issues for consideration**

50. Our examination of the Crown funded schemes identified a number of questions for consideration in the review process. These included:

- How valid are the original drivers for each of the schemes in the current (and future) environments?
- What are the risks of changing the current schemes, given their history?
- What is the optimal mix in funding approaches that support community and voluntary sector organisations and community development respectively?
- What principles should determine where funding decisions are made (locally or nationally) and who makes them?
- What does the focus of funding imply for the duration of funding?
- How can a funding scheme best balance flexibility of funding while retaining the ability to focus funding to priority areas?
51. These questions have helped to guide the assessment of the international literature on grant making to support community development, together with our examination of the funding practices of other New Zealand funding organisations (refer to following section).

**Approach to the development of the new model**

52. The development of the new funding model has been informed by:

- **a review of selected international literature on funding practices to support community development** – The objective of the review was to provide an overview of models of grant making for community development adopted by public agencies in selected countries. The review focused on readily accessible information from a number of jurisdictions including Australia, North America and the United Kingdom. Some common themes are drawn out.
  - The findings of the review are documented in a separate working paper, *Some international approaches to government community grant funding*.

- **a review of evaluations of government-funded community development programmes undertaken in New Zealand** – Evaluations and commentary on five relatively recent community development focused programmes, together with a meta-analysis of ten community-action projects in New Zealand.
  - The findings of the review are documented in a separate working paper – *Review of selected New Zealand government-funded community development approaches* – which also draws out the 'lessons learned' from the programmes and considers the implications for the current review.

- **the conclusions drawn from case studies of community development practice in New Zealand** – In late 2009 we visited 12 community development initiatives throughout New Zealand to gain a better understanding of the critical success factors for community development work in New Zealand, as well as the challenges faced in undertaking this work.
  - Collectively, the case studies provide valuable insights into community development practice in New Zealand and highlight a number of themes including: the importance of community empowerment; the value of good working relationships across a range of stakeholders; the importance of respecting the tikanga of different groups; and the need for long-term and flexible funding support that is focused on outcomes. A summary of this work is included in the *Review of selected New Zealand government-funded community development approaches* paper.

53. These key sources of information have been applied to our consideration of the question: How can the $17.5 million available through the Crown funded schemes be used to have the maximum impact on the development of strong, sustainable communities, hapū and iwi?

54. We have also reflected on the issues that arose from the implementation of the current Crown schemes, as outlined above. Our work has been informed by the 2010 evaluation of the COGS scheme. In particular, we were interested to understand the relative strengths of the COGS model, so as to ensure that these were encapsulated in any new proposals.
A community development approach to investing in communities

55. The review found that continuing the existing funding schemes will not meet present and future needs – while the individual schemes have a shared focus on increasing community capability, they were established in an ad hoc way in response to separate issues. As a result, the focus has been on advancing specific initiatives, rather than the development of a cohesive ‘package’ of funding support. The review concluded that the Department could achieve greater change, more enduring outcomes for communities, hāpu and iwi through community-led development.

56. We propose that a community development approach to the administration of the Crown funds be adopted. Our review of international literature suggests that where the outcomes sought through a funding programme are primarily about ‘community development’, adopting a community development approach to the design of the funding programme itself is beneficial. This is supported by our understanding of community development practice in New Zealand – our case studies highlight the need for flexible, responsive and long-term funding approaches that support community-led initiatives.

57. It is further proposed that the Department adopt an investment model for the management of the Crown funds. An investment approach facilitates a strategic way of doing things, in which funding and other resources can be used in a planned and integrated way to support significant and enduring change, rather than isolated projects or activities. It also opens up the possibility of alliances being formed with a range of other community stakeholders, including partnerships with businesses, local government, philanthropists, iwi, and other central government agencies to leverage resources effectively.

58. Our analysis suggests that an investment model is complementary to a community development approach to funding, and offers several advantages including a focus on working collaboratively with a range of stakeholders to maximise the funding impact and use knowledge and other resources.

Why adopt a community development approach to funding?

59. The Community Development Foundation (United Kingdom) has prepared a guide that describes and advocates a community development approach to funding. The Foundation is a non-departmental public body and has an extensive track record of managing funding and support programmes for small community groups and larger organisations for central government.\(^8\)

60. The authors of the guide, Evison and Roe (2009) note the following benefits of taking a community development approach to programme design:

- the programme meets real need
- it is structured in a way that the target community and voluntary sector groups can work with and benefit from
- the programme itself is a demonstration of community development, as well as supporting others to adopt a community development approach.\(^9\)

61. Other, more specific, advantages of a community development approach to grant-making include:

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- bringing about change for individuals and for communities in a way that is more than just providing funding
- enabling funded organisations to develop, so they can continue after the funding has finished
- strengthening the community and voluntary sector
- helping people to help themselves
- being seen as a supportive funder – ‘with a face’
- reaching out to organisations that do not usually apply for grant funding
- improvements to the grant-making process as a whole (e.g. higher quality monitoring)
- promoting learning across stakeholders.

62. The key challenge identified is the greater level of expense incurred, as a community development approach requires a significant investment of time to support groups at all stages of grant-making. A related issue is the need for highly skilled people who are well grounded in a community development ethos, and have an outcomes-oriented approach.10

63. The Fair Share Trust (United Kingdom) provides a useful example of a funding approach grounded in community development principles. The programme has established financial endowments in disadvantaged neighbourhoods. Grants are made from the endowments over a period of 10 years.11 Communities are supported to identify, develop and run projects in response to need; and local residents are involved in funding decision making. An evaluation of the first five years of the programme concluded that:

The Fair Share Trust approach works. The Fair Share Trust combines its focus on learning with support, use of a local panel [for decision-making] and flexible approaches to identified and developing projects...It has given communities and local groups a sense of ownership of and responsibility for a pot of money, and it has allowed time for all involved to plan approaches, to learn and to build confidence.12

64. The Fair Share Trust reiterates the importance of a community development approach being well integrated in the funding programme, influencing its design from the outset – "community development is much more than an add-on to grants assessment work".13

**Features of a community development approach to funding**

65. A community development approach to funding is one that is based on, and reflects, some of the fundamental tenets of community development practice. Community development is underpinned by the values, principles and commitment to social change for the individual, group and community. The primary objective is the enhancement of individual and collective well-being.

66. In its broadest sense then, community development is about enacting change for enhanced well-being. In this context, concepts of individual, whānau, hapū, iwi and community well-being are also broadly defined, incorporating social, economic, cultural, environmental and spiritual interests. In the New Zealand context, a

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11 Five years in Scotland.
Community development approach must be responsive to te ao Māori, recognising the importance of tikanga Māori in initiatives that are developed for and by Māori communities, whānau, hapū and iwi.

67. Table two, below, sets out the features we consider integral to a community development approach to funding. Each of these features is described in further detail below. The descriptions illustrate the interconnections between the features – for example, an outcomes focus requires some degree of flexibility; and learning lessons contributes to sustainability.

