



Giving 2 Kids:

# Six basics of wise giving



Philanthropy New Zealand  
Tōpūtanga Tuku Aroha o Aotearoa



MANAAKITIA A TĀTOU TAMARIKI

Children's  
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## Giving 2 Kids:

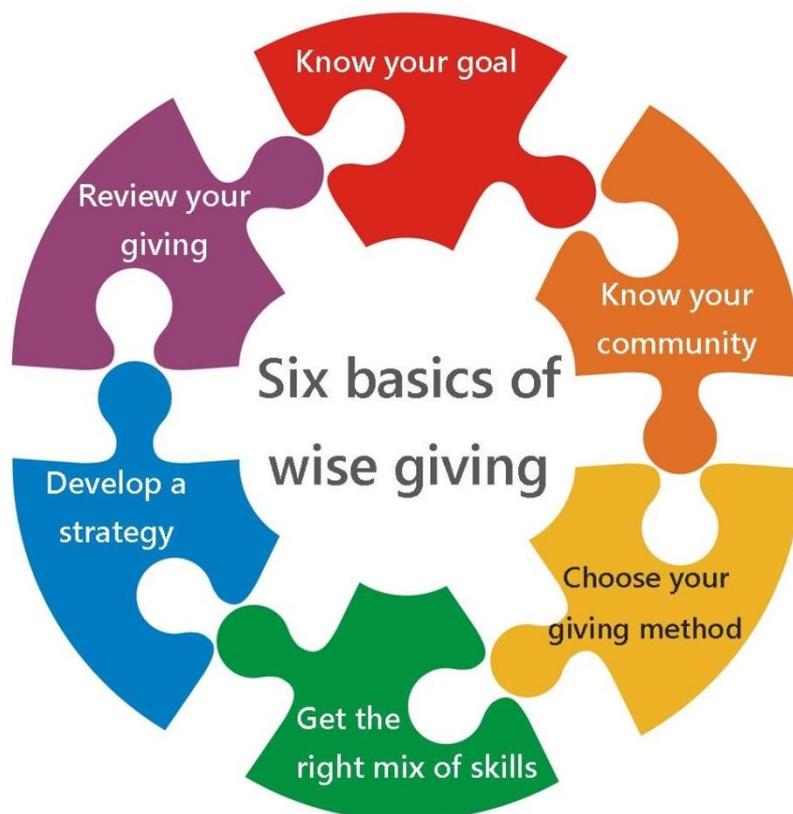
# Six basics of wise giving

### WHAT ARE YOU GOING TO DO?

You have decided that you want to invest to create meaningful improvements in society. You have considered the reasons to invest in children, what they need at different stages of development, which of these needs are priorities, and who needs the most help to improve future outcomes. Whether you are focused in improving lives for children, their families, or the community as a whole - how do you decide *what*, exactly, to do?

Below are six basic things to consider before investing time and money to support children, their families and the future of New Zealand. This is not a complete manual for philanthropic, business or individual giving. Rather it sets out key questions to ask and systems to set up, so you can achieve effective giving. These six basics are interrelated parts of the puzzle that, together, form a picture of wise giving.

Philanthropy New Zealand has also developed a website with helpful insight for making your giving effective: Feel, Think, Act says "when the motivations and goals are clear, planning and developing your giving is more straightforward, and choices and options are easier to weigh up".



## SIX BASICS OF WISE GIVING:

1. **Know your goal.** What do you really want to achieve and why? Identifying your goal, and having it agreed within your organisation will keep you motivated.
2. Get to **know your community.** Do an 'environment scan' of current needs, existing activities and services, and the unmet needs faced by children. Identify what is working well and where the gaps lie so you can decide what to invest in specifically.
3. **Choose your giving method.** For example donate to existing charities; make grants; give your services, products or time; or set up collaborative investment partnerships.
4. **Get the right mix of skills** to make good decisions, to develop a strategy and set it into operation.
5. With the above pieces of the picture in place, **develop a strategy.** This states the goal and how best to achieve it, through investing well for outcomes that are measurable. It includes when and how the investments will be reviewed.
6. You should close the loop by reviewing (**evaluating**) whether your giving has achieved progress towards your goal, by measuring outcomes using metrics agreed in the strategy.



