Te Taumata Toi-a-Iwi

Investing in Capability Development

A Landscape Review

Prepared by Te Taumata Toi-a-Iwi
for the Auckland Investors Group

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1. Capability development definition and overview

> What is capability development?

'Capability development' typically refers to the development of the skills and knowledge required to deliver a task well[1]. Capability development is generally understood as a focus on business or organisational development e.g., strengthening business models, sustainability strategy, governance or leadership development, financial management and strengthening other operational processes/practices.

Growing knowledge and skills in these spaces enables people/organisations to develop new or better quality programmes/products, grow their business, improve their productivity, extend their networks/relationships and position themselves financially to be more resilient and sustainable.

The goal of capability building is to sufficiently develop skills/knowledge so that it can be sustained by the individual or become embedded in an organisation without the need for further ongoing external support.

> What is capacity development?

'Capacity development' is often used interchangeably with capability development; however, capacity typically refers more specifically to the resourcing (money and time) required by a person or organisation to enact their existing skills and knowledge effectively. Supporting an increase in capacity – by funding more time or staff – helps people/organisations to maintain high quality, reach wider audiences, and have space and opportunity to innovate and take risks[2].

> How does 'creative capability' development differ?

Arguably the most common form of capability development within the creative sector[1] is 'creative capability building'. This can be understood as having a focus on the development of creative practice; whilst more mainstream forms of capability building (as per the examples above) typically focus on other non-creative aspects of capability that create a context in which this creative practice can flourish.

Examples of creative capability development include e.g., writers' residencies, toi rangatahi (youth arts) programmes, curatorial internships and informal peer mentoring. Developing creative capability can indirectly support a broader growth in other forms of capability – e.g., refining creative practice can help creatives to reach new audiences and therefore strengthen income streams.

> What does capability development involve?

The diagram below summarises the nature and scope of capability development – including:

- the key aspects of capability development ('what')
- who benefits from capability development ('who'), and
- the different delivery mechanisms for supporting capability development ('how').

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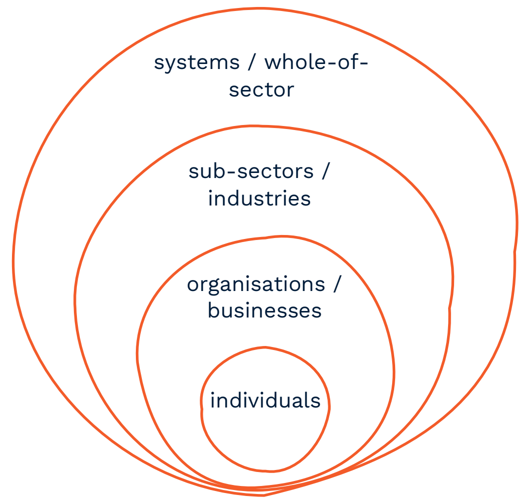
[1] Note the term 'creative sector' is used throughout this report as term that is intended to be inclusive of arts, culture, heritage and creative industries.

Who



How

- Open participation
- General/baseline capability suitable for mixed audiences
- IP open source via published tools and resources

- Mix of one-to-one and group support
- Semi-bespoke to sector/industry/ type of organisation
- IP held by capability provider or open source

- One-to-one
- Bespoke
- IP held by capability

> What are the benefits of capability development?

Capability development can help to transform individuals/organisations by helping to:

- Increase agility, adaptability and resilience to changing environments
- Increase innovation
- Build and extend audiences/reach
- Increase financial and non-financial sustainability
- Strengthen and expand networks, and grow potential for collaboration
- Develop new career opportunities and pathways into industry
- Grow sector leadership
- Support industry growth and economic impact.

2. Current landscape of capability development in the creative sector

> What is the current context for creative sector capability development in New Zealand?

Sector capability building is a core component of the proposed new Manatū Taonga - Ministry for Culture and Heritage (MCH) COVID-recovery programme, which aims to build greater organisational and financial resilience in the creative sector.

Additional COVID-response capability funds have been/are on offer through several of MCH's crown agencies. This is a rapidly evolving space as new policy is developed. Most funding currently available through crown agencies is contestable.

Outside of this COVID-response funding, there is limited investment in capability development that is bespoke to or accessible by the creative sector. Whilst some funding organisations and sector intermediaries have positioned capability development as a core part of their strategy, the support that is currently available is generally fragmented, localised (rather than regional or national) and small scale in terms of reach and accessibility.

> What do we know about the current creative sector capability need?

National research about the impact of COVID-19 has shown a widespread and growing need for capability development across many sectors, including the creative sector[3].

Emergent evidence from sector surveys[4] and conversations[5] in the Auckland region suggest that there is further need for fit-for-purpose capability building opportunities specific to the creative sector. This includes an urgent need to:

- Address current financial survival and future business viability
- Build greater organisational and financial resilience
- Adapt to new operating contexts and develop future-focused models of practice and audience engagement
- Develop strategies to address growing pressures on the personal and professional wellbeing of creatives.

Insights from existing capability development programmes suggest that there is some expertise/capability and untapped potential within the sector to provide a range of capability building solutions, subject to available investment.