**Table two: Features of a community development approach to funding**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Characterised by…</th>
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<tr>
<td><strong>Community empowerment</strong></td>
<td>• support for communities to identify and articulate their needs and priorities</td>
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<td>• community-led approaches to address needs and priorities</td>
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<td></td>
<td>• holistic approaches that seek to address underlying causes/determinants of community identified needs and priorities (rather than single issues)</td>
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<td>• collective/collaborative initiatives drawing on community strengths and resources</td>
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<tr>
<td><strong>Outcome-focused</strong></td>
<td>• a focus on end results for individuals, families/whānau, groups and communities (rather than specific outputs and activities)</td>
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<td>• recognition that the process can be as important as the outcome</td>
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<td><strong>Focus on relationship building</strong></td>
<td>• working alongside communities to understand their priorities and to assist them to achieve the desired change</td>
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<td></td>
<td>• building trust through listening and responding to community aspirations, information and knowledge sharing, and delivering on promises</td>
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<td>• providing support throughout the entire funding life-cycle and beyond</td>
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<td><strong>Flexibility</strong></td>
<td>• responsive funding that can be used flexibly (within a clear framework), so long as it continues to support desired outcomes</td>
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<td><strong>Responsive to diversity</strong></td>
<td>• proactive engagement with a wide range of groups, particularly those that may be marginalised</td>
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<td>• programme design that facilitates (rather than prohibits) wide participation</td>
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<td><strong>Long-term</strong></td>
<td>• a recognition that community development, focused on transformative change, takes time</td>
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<tr>
<td><strong>Learning</strong></td>
<td>• sharing of information and knowledge amongst funders, those funded and the wider community of stakeholders</td>
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<td></td>
<td>• commitment to analysing, understanding and learning from it (reflective practice).</td>
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**Community empowerment**

68. The notion of community empowerment underpins community development. In this context, community empowerment implies that funding should focus on what matters most to individuals and to their communities. It is premised on an understanding that communities are best-placed to identify and respond to needs. References to ‘grass roots’ or ‘bottom-up’ approaches typically entail a community empowerment approach. For this reason, community-led approaches are more likely (than other funding approaches) to address ‘real community need’.

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69. Munford and Walsh-Tapiata’s work on bicultural community development practice in New Zealand identified ‘achieving self-determination’ as a key principle. This is described as having one’s voice heard and having opportunities for developing knowledge so that participation can be extended and strengthened. Other lessons relating to Māori community development drawn from our New Zealand evaluation reviews included:

- Māori community development practice is grounded in tikanga and encompasses a collective approach – these processes take time and may be resource intensive
- Effective practices build on existing whānau structures (rather than impose new ones)
- The wide engagement of whānau, together with a holistic approach to issues, can contribute to the sustainability of initiatives
- Care needs to be taken not to overburden whānau with community initiatives that are resource and time intensive.

70. Community empowerment was at the heart of the success of the community development initiatives we visited. The community development workers we spoke to frequently noted the importance of really listening to the community, and responding to their needs and priorities. In some cases, community surveys were undertaken to identify needs and preferences, in others, community meetings were held and networks developed. Ensuring that the dialogue was ongoing was vital to ensuring continued programme effectiveness.

Collaboration

71. A community empowerment approach also suggests collaboration between individuals and groups. By working together, issues can be examined within the context of the community as a whole. As a result, links between presenting issues/needs can be identified, joint approaches developed, and priorities set collectively. From a funder’s perspective, such collaboration has the potential to maximise the impact of funding by addressing underlying causes and encouraging groups to share knowledge and other resources.

72. Our case studies illustrate the importance of good relationships across community stakeholders – successful community development takes more than one organisation. Community leaders emphasised the importance of building trust with a wide range of groups and working together to identify and respond to emerging needs.

73. However, it needs to be acknowledged that collaboration can be challenging, and it takes time to develop. A review of the Investing in Communities Fund (Scotland), which offers funding for up to five years for community development projects, concluded:

> We recognise that there are real challenges and issues facing organisations without an existing shared history of partnership, who we then ask to collaborate. These relationships have the potential to make a significant and positive impact but building them takes time, resources and trust.16

Community decision making

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74. Community empowerment may also extend to community input into decision making. Decision making can occur at a number of levels, from programme design and priority setting, through to specific decisions about what to fund and the quantum of funding. Communities (or their representatives) may simply be consulted as a part of the decision making process, or decision making may be devolved to them.

**Community capacity building**

75. Building the capacity of individuals and communities may be necessary to support a community empowerment approach. People must have the confidence and skills necessary to contribute effectively to processes such as identifying and prioritising community needs, planning and running projects, and grant-making processes.

76. This point is borne out in our case studies, which demonstrate the contribution that capacity building makes to ensuring that community initiatives remain in community hands. The projects we examined frequently involved community leaders, funders and others investing time in supporting groups and individuals to ‘do things for themselves’. One community development worker described her role as “leading from behind” and acting as “a facilitator to support the community.” While it may be tempting for funders or other organisations to step-in and take control of community development initiatives, ultimately the sustainability of such initiatives is dependent on community ownership.

77. Evison and Roe (2009) suggest that “an extra element of support at all stages” is one of the key features of a community development approach to grant making. This means funder support to apply for grants, to deliver programmes, and to meet reporting, monitoring and evaluation requirements.17

78. Capacity can be built through practical experience – by encouraging and supporting individuals to become involved at various points in the funding and development processes. Evidence suggests community capacity building is most successful when it is undertaken at the speed of communities own skills and confidence.18 Our case studies also tell us that the need for capacity building is often ongoing, as community members come and go, and new players require support.

**Outcome focused**

79. A focus on outcomes, as opposed to outputs or activities, is necessary if funding is to follow community-identified needs and priorities. Highly prescriptive funding schemes can limit the potential for communities to develop in the ways they want to. Communities and Local Government (2006) note that:

> Funders and policy makers are tempted to prescribe the results they want, but this is to treat community development as if it was a simple top-down process like other forms of public provision...Specific results from working with a certain group therefore cannot be prescribed or predicted: which results emerge will depend on what turns out to be the concern to a particular community or section of the community, and on surrounding conditions.19

80. The Investing in Communities programme (Scotland) describes its philosophy of outcome funding as “purchasing results” rather than activities. The necessary shift from ‘grant funder’ to ‘investment funder’ is an acknowledgement that investment

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tends to take place over a longer period of time – and so does the change that it brings about.20

81. Case studies of community development initiatives in New Zealand reinforce the importance of an outcomes focus and building relationships based on trust, rather than compliance.21 Community development workers can be frustrated by funding schemes that focus on outputs and fail to acknowledge the bigger picture that activities contribute to – such as the development of social capital and community cohesion. This can result in groups recasting projects to fit with funder requirements, rather than doing what the community really wants them to do. Such a situation is not beneficial to either stakeholder.