### 1. KNOW YOUR GOAL

When thinking about child poverty and how to reduce its effects, think about why you want this. You can stay motivated by understanding how you deeply feel about the goal.

For example, do you want to make a difference in a particular area such as children's health or education? Are you motivated by social justice, or ensuring there are skilled workers for the future businesses of New Zealand, or recognising that the costs of poverty are negatively affecting New Zealand? Do you want children to grow up to be kind, caring citizens who can support their families, communities and the ageing population? Focusing on children in poverty will help those families and communities who have the least resources to help themselves.

You also need to identify what limits your aspirations. The following list poses some things to consider while developing your goal.

- What kind of goal would fit with the 'brand' and values of you, your business or organisation? These may include things like being seen to be forward thinking, innovative or caring about local communities, or a particular sector such as sport and fitness.
- To what extent should your stakeholders (including employees) be involved in selecting the goal and/or co-contributing to, or participating in, delivering the services or activities?
- Do you want to focus on local, national (or international) impacts on children?
- What is the time frame (long, medium or short term) in which you expect to make a difference?
- What is the scale (amount and duration) of your planned giving? Is it likely to achieve your desired impact? If not, then consider increasing your giving, or reducing your focus - be realistic about your expectations and time frames.
- How does your proposed goal and associated scale of investment fit with your (or your organisation's) resource base? Is it sustainable for the coming years?
- What is your appetite for risk in investment outcomes?

- What level of recognition for the investment or sponsorship is expected? For example, level of profile for your business or donor; whether donations need to be linked to marketing, or anonymity.
- What are your organisation's internal processes to get agreement on the goal?

Keep a record of your goal. Agree it with other people who are 'giving' with you, whether a partner, your family, other directors on a board or a trust, the management team of your business, or your employees.

After analysing the other five basics, you may choose to adjust the goal so you are meeting the greatest needs of children in your area, or having the greatest impact possible with the available funding commitment. Having the flexibility to change, expand or narrow down your goal requires agreement by other investing partners. Keep a clear record about how and why goals are adjusted, as this will help you to understand your motivations at future dates.

## 2. KNOW YOUR COMMUNITY



Do you know your community? Do some homework to understand the greatest needs of children so you can choose what activities to support. Allow sufficient time to talk to local service providers and communities to determine their greatest needs, or use a researcher with local knowledge to do community consultation.

Develop a good picture of your target community's needs, gaps and the main issues related to child wellbeing. A child-centred profile can include:

- a data analysis of the community, for example census population data show how many children reside in different areas; children's health, education and justice outcomes data are publicly available from District Health Boards, Ministry of Education, and Police
- the level of 'deprivation' (there is a useful online tool [here](#) from the 2013 census to help identify this at suburb level)<sup>1</sup>
- an 'asset map' of the area, such as recreation facilities for children, playgrounds, parks, sports, education facilities, health providers, social service providers
- the roles of existing organisations, such as non-government organisations (NGOs) delivering services, other funders, local government, other government institutions
- a stock take of what services and supports are currently being delivered to children, their families and whānau, and perceptions of where the gaps lie, and/or
- a survey of stakeholders to collate their knowledge on the above pieces of the picture.

Other organisations (e.g. local government, other philanthropic trusts or academics) may already have undertaken parts of this 'environment scan' and may share their analysis with you.

You should ask where do *you* fit into the community and what is your role. Ask who else is funding similar initiatives and, where feasible, develop a joined-up process to ensure that funding does not duplicate unnecessarily and works in concert to achieve your goals.

The [Family and Community Services website](#) lists NGOs that provide supports for families and communities. Many receive fees for services to the government but also do work in addition to those contracts, and seek funding from a variety of sources.

<sup>1</sup> [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=11254032](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11254032)

### 3. CHOOSE YOUR GIVING METHOD



Your chosen giving method will depend a lot on your goal. If your goal is broad, you may want your support to be diversified (e.g. grants to support community development including a variety of activities). If your goal is narrow you may find a single charity or cause to focus on.

We have identified four key methods of giving. Those taking a low-cost approach may decide to make **donations** to valued, charitable organisations whose work is aligned with their goal. People and businesses can contribute their **time, products and services** to undertake activities that will help achieve their goal. Larger businesses and philanthropic organisations can set up charitable trusts to make **grants** to fund activities, or they may develop **partnership funding** approaches to get more coordinated, collective impact.