82. At a high-level, outcomes of community development may include:

- more effective community groups and organisations (including those engaged in service delivery)
- the mobilisation of resources, knowledge and information within communities
- enhanced decision making for and by communities
- increased ‘citizen participation’ (e.g. in local authority processes) and community activity (including volunteering)
- greater levels of social inclusion, community cohesion and social capital.22

83. Importantly, a community development approach to grant-making places a value on the process – the way things are done – as well as the outcomes achieved through funding. For example, the Fair Share Trust (referred to above) considers the process of encouraging communities to learn how to work together to run the grant programme to be as important as the grant making. In this case, both contribute to community capacity building.23

84. Nevertheless, the Aspen Institute’s review of 20 years of comprehensive community initiatives in America drew as its first lesson: ‘Be as clear as possible about goals, definition of success, and theory of change’: They say, “Too often, the goals sought by community change interventions are poorly specified at the outset and defined only at a broad or abstract level”. They do not suggest that everything must be decided up front, but there must be enough to get started and to know if progress is occurring. It also means that there must be deliberate, structured, and ongoing discussion about expectations for community change among partners.24

85. Their second lesson follows on: ‘Having defined goals clearly, invest in intentional strategies for achieving them’. The review emphasises the need for intentionality at all times and on every front. Even interventions that aim to increase a less-tangible outcome, such as social capital, must act intentionally and not simply hope the outcome will be a by-product of other strategies.

Focus on relationship building

86. Supporting the development of strong, sustainable communities, hapū and iwi extends beyond the provision of funding. A community development approach includes the establishment of trusting and enduring relationships between funding organisations and those funded. It involves funders working alongside groups to understand their needs and aspirations, facilitating networking in the wider community, providing project implementation advice and assisting with problem solving. Underpinning this is a commitment to knowledge sharing and building the capacity of all those involved – communities, the funded groups and the funder.25

87. The Department’s Community Development Scheme provides an example of a funding programme that facilitates relationship building over a number of years.26 Some of the community development projects we visited had received support through this scheme. We heard that groups appreciated the ongoing advice and support they received from the Department’s advisors, as well as the financial contribution. This was particularly the case in communities that were just beginning their community development journey, and who required assistance to bring key stakeholders together and to build the capacity of groups and individuals.

88. Some lessons on partnering and partnership agreements are contained in the Putting Pen to Paper report.27 From 11 different agreements the authors developed 10 key lessons – including securing a mandate for an agreement; the importance of communications, and working with community, which takes time, and having a facilitator or ‘broker’.28

89. Funders may also seek to develop relationships with a wider group of community stakeholders, including other funding organisations, in order to build and maintain a comprehensive picture of the community in which they are working – and to learn from each other. An evaluation of the Community Fund open grants programme (United Kingdom) concluded that longer-term community development models, which involve using community development skills to work with groups, communities and other stakeholders undertaking similar local work, were the most successful ways of administering the funds at a community level. The evaluation also noted that managing these relationships often took a lot of time, effort and sensitivity.29

26 The Community Development Scheme allows for funding for up to three to four years, contingent on certain criteria being met.
27 Putting Pen to Paper: Profiles, Department of Internal Affairs & Waitakere City Council, 2007.
28 The paper notes that the role of a ‘strategic broker’ is increasingly acknowledged as a key success factor for interagency working (p. 11). See pages 8 to 13 for the 10 ‘lessons’.
Flexibility

90. Community development projects are dynamic in nature and evolve in response to changing circumstances. A funding scheme focused on outcomes, and administered within a relationship model, has the ability to respond flexibly to a wide variety of issues, needs and priorities.

91. Evison and Roe (2009) suggest that funders need to work flexibly within a consistent framework:

...funders need to find a balance between enabling sufficient flex so that the project can continue to do work that meets local need, and too much change.

...The key seems to be in maintaining a consistent framework, within which there is room to manoeuvre. One way that this can be done is for the grant programme to focus on outcomes, and not on outputs or activities.30

92. The need for greater flexibility in funding programmes was frequently raised in the context of our case studies. As noted above, groups were frustrated by a focus on outputs. Groups also noted that many funders tag funding to project-based work, making it difficult to use funds flexibly, particularly in response to changing needs within the community or to other changes such as staff movements. This presents challenges to groups that exist to meet community needs. 'Global' funding contributions, that can be used to meet general expenses and applied to specific needs as they emerge, were identified as an invaluable support to community development work.

93. The establishment of a trusting relationship between the funder and the funded group can also help to facilitate a flexible and responsive approach. For example, 'Strong and trusting relationships' underpin the Ministry of Social Development's approach to high trust contracting. The model is characterised by: simple funding agreements; meaningful reporting (focused on results); an outcomes focus; flexible service delivery; and a customised approach. Importantly, in implementing the model, the Ministry maintains a focus on results.31

Responsive to diversity

94. Good community development practice recognises and responds to diversity within the community, through actively seeking to engage a wide range of groups, particularly those that could be marginalised in some way. Evison and Roe (2009) suggest that a community development approach to funding pays special attention to programme design to ensure that a wide range of groups apply – especially those that grants do not normally reach.32

95. In New Zealand, this may be particularly the case for some Māori groups, many of which operate on an informal basis, as well as a number of minority ethnic groups. Isolated rural communities, communities with transient populations and communities that have relatively low levels of social capital may also be at risk of missing out on available funding and other support.

96. A commitment to facilitating community empowerment and capacity building, coupled with an outcomes focus and a flexible funding approach, can all contribute to being responsive to diversity within communities. For example, proactive support to build the capacity of new or small community groups may assist them to access grants that they have not been able to before.

30 ibid. p.16.
97. As a Crown agent, the Department can give effect to its Treaty obligations by ensuring that funding programmes and other forms of support are responsive to whānau, hapū, iwi and Māori; and that administrative practice does not compromise tikanga Māori. If this is not possible (for example due to legislative requirements) this needs to be acknowledged.

98. Involving a cross-section of community stakeholders in programme design and, potentially, programme implementation (e.g. input into decision making) can also improve responsiveness to diversity.

**Long term**

99. Achieving real and sustainable change within communities is necessarily a long-term process. In contrast, many funding programmes distribute grants for a 12-month period and ongoing funding is not guaranteed. This situation presents significant challenges for community development initiatives. For example, community development workers we met with told us that it is difficult to plan more than 12 months ahead. This has a flow-on impact on project planning and expenditure, as well as affecting the capacity of groups to employ people, or to enter contracts with financial implications.

100. Additionally, the fragmented nature of funding in New Zealand means that many groups invest a significant amount of time in preparing applications for relatively small amounts of funding, and in meeting funders’ reporting requirements (one group we visited had secured funding from 16 different sources last year). The need for multi-year funding policies to allow for long-term planning was also highlighted in research commissioned by the ASB Trust and others (2008).33

101. Long-term support – in the form of both funding and advice – helps to promote the sustainability of groups. Evison and Roe state that offering long-term funding provides the group/organisation funded with a strong platform for solid planning and development, and enables a community development approach to be implemented by the project. They note that long-term funding is ideally three years or more.34 Feedback from our case studies, while not representative, supports this view.

102. A study by Big Lottery on the early indications of sustainability identified the factors that appeared to enhance the likelihood of sustainability as falling within the following broad groupings:

- planning – before, during and after the funding period
- delivery – capturing and using knowledge, building capacity and managing performance
- interaction with the external environment – achieving a good fit with local and national strategies and partnership working.

103. Further, Big Lottery notes that:

Sustainability is often thought of as ‘continuation funding’ but the evidence we have so far points to a range of elements that may be sustained, such as ways of working, partnerships, networks and good practice. As an outcomes funder, our interest in what change is achieved should not stop with the end of the grant. We are keen to understand the longer-term effects, despite the difficulties in attribution and identifying cause and effect.35

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104. Similar challenges face the Department in the New Zealand context. Supporting sustainability will require a more complete understanding of the context within which community development work is taking place.

**Learning**

105. Reflection is a core value of community development practice. It requires practitioners to develop a critical self-awareness so as to ensure that their past experiences, motivations and the context within which they work, do not hinder their practice.36

106. Reflection, as applied to approaches to grant funding, may be practised through project and programme monitoring and evaluation. A community development approach to evaluation suggests that the learning should be shared widely and used to improve the way things are done.37 To be effective, a commitment to learning must be built into funding programme design and expectations made explicit to fund recipients.

107. For example, the Big Lottery Fund (United Kingdom) has established a commitment to identifying and sharing leading practice as one of the tenets of its ‘intelligent funding approach’. The organisation aspires to use its learning, as a significant grant funder, to inform the development and practice of public policy across the United Kingdom.38

108. Learning also contributes to programme sustainability – through informing a process of continuous improvement, and by supporting new applications for funding. The Fair Share Trust notes that “many programmes fall down on this important part of sustainability planning, not because they don’t undertake research, but because they don’t collect the most valuable commodity they have: evidence.”39 This is supported by comments made by some of the community development workers we met with, who noted that they maintained close relationships with funders and sought to demonstrate the success of their programmes to them – ‘success breeds success’.

**Investing in communities**

109. Our review of the literature also suggests that an investment approach to supporting community development is effective. Scotland’s Investing in Communities programme characterises the investment model as a shift away from being a ‘distributor’ of grants, to being an ‘investor’ of funds.

110. In this context, funds are not invested with an expectation of a financial dividend. Rather, the return on investment is assessed in terms of the outcomes achieved in the community. The Scottish programme places an emphasis on the investor having a real stake in the success of the projects and a shared responsibility for achieving the outcomes. The programme is characterised by an enduring relationship between the funder and those funded:

> It will mean putting more resources into supporting organisations to manage those funds during the lifetime of their projects, working alongside them to reach the milestones along the way…It will mean having a real stake in the success of the projects we support; a shared responsibility for achieving outcomes.40

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111. The programme was developed in response to community feedback asking for longer-term and more flexible funding (funding is available for five years). When the programme was launched in 2006, the majority of funding (total funding is £275 million) was made available for community-led programmes, while some was reserved to address any identified areas that appeared to be underserved.41

112. The Investing in Communities model has recently been refined (June 2010), following community consultation. Significant changes include a 'sharpening' of focus on the three areas of investment (Growing Community Assets, Life Transitions and Supporting 21st Century Life); and the introduction of a two-stage application process.42 High levels of support for funding applicants and enduring relationships remain fundamental tenets of the programme.

113. The state of Victoria, Australia, also provides an example of an investment model focused on community development. The Department of Planning and Community Development has recently implemented a Community Investment Framework, which aims to identify and align government and community resources to “realise the strategic outcomes for Victorian communities.”43 The investment approach is described as an end-to-end process:

[Which] begins with agreeing strategic investment needs and engaging with key partners to understand and effectively align community and government skills, assets and resources; then effectively brokering and managing the right investments to deliver outcomes and benefits.44

114. While both the Scottish and Victorian models provide examples of investment approaches, the Victorian model incorporates a focus on building cross-sector relationships and aligning resources across a range of stakeholders (government and non-government) for maximum impact.

115. A 2009 study, initiated by the Intelligent Funding Forum (United Kingdom), identifies some of the benefits and costs of cross sector relationships between funders – in this case government, corporates and foundations (independent funders). The report identifies three related types of working together: talking, sharing knowledge and learning; independent co-funding; collaborative planning, funding, governance and monitoring.

116. The report suggests that funders from different sectors bring different skills, knowledge and other resources to relationships. Working together may capitalise on relative strengths, and address deficits, of each. However, it also notes that: “Every potential collaboration needs to be assessed in terms of its likely cost set against the potential added value the relationship may bring.”45

117. Our discussions with a selection of New Zealand funders suggest that there is a willingness to work together to leverage off each other’s strengths. This is supported by research commissioned by the ASB Community Trust, which highlighted the importance of funders working together to improve their own knowledge and practice; as well as for the benefit of those funded.46

43 Department of Planning and Community Development, [no date] A framework for community investment. Victoria, Australia. p.5.
44 Ibid. p.5.
118. In sum, an investment model entails:

- a planned approach, in which investment priorities are identified and resources are aligned appropriately (including financial resources from diverse funders)
- a shared commitment (between investors and the fund recipients) to the achievement of outcomes
- the provision of other forms of support (transfer of skills, knowledge and expertise) to assist communities.

119. We think that an investment model is not only complementary to a community development approach to funding, it also offers opportunities for key stakeholders to work effectively together.

Proposed new funding model

120. The previous section recommended that the Department adopt a ‘community development approach to investing in communities’ and outlined some of the features of that proposition.

121. This section translates the approach into a model for the management of the Crown funds. It begins with an overview of the proposed model, describing the shift from the current way of doing things.

122. The section concludes with a brief analysis of the proposed model against a set of criteria developed as part of the project process. These criteria describe the attributes that are desirable in a funding framework focused on building strong, sustainable communities, whānau, hapū and iwi Māori. (Attached at Appendix 3).

Overview of the proposed model

123. The proposed new model for the management of the Crown funds has the following features:

Funding for impact

124. The model is focused on harnessing funding and other resources within a community to have a real impact – that is, to achieve the change that the community seeks.

125. Recognising that community development takes time and that it can be resource intensive, the Crown funds will be used in a more targeted way to support selected communities to work towards their aspirations over a period of three to four years.

Funding communities

126. The model proposes a focus on communities as a whole, rather than on specific programmes or activity. This means that funding is directed at a systems level, crossing sector and programme boundaries, so that community priorities can be addressed in a comprehensive way.\(^{47}\) The intent is to recognise the interconnections between the well-being of individuals, families, hapū, iwi and communities as a whole – rather than to respond to presenting issues or priorities in a piecemeal way.

127. This requires an in-depth understanding of the community – its strengths and assets, as well as any challenges that it faces. The proposed model incorporates the development of a unified community plan, which identifies community needs,

\(^{47}\)Connor and Kadel-Taras (2003) suggest three ways in which funding organisations can effectively fund for impact – fund communities; fund systems; and be the change you wish to see. J. Connor and S. Kadel-Taras (2003), *Community Visions, Community Solutions: Grantmaking for Comprehensive Impact*. The Wilder Foundation (United States).
assets and priorities. The plans will focus on outcomes, rather than outputs. It is envisaged that plans will be built on a sound information base and will reflect wide community consultation. The identified priorities must be those of the community at large, not a particular group or sub-section of the community. In accordance with an investment approach, grants will only be made in the context of a wider community strategy or plan.