This section contains things you need to consider for each method of giving. Further information specifically on partnership funding is [here](#).

#### *Donate to existing programmes or organisations*

This approach is preferred by individuals, businesses and organisations who want to deliver funding to a known activity or organisation at the lowest cost, for example bequests, sponsorship, or cash donations. Things to consider are listed below.

- If investing in other organisations, do they have a mission, vision or goal that is aligned with your stated goal?
- Check the organisation has a robust governance structure with a track record for good management and financial accountability.
- Which organisations are achieving positive impact in your desired area? (e.g. locally, or nationally) and do they have evidence that what they do works?
- Charities Commission registration is recommended and can be identified by a registration number on donation forms, or by searching at [www.charities.govt.nz](http://www.charities.govt.nz). Registration ensures strong accountability for the use of funds. It also means your donation is tax-deductible.
- Small organisations that may not (yet) be registered with the Charities Commission, but are known for helping children in need, may also be worth supporting. You should be aware that they may be less accountable for their use of funds.
- Giving through straight donations does not usually confer rights to control the use of your giving. Rather, this is a low compliance, low cost, way to fund activities you think need it.

#### *Contribute time and services*

Businesses and organisations with particular expertise can give time and services to help children. Some businesses operate as social enterprises. Social enterprises are activities run by organisations whose main goal is a social outcome and for whom profit is only a means to sustain the ultimate social benefit. Other businesses or organisations give time and services as part of their social responsibility or 'triple bottom line' reporting.

Business giving helps a business through its 'social licence to operate' in a community. It promotes customer loyalty and supports employee satisfaction. The following are things to do or consider when contributing time and services to children's needs in a community.

- Build relationships with your community. Foster a sense of ‘belonging’ for your business in that community through your giving. Your employees are members of the community and often, also parents, who can tap into the understanding of local children’s needs.
- Can you offer a fixed proportion of services as ‘pro bono’ work, for example dental services, legal services, or installers of home insulation and efficient heating?
- Can you give expertise, such as business advice, to support social enterprises?
- Can you *share* goods or services you have purchased? For example use existing advertising slots or campaigns and co-advertise the philanthropic cause at the same time as the business’s products or services.
- Offer your employees a chance to volunteer to support your agreed goal.
- Consider how you will communicate your giving. How will you let your customers know what you’re doing and the goal of your giving?

### *Provide grants*

Providing grants is a powerful way to maintain strategic control over the direction of your funding, while being responsive to the needs of the community. You can allocate portions of your total investment to support different parts of a whole strategy (known as portfolio management).

Some other things to consider with this method of giving are:

- Do you have the right mix of skills for grant making (see the next section)? This includes the capacity to deal with applications for grants.
- If funding other people, do they have a governance structure, financial accountability, and skilled staff or volunteers to deliver the activities?
- Does the grantee have an evaluation capacity (or are you prepared to fund one independently)? This is important when it comes to managing your grant-giving portfolio and improving its impact over time.
- If you are funding newly established organisations, allow sufficient time for them to get up and running. This can take several months if recruitment and planning are required.

### *Partnership funding*

When there are large, complex social problems that need addressing, partnerships and collective impact by a number of players are valuable methods to create solutions. Consider collaborative, coordinated methods that can achieve collective impact or ‘more bang for shared buck’.

- Partners need to agree together a common goal, work together to develop the strategy and decide on the investment mechanisms.
- Partnerships usually require annual commitments for a significant number of years to achieve positive impact. It can take years to join NGOs and align funding.
- Determine the level of accountability, reporting or evaluation. What is reasonable here may vary with the size of your contribution(s).
- You should have an agreed exit strategy to ensure sustainability and optimising outcomes of investments. This means that if your funding is not achieving your stated goal, you can direct it next time to activities that are more likely to be successful.

Partnering and co-investment are powerful ways to achieve beneficial outcomes. Philanthropy New Zealand has developed advice and examples of collaborative investment methods e.g. collective impact investing. Read about these in [‘How to work together’](#).

#### 4. GET THE RIGHT MIX OF SKILLS



The bigger your investment commitment, the more skill you will want to apply to decisions about how to invest it. The processes of identifying goals, knowing community needs, applying investments and evaluating whether investments are working – all require certain skills.

One key skill is communication – how to impart your vision while managing expectations about your funding.