128. The proposed approach therefore represents a shift in the ‘point of entry’ to communities, away from community and voluntary sector organisations that are sometimes treated as a proxy for community, towards the individuals, families/whānau and groups that comprise communities.

**Community empowerment**

129. The model has been built on the foundation of community empowerment. It is designed to encourage communities to be the ‘masters of their own destiny’ – to identify their own needs and priorities; and to seek out ways of addressing them. The model requires a breadth and depth of community participation that surpasses the current Crown funded schemes.

130. The model also incorporates community decision-making in respect of grant making. Communities will be supported to develop their own mechanisms for making decisions about what activities or programmes should receive (Crown) grant funding from the Department. While the model does not fully devolve decision-making to communities, they will have a significant voice in the decision-making process.

**Collaborating with others**

131. The model encourages collaboration within communities, and also collaboration between different funders. Community stakeholders will be encouraged and supported to identify shared outcomes and to find ways of working together to support these. Collaboration can take a number of forms, including through governance structures, information and knowledge sharing, shared backroom services, joint planning and shared service delivery mechanisms.

132. The Department will also seek opportunities to collaborate with other funders including other central government agencies, local government, philanthropic organisations, iwi and other organisations. The development of a unified community plan provides a basis for leveraging funding and other resources from diverse sources.

**Building on existing community ‘assets’ – phases of intervention and funding**

133. Our review of both the international and New Zealand literature emphasised building on a community’s existing ‘assets’ or strengths, rather than looking at problems to ‘solve’. Community networks and some work on outcomes may already have been undertaken, and funding should not come with the expectation that this will be undertaken again.

134. The results from the meta-analysis of New Zealand community action programmes highlighted the importance of different stages or phases of an initiative. The authors called these the “activation / consolidation / completion & transition” phases. Transition could include ‘sustainability’. The important lesson is that guiding principles, strategies and tools, and funding resources, may all need to be flexible and appropriate to support the readiness of the community and the stage it is at.
Summary of change

135. The following diagram illustrates the proposed high-level changes in the use of Crown funds:

<table>
<thead>
<tr>
<th>Current approach</th>
<th>Proposed new approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding focused</td>
<td>Community focused</td>
</tr>
<tr>
<td>Funding as an end point</td>
<td>Funding as one means to an end</td>
</tr>
<tr>
<td>Department as distributor of funds</td>
<td>Department as investor of funds</td>
</tr>
<tr>
<td>Funding communities across the board</td>
<td>Targeting funding to specific communities</td>
</tr>
<tr>
<td>Focus on developing community and voluntary sector organisations</td>
<td>Focus on communities, whānau, hapū and iwi (including C &amp; V sector organisations)</td>
</tr>
<tr>
<td>Focus on funding a community intervention or programme</td>
<td>Focus on funding to match a community’s stage of readiness and its identified outcomes</td>
</tr>
</tbody>
</table>

How could it work?

136. Community-led development will require communities to identify their outcomes. Sitting alongside this, the Department needs to articulate its own objectives and desired outcomes (listed below) if it is to be accountable and transparent about its involvement in community-led development policy and practice.

137. Objectives would include:
   - strengthen community, whānau, hapū, iwi Māori relationships
   - encourage long-term, strategic thinking in communities about their priorities and shared solutions
   - identify and grow local-led leadership
   - encourage community collaborative ventures
   - build on and invest in community skills and strengths
   - incorporate a learning focus
   - strengthen connections in communities to maximise use of assets and funding resources
   - build the capability and capacity of the community in areas such as financial and strategic planning, project monitoring and reporting.

138. High-level outcomes:
   - long-term transformative, economic, social, environmental, and/or cultural change
   - strong, sustainable communities, hapū, iwi Māori
   - cohesive and resilient communities that can meet today’s and tomorrow’s needs
   - strong and diverse community leadership
   - ability to seize and grow opportunities
   - community ownership of problems and enduring solutions
   - strong relationships (horizontally and vertically) across stakeholders
   - improved educational and employment outcomes
   - solutions are sustainable beyond the Crown funding provided through this intervention.
139. A key output will be a unified community plan, if this does not already exist. The plan should:

- be based on sound information about the community (e.g. demographic profile, snapshot of participation in employment and education, economic base, current assets, current challenges etc)
- identify shared aspirations for the future
- identify priority areas of action to take the community forward over a period of at least three to four years
- focus on outcomes, rather than specified programmes or activities.

140. It will be important to ensure the plan reflects a shared community vision (while recognising diversity), and does not simply pull together existing programmes and organisations, resulting in a plan for the status quo.48

141. Advisors and/or funded community development workers can support this process by:

- helping communities to ‘aspire’ – this could include convening or facilitating community meetings and/or funding groups to get together
- encouraging broad community engagement – by continuously seeking out new participants and involving multiple sectors. It is important to ensure that the process is not captured by dominant players
- providing information from multiple sources – for example through bringing together key knowledge holders in the community, such as central and local government agencies, business and iwi. Information gathering exercises may also be commissioned (e.g. through community surveys).49

142. While the plan will provide the basis for investment decisions, it must also contain sufficient flexibility to accommodate changing priorities over the investment timeframe.

Identification of investment partners

143. Once a community plan has been developed, the Department will work alongside community leaders (and/or the community development worker) to broker investment partnerships, where feasible. The basis for partnering is likely to be a shared interest in outcomes. Ideally potential partners will have been engaged in the development of the community plan and will be familiar with community aspirations and needs.

144. While investor partnerships are desirable, it is recognised that they will not always be feasible. Strategic alliances may also be sought, bringing together groups to share knowledge and other resources to meet community needs.

145. Potential partners include other central government agencies (e.g. Ministries of Social Development, Health and Education and Te Puni Kōkiri), local government, iwi authorities and philanthropic groups. In particular, there may be opportunities to work in tandem with other central government programmes, such as Whānau Ora and the Ministry for Social Development’s Community Response Model. (Further work is required to identify how this could happen).

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Implementation of plans

146. Following the planning processes (or as a result of it) communities will be encouraged to establish some kind of ‘leadership’ group that can provide oversight to the implementation of the plan. Departmental staff may have a role in assisting this process – in many cases it is likely to be led by a funded community development worker, or by an existing community organisation that has the backing of the wider community.

147. The plan will be given effect through a process of inviting community stakeholders to develop activities, programmes or initiatives that respond to the identified priorities and contribute to overall outcomes. It is likely that a mix of open grant-making processes and the active commissioning of projects will be adopted, according to need.

148. Open grant making has the advantage of being a simple and fair process, and has the potential to ensure a diverse range of activities is developed. However, it can also result in inefficient competition, the potential for subtle shifts in priorities, and can be difficult to implement in situations where priorities are broadly stated. Commissioning of projects or activities allows for greater clarity about what is sought, improved alignment between priorities and purchased activities, and a strategic approach to ‘filling gaps’.50

Decision-making processes

149. The model does not propose the complete devolution of decision-making to communities. However, it does suggest that communities should have a significant voice in the decision-making process. It is proposed that the leadership group (referred to above) should be responsible for inviting and commissioning projects and activities; the assessment of proposals; and making recommendations for funding.

150. At this stage, opportunities will be sought to encourage collaboration across community groups and organisations, with a view to enhanced coordination, economies of scale and improving the sustainability of investment.51

151. It is further recommended that the Department act as a ‘bank,’ holding the funds and maintaining responsibility for final sign-off on the basis of community-led recommendations.

152. The proposed split in responsibilities is designed to ensure that the Department retains accountability for the use of public funds, although, in practice, the accountability will be shared with the community leadership group. The model reflects a high level of trust in communities, built on strong relationships.

153. The active engagement of community stakeholders in these processes is intended to contribute to community empowerment and ownership of the scheme, and to build social capital. It will be important to ensure that the scheme retains sufficient flexibility to allow communities to develop the social capital necessary to effectively take part in these processes. The level of departmental support required is likely to vary across communities and over time.

Activities/costs supported

154. We envisage funding being used flexibly to support a wide range of activities/costs, including project-based costs, organisational overheads, salaries and, potentially, capital works. (The latter is likely to require some kind of partnering funding and include a more stringent approach to monitoring and reporting).

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50 Big Lottery (2010), pp.10–11.
155. The Department is uniquely placed within government to support a wide range of initiatives crossing social, economic, cultural and environmental boundaries.

Duration of funding

156. We propose a relatively long-term focus – three to four years. During this time an effort will be made to ensure that communities build the capability necessary to sustain the outcomes achieved.

157. The process will require input from advisory staff and community stakeholders (and potentially others) at each stage and may result in varying levels of financial input at different stages.

Ongoing monitoring and reporting

158. Local advisors will maintain relationships with community leaders and provide support for community-led projects and activities on an ongoing basis. It is envisaged that the relationship will be a form of a partnership, reflecting a shared interest in outcomes. Project milestones will be developed (for significant projects) and agreed with project leaders and reported to the community leadership group and to the Department.

159. Reporting requirements will reflect the level of funding invested, as well as the relationship with the Department. It is anticipated that the Department will develop effective, ‘high-trust’ relationships with stakeholders and, therefore, reporting requirements would be relatively light-handed. Ultimately, the information required should already be known to the Department.

Evaluation and learning

160. It is anticipated that the Department will provide support for the evaluation of various components of the plan. Evaluation requirements at the project level will be simple, potentially requiring groups to report on what they have done; the impact they have had; and what they have learned. An emphasis will be placed on sharing learning for the benefit of all involved.

161. Outcome evaluations could be commissioned at the end of the process, with a focus on assessing the impact of the implementation of the entire plan. This could be a requirement of all community plans, or may be targeted to particular areas. It will be important to understand what the impact of the new scheme is – what works and what does not.

162. The Department will have an important role to play in facilitating information sharing to ensure that the community (and others) learn from experiences and that the implementation of the scheme contributes to the development of a better understanding of leading community development practice in New Zealand.

163. The diagram below attempts to capture the key elements of the model.
Why should we do it?

164. In summary, the proposed approach has the potential to:

- empower communities in a way that has not been possible in the past, by placing community stakeholders at the centre
- better target departmental (and other) resources to communities that are relatively disadvantaged in terms of community capital
- respond flexibly to the differing needs and priorities of different communities
- encourage participation by a broader group of community stakeholders, including those that may be considered ‘hard to reach’ (builds social capital)
- develop high-trust enduring relationships between the Department and other community stakeholders
- promote the sustainability of outcomes through a long-term investment approach, supported by strong relationships
- leverage off wider community resources (including other government agencies and private enterprise) to maximise investment impact
• improve efficiencies, though an integrated and planned approach that seeks to build on existing assets and encourage collaboration.

**How does it stack up against the assessment criteria?**

While much of the detail of the proposal is yet to be developed, a high-level assessment of the proposal against the criteria indicates that there is a good fit.

**Table three: Proposed model measured against assessment criteria**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Resulting outcomes</th>
<th>Responsiveness of new model</th>
</tr>
</thead>
</table>
| **Flexible** | Funding is responsive to communities, whānau, hapū, iwi and Māori  
Funding is responsive to changing needs / priorities over time | The model is essentially community-led and requires wide community input  
Proposed processes allow for flexibility in implementation |
| **Simple** | Ease of access for communities, whānau, hapū, iwi and Māori  
Efficient processes (for applicants and the Department) | End-to-end support will be provided by the Department (as required)  
Particular effort will be made to engage communities that are ‘hard to reach’  
The intention is to keep processes simple (detail to be developed) |
| **Transparent** | Clear basis for decision-making  
Helps to build trust between communities, whānau, hapū, iwi and Māori and the Department | Funding will follow identified community priorities as established through a collaborative planning process. Significant community input  
The rationale for the Department’s decisions should be made clear if these differ from community recommendations |
| **Promotes cooperation & collaboration** (by funders and by those funded) | Enhanced capacity and capability of communities, whānau, hapū, iwi and Māori  
Enhanced capacity and capability of funders  
Effective use of resources  
Good practice is shared | The scheme processes, as well as the outcomes sought, are focused on enhancing capacity and capability  
The planning and decision-making processes will proactively seek opportunities for collaboration by both funders and those funded  
The model supports learning and information sharing |
| **Outcomes focus** | Funding is responsive to communities, whānau, hapū, iwi, and Māori  
Decision-making focused on contribution to outcomes | The planning process is focused on the outcome identification  
Decision-making processes are designed to ensure that resources contribute explicitly to outcomes |
| **Builds capacity** | Sustainable outcomes - enduring beyond the funding period  
Effective and efficient practice | The model proposes a long-term investment, focused on achieving sustainable outcomes  
High levels of community engagement in the processes are intended to build capacity and contribute to the sustainability of outcomes  
Incorporates a learning approach – regularly reflecting and reviewing progress and making improvements (other terms are an “action research” or a “learning-centred evaluation” approach) |
Building a ‘cohesive package’ of community support

166. Community-led development is consistent with the way the Department currently works with communities. This can best be described as community driven and a ‘bottom up’ approach focusing on a community’s strengths. However, to provide a long-term and cohesive package of support to communities will mean a change to the way the Department does its business.

167. We will be looking to build our core expertise by first and foremost strengthening our role as community development enablers in local communities. We will work in a strategic longer-term partnership with communities.

168. It is envisaged that this model of working will support the following key elements:
- a broad-based community visioning and planning process to identify and prioritise community needs and aspirations
- a three to four year funding focus – recognising that community development takes time and that it can be resource intensive
- grant funding for activities identified through the planning process (such as development of infrastructure, provision of and improved access to health, employment and youth development services, environmental projects)
- identification of a suitable existing organisation within the community to act as a fund-holder, the employer of a community worker with strong links to the community, and to potentially house a ‘steering group/community governance group’ or similar structure to oversee the development and implementation plan. An ‘anchor’ organisation (that is, the ‘glue’ needed to bring people together and remain committed over several years) could be the same as the fund-holder or could be separate, depending on the particular community and what resources / organisations already exist.