*If you are working to identify community needs:*

- Do you need to identify stakeholders and map their needs and knowledge? Find out who are the leaders of organisations that may be key to your goal and talk to them. They may have knowledge of current outcomes for local children, what the local needs are, existing funding opportunities or gaps, and people who are achieving success at the 'coal face'.
- Do you have the research capability to analyse the priorities for your area of investment?
- Do you have the facilitation skills to run community meetings to garner local knowledge?
- Do you have the cultural competency to understand the world views and ways of working among your intended beneficiaries?

*If you are leading the activities, ask yourself whether you have:*

- the expertise to develop strategies and operationalise them to achieve your stated goal?
- networks to the beneficiaries of the activities?
- a structure to ensure financial accountability, and accountability for achieving outputs?
- an evaluation capability, or can you fund an independent evaluation of the activities? and
- an understanding of others who are active in this space – can you develop partnerships or agree service boundaries?

*If investing in other organisations, do you have:*

- the ability to recognise the quality of their governance, and their track record for good management and financial accountability? and
- the ability to monitor and review (or 'evaluate') the outcomes of the funding?

*If making grants, do you have:*

- the finance skills to develop a giving strategy that will achieve your goal?
- the communications skills to raise awareness of the grants and your intended outcomes?
- a robust assessment process to compare applications for grants?
- contract management expertise for allocating funding?
- a robust financial management system to manage fund commitments? This may include portfolio management.

*If making partnership investments, be sure you have:*

- relationship management skills to ensure clarity of communication between you and potential partners – to identify agreed goals, priorities and investment processes; and
- legal, financial and administrative support to reduce the risk of complications arising from shared investments.

## 5. DEVELOP A STRATEGY



Having identified the goal, you may also identify intermediate outcomes that need to be achieved, to meet the goal. This can be developed into an 'intervention logic' that ultimately determines the strategy you will take. Try to be specific and realistic about the timeframe in which you expect to make a difference.

Here are some questions to consider as you develop a strategy:

- Having done an environment scan, what are the areas or initiatives that will achieve your goal – focus on these for your investment.
- Choose your methods of investment. As discussed above, the size of the goal and giving will largely determine the methods.
- Think about the breadth of beneficiaries - is the cause helped better through *universal* or *targeted* support or a mixture of both? If you are targeting children in greatest need (e.g. through means-testing, or referrals) how can you avoid creating stigma for those children?
- How will the investment, sponsorship or partnership be communicated to stakeholders?
- How can you measure what your investments are achieving – outputs, intermediate outcomes, proxy measures for desired outcomes etc. These drive how you will review your investments.

The intervention logic describes how your activities, or those actions that are funded from your grants, work towards improving the situation for children.

Overall outcomes will often depend on circumstances beyond your control. However you can still work out the logical steps of how your investments should effect change, and how that will benefit children. From this, you should be able to identify measurable intermediate outcomes that can be used to evaluate the investment at points in time. Determining these 'evaluation metrics' before an investment begins, and agreeing them with stakeholders (particularly organisations you invest in), will make subsequent review of investments more fair and transparent.

Going through the process of determining an intervention logic, along with measures of success can shine a light on whether your proposed investments are likely to have the impact you want. In fact, this process is a key to refining what your final strategy is, and how the strategy is operationalised.

[Philanthropy New Zealand](#) provides member organisations with advice and support on donation strategies and working collaboratively for greatest impact.

## 6. REVIEW YOUR GIVING (EVALUATE YOUR INVESTMENT)



To find out whether you are achieving your goal, you need to review your giving strategy. The strategy should have identified ways to measure your progress towards your goal. Measurable interim outcomes, proxies for outcomes, and measures of outputs can all contribute to determining how effective your investment has been.

First, you need to know that your initiative is causing no harm. Second, find out whether the money and resources are being spent in the most effective ways. Finally, evaluation can determine 'value for money'. Is the project you are funding good enough to justify the resources being used? Is there a more effective project you can fund instead? This information is as necessary for single consecutive grant commitments, as it is for effective portfolio management.

Evaluation can be a complex topic, and evaluation processes will vary depending on your giving, accountability and reporting needs. The following diagram explains the basic principle:



Philanthropy New Zealand has some resources relating to evaluation, for example how to [commission an evaluation](#), and ['Evaluation: What's in a word?'](#)