What does this mean for the Department?

169. The Department will have a number of roles to play in supporting, nurturing and growing community-led development. It will need to focus on communities as a whole, rather than supporting specific programmes or activity which has been the current approach. Funding will need to be directed at a systems level, crossing sector and programme boundaries, and leveraging off other government and non-government activity so that community priorities can be addressed in a comprehensive way.

Communities to partner with

170. A partnership is required between the Department and those funded, characterised by a high-level of contact, knowledge and information sharing, and trust. Such relationships are built over time, and require a significant level of input from both parties.

171. The Department has a history of working with isolated hard to reach communities (predominantly Māori, Pacific or migrant communities) with multiple complex issues. These communities are characterised by a lack of community cohesion, poor access to services and resources. They may be geographically isolated or be ‘detached’ communities within a larger city or town. These communities will remain the Department’s primary focus.

The Department’s community development role

172. Critical to the success of the model will be our community development advisers. Community-led development places a far greater emphasis on community
development work than before. Advisors will need to have relationships that are broad, spanning a wide range of community stakeholders such as the private sector where DIA has not traditionally worked. Depending on the community’s capability and action plan, staff may need to take on roles as facilitators, mediators, relationship and funding brokers, and information gatherers. The Table below indicates the range of key attributes and skills CD advisors may need to draw upon to support community-led development.

Table 4: What working in a community-led development way may mean for the Department’s CD advisors

<table>
<thead>
<tr>
<th>Principles</th>
<th>What might this involve?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Place based</td>
<td>This is likely to require:</td>
</tr>
<tr>
<td></td>
<td>• significant and sustained contact with communities – and a commitment to work alongside communities over several years</td>
</tr>
<tr>
<td></td>
<td>• understanding the interconnections between people and their environment</td>
</tr>
<tr>
<td></td>
<td>• community experience and knowledge integral to local solutions</td>
</tr>
<tr>
<td></td>
<td>• being aware and able to work with diverse communities in a culturally appropriate way</td>
</tr>
<tr>
<td>Local voice and leadership valued and empowered</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• encourage and support local residents and organisations to participate and actively lead</td>
</tr>
<tr>
<td></td>
<td>• encourage and facilitate local ownership of community visions, plans and actions</td>
</tr>
<tr>
<td>Working together across boundaries</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• encourage connections between diverse people, organisations and sectors to develop creative solutions and harness additional resources</td>
</tr>
<tr>
<td></td>
<td>• encourage and assist new ways of working, &amp; to help build respectful relationships and reciprocity</td>
</tr>
<tr>
<td>Strength and asset based development</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• identify existing local physical, cultural, environmental and ‘people’ assets and strengths to build on and leverage off what each community does</td>
</tr>
<tr>
<td></td>
<td>• not dwell on or be overwhelmed by deficits or problem-fixing approaches</td>
</tr>
<tr>
<td></td>
<td>• inspire hope and optimism for a different future</td>
</tr>
<tr>
<td>Growing collaborative community leadership</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• acknowledge that people can have a contribution to make</td>
</tr>
<tr>
<td></td>
<td>• actively seek and grow new leadership within communities</td>
</tr>
<tr>
<td></td>
<td>• support energetic and ‘change champion’ leaders and organisations who can work skilfully with others to make things happen and to broker relationships for this to happen</td>
</tr>
<tr>
<td>Being intentional and demonstrating progress</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• clarify their visions and goals but encourage them to be flexible in adapting plans, priorities and projects to respond to changes that occur</td>
</tr>
<tr>
<td></td>
<td>• adopt robust planning processes and practices to ensure monitoring, analysis, reflection, and learning occur and that measuring progress towards desired outcomes also happens</td>
</tr>
<tr>
<td></td>
<td>• proactively share experiences, learning, results and resources across communities</td>
</tr>
<tr>
<td>Whole systems approach</td>
<td>Working with communities to:</td>
</tr>
<tr>
<td></td>
<td>• go beyond “one-offs” to longer term sustainable change</td>
</tr>
<tr>
<td></td>
<td>• influence policy and legislation, commercial systems, organisational practice, personal, cultural and institutional relationships for lasting impact within communities</td>
</tr>
</tbody>
</table>
Appendix 1: Glossary of some common terms

**Capacity building** – “Activities that aim to increase the ability of the charity and voluntary sector to provide services or take action, mainly relating to the training and development of staff in both campaign and hands-on work, and related jobs such as financial management and information technology. Sometimes related to building the infrastructure of the sector through umbrella bodies and networking groups.”

“Capacity Building involves assisting locally based organisations to develop their own ability to deliver projects for target groups. Enhancing the capacity of such organisations involves providing support to develop the skills of individuals within the organisation as well as improving organisational structures and processes themselves.”
For these and other definitions see: http://www.encyclo.co.uk/define/capacity%20building

**Civic Capacity** is a distinctive component of the broader idea of community capacity. Definitions of civic capacity vary from the more stringent criterion of requiring participants to consider what is good for the community as a whole to the more frequent use of the term as effective engagement with the public realm. The more general definition of civic capacity does not imply a community consensus, but rather the ability to participate in public life with the result of more democratic governance at various scales. The looser definition blurs the line between community civic capacity, which refers to outcomes, and civic engagement, which describes activities. (Aspen Institute)

**Community** - For the purposes of this project, communities have been broadly defined as networks of people, groups or organisations linked by one or more factors. The term ‘community’ may refer to:
- a geographic community – e.g. people living in the same neighbourhood, town, city or district (may also be referred to as communities of place)
- a community of interest – e.g. a sports group or other voluntary group or a virtual online community
- a community of identity or whakapapa – e.g. a hapu, iwi with a shared lineage or an ethnic group
- an administrative/political community – e.g. a state or federation.

**Community building** - “democratic or participatory efforts to enhance the capacities of individuals and organisations in communities and the connections between them,”
It describes an approach which emphasises:
- Communities working together to identify and solve their problems
- Cultivation of socially valuable relationships
- Support for leadership development and increased human capital
- Increased relational and organizational skills of residents and groups
- Sustained stakeholder engagement
- Development of a sense of common purpose and an action agenda
- Increased local institutional capacity. (Aspen Institute)

**Community development** – is a deliberate, inclusive, participatory process of community change and improvement. The literature identifies two contending approaches to place-based community development in recent years: community building and social action. Community building is about empowering and enhancing the capability of citizens to work together, and in partnership with key stakeholders, to address problems of disadvantage and undertake sustainable development. Community social
action focuses on empowering communities to take control of their own development, through social action. (*Investing in Community Capacity Building: the role of government in strengthening communities*, DIA, Nov 2005, p. 6).

“Community Development is about building active and sustainable communities based on social justice and mutual respect. It is about changing power structures to remove the barriers that prevent people from participating in the issues that affect their lives.” (Scottish Community Development Network website: [http://www.scdn.org.uk/](http://www.scdn.org.uk/))

“There is no consensus in the community services sector on whether "community capacity building" is the same as "community development" or is qualitatively different from it....The net result is that there are a multitude of terms with overlapping meanings used in different ways in different settings. For example "community development" terms currently in use include: community of place, community of interest, community development, community building, community capacity building, community organising, community engagement. In addition, other related terms are: social capital, asset based, strengths based and social planning.” (Paul Bullen, 2007, [http://www.mapl.com.au/ComDevModel.pdf](http://www.mapl.com.au/ComDevModel.pdf))

**Community empowerment** is a process where people work together to make change happen in their communities by having more power and influence over what matters to them. (Scottish government, *Community Empowerment Action Plan*, March 2009).

**Community-led development** – The underpinning philosophy of community-led development is one of community empowerment, and is typified by broad community engagement to identify shared issues and concerns, and to generate local solutions. The approach focuses on communities as a whole, rather than on specific programmes or activities. There is an emphasis on participatory processes that develop local leadership, enhance social capital and personal networks, and strengthen institutional capacity at the local level. (DIA)

- “CLD is about place – local communities.
- CLD is about people from all sectors (residents, business, funders, iwi, local government, government, schools etc) working together within local communities to release energy and ideas, create opportunities, harness local resources, solve problems and achieve local visions.
- CLD is strengths based planning and development approach. It involves looking at whole systems as opposed to individual issues. It is also about a way of thinking, organising and capacity building to enable locally led action and leadership of change. It is not a service delivery model, project or programme (although a CLD approach may connect with many activities and service providers delivering within communities).
- CLD includes economic, cultural, social and environmental factors, with the driver being local vision and priorities.” (Inspiring Communities, *What we are learning*, Dec 2010, p. 6)

**Learning-centred evaluation** – “Systematic information gathering and research about grant-maker-supported activities that informs learning and drives improvement. Looking through the prism of learning offers a different view of evaluation. Rather than an accountability exercise, it becomes a powerful tool for improvement” (GEO – Grantmakers for Effective Organisations, [www.geofunders.org](http://www.geofunders.org)) Also: **Developmental evaluation** – A process of thinking, planning, implementing and evaluating that is continuous and simultaneous, so that actions and interventions can be adapted in an ongoing basis – thus ensuring a higher chance of success. (Inspiring Communities, NZ)
Social Capital – Social capital refers to features of social organisation such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit. (Putnam, 1995, quoted by Aspen Institute)

Strategic broker – Strategic brokers are tactical, practical people who actively bring organisations, sectors and people together. It is a skilled and complex role, involving people management, juggling multiple agendas, accountabilities and tasks. (Putting Pen to Paper: Profiles, DIA and Waitakere City Council, 2007, p. 11).

Strengths or asset based community development – “an approach to community-based development, based on the principles of:

- Appreciating and mobilising individual and community talents, skills and assets (rather than focusing on problems and needs)

“Asset-based community development draws upon existing community strengths to build stronger, more sustainable communities for the future.” (Asset based community development institute, Northwestern University, Evanston, Illinois: http://www.abcdinstitute.org/)

Strong communities and sustainable communities are each premised on concepts of inclusiveness, shared values and goals, and the development and maintenance of community resources (or ‘capitals’). Strong and sustainable communities are able to mobilise resources to effect change for the good of the community as a whole - now and in the future. (T. Loomis (2002 and 2005)). The concept of sustainability applies not only to the natural environment, but also to social, economic and cultural wellbeing.

See also: ‘Clarity for a Change! Key Terms and Ideas in Community Development’ Scottish Community Development Network, 2007, http://www.scdn.org.uk/id54.html
Appendix two – Some selected further resources

**New Zealand**


*Putting pen to paper: creating partnering agreements that work* (2 parts) 2006, 2007, Department of Internal Affairs & Waitakere City Council (Megan Courtney)


Rachael Trotman & Megan Courtney (for ASB Community Trust) *Supporting community economic development in the Auckland region: issues and opportunities*, 2008

**Reviews of Housing New Zealand’s Community Renewal projects:**


**Websites (examples only)**

“Community outcomes” site has been developed by The Department of Internal Affairs to support central and local government collaboration to achieve community outcomes: [http://www.communityoutcomes.govt.nz/web/coutcomes.nsf/unid/CFIN-7G4T3P?openDocument](http://www.communityoutcomes.govt.nz/web/coutcomes.nsf/unid/CFIN-7G4T3P?openDocument)


**Australia**


**North America**

Aspen Institute: [www.aspeninstitute.org](http://www.aspeninstitute.org) – for example, community building documents: [http://www.aspeninstitute.org/sites/default/files/content/upload/rccfinalcrosscuttingreport.pdf](http://www.aspeninstitute.org/sites/default/files/content/upload/rccfinalcrosscuttingreport.pdf)

[http://www.aspeninstitute.org/sites/default/files/content/docs/roundtable%20on%20community%20change/CommunityBuildingCivicCapacity.pdf](http://www.aspeninstitute.org/sites/default/files/content/docs/roundtable%20on%20community%20change/CommunityBuildingCivicCapacity.pdf)


**United Kingdom**
Big Lottery Fund: [www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)


The Community Development Foundation is the leading source of community development expertise and delivery in the UK. It is described as a public body and a charity that bridges government, communities and the voluntary sector. [www.cdf.org.uk](http://www.cdf.org.uk)


The Young Foundation [http://www.youngfoundation.org/](http://www.youngfoundation.org/)


## Appendix three – Assessment criteria

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Characteristic</th>
<th>Resulting outcomes</th>
</tr>
</thead>
</table>
| Flexible  | • Accommodates a wide range of activities and projects  
• Accommodates variety of ways of working / tikanga and kawa  
• Allows for change | • Funding is responsive to communities, whānau, hapū, iwi and Māori  
• Funding is responsive to changing needs / priorities over time |
| Simple    | • Funding model and related processes and policies are easy to access, understand and use  
• Encourages participation by groups that may not usually do so  
• Minimal bureaucracy | • Ease of access for communities, whānau, hapū, iwi and Māori  
• Efficient processes (for applicants and the Department) |
| Transparent | • Clear fund criteria and decision-making processes  
• Clear and transparent justification for decisions | • Clear basis for decision-making  
• Helps to build trust between communities, whānau, hapū, iwi and Māori and the Department |
| Promotes cooperation and collaboration (by funders and by communities / groups) | • Groups share resources and/or costs, knowledge and lessons for mutual benefit  
• Funders share knowledge and lessons and seek opportunities to collaborate to support shared outcomes | • Enhanced capacity and capability of communities, whānau, hapū, iwi and Māori  
• Enhanced capacity and capability of funders  
• Effective use of resources  
• Good practice is shared |
| Outcomes focus | • Long-term focus on the difference / change that will be made, rather than the detail of the activities  
• Accommodates variety of ways of working / tikanga and kawa  
• Allows for change | • Funding is responsive to communities, whānau, hapū, iwi and Māori  
• Decision-making focused on contribution to outcomes |
| Builds capacity | • Focus on building the capacity and capability of groups  
• Supports collaboration, co-operation and relationship building between groups  
• Strong funder / recipient relationship throughout the process | • Sustainable outcomes - endure beyond the funding period  
• Effective and efficient practice |