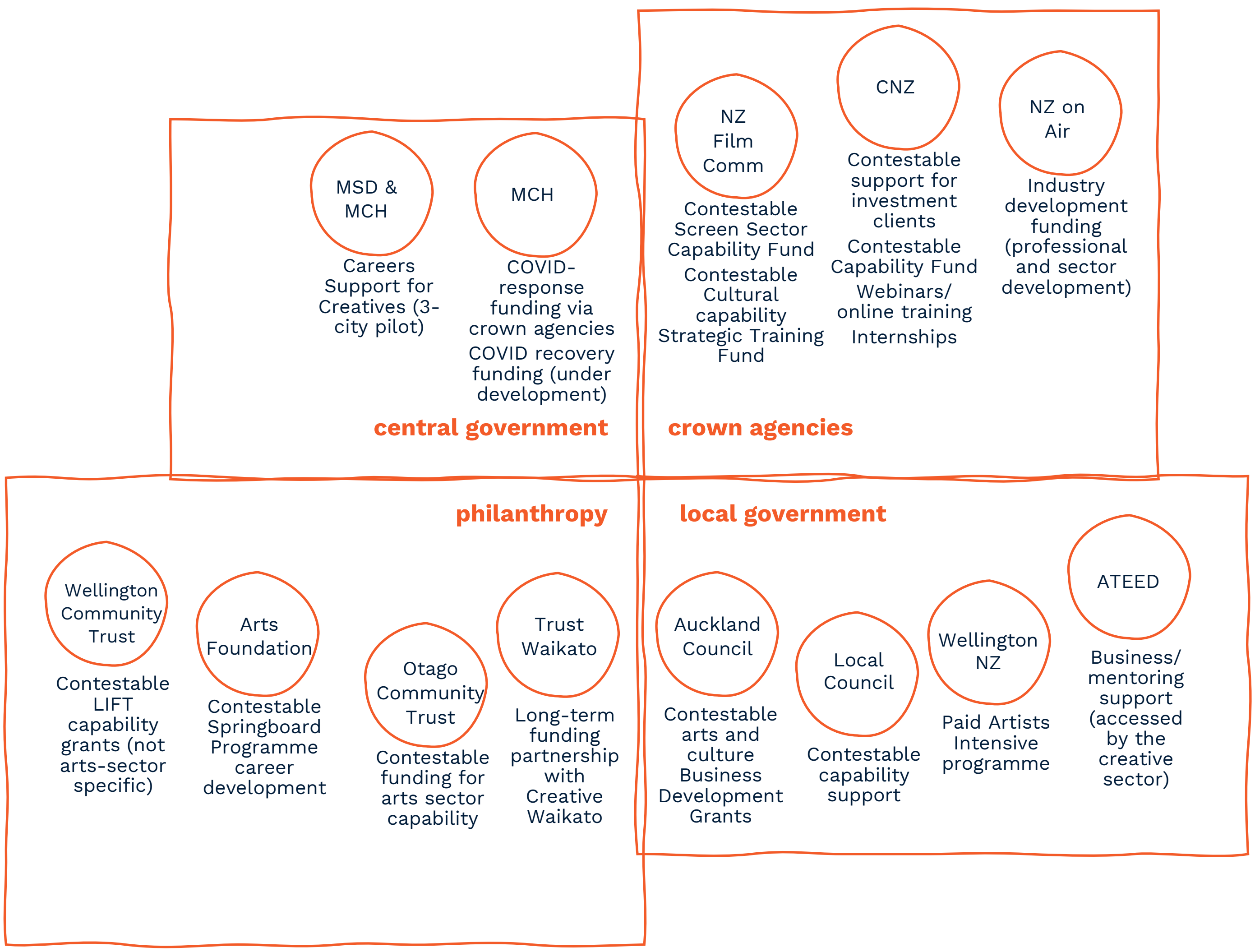
There are, however, considerable gaps in relation to larger scale or collaborative mechanisms for providing capability support with sufficient regional reach and ability to address emergent issues in the post-COVID context.

> What current investment is there in creative sector capability?

The diagram below provides a high-level summary of current (active at time of writing) investment into capability development that is targeted to the creative sector and/or known to be accessed by the creative sector.

The snapshot is unlikely to be a complete map, and does not include:

- Inactive funding i.e., funding delivered prior to 2020 that has been discontinued (for example, through CNZ)
- Funding available for generic capability support that is not specific to the creative sector (e.g., Ministry of Social Development, Ministry of Business, Innovation and Employment)
- Funding more focused on capacity and addressing resourcing gaps developed in the COVID-19 landscape.
- International funding that is open to New Zealand applicants from the creative sector.



> What are the common models of investment?

Almost all available investment into capability development in the creative sector is delivered through contestable funding models. Individuals or organisations that can access this funding are able to resource capability development internally or by paying using funding to pay for external support.

In some cases, funders resource capability providers directly to provide free or low cost workshops, programmes, internships, online training or other resources that are made available to the sector (e.g. Trust Waikato's investment in Creative Waikato).

Conferences that contribute to broader creative sector learning and development are also provided by e.g. CNZ, Arts Markets, Associations, Networks, the education sector and arts businesses.

> Who is able to access current capability support available in the creative sector?

Due to the contestable nature of most available investment into creative sector capability, smaller-to-medium organisations and new/emergent creatives are less likely to have an appropriate track record, meet funding policy/criteria, and/or have the levels capability required to access funding successfully[6].

In addition, most models of capability support are not sufficiently considered in their approach to effectively meet the capability needs and aspirations of Māori/Moana Oceania communities[2], and other diverse creatives/communities.

Based on a scan of existing investment criteria, it is likely that the other segments of the creative sector are also more likely to be missing out - including:

- Individual freelancers
- People/organisations outside of the main centres
- Volunteer-based organisations/community groups
- Sub-sector industries outside of the usual mandate of creative sector Crown Agencies, such as digital illustration, design and gaming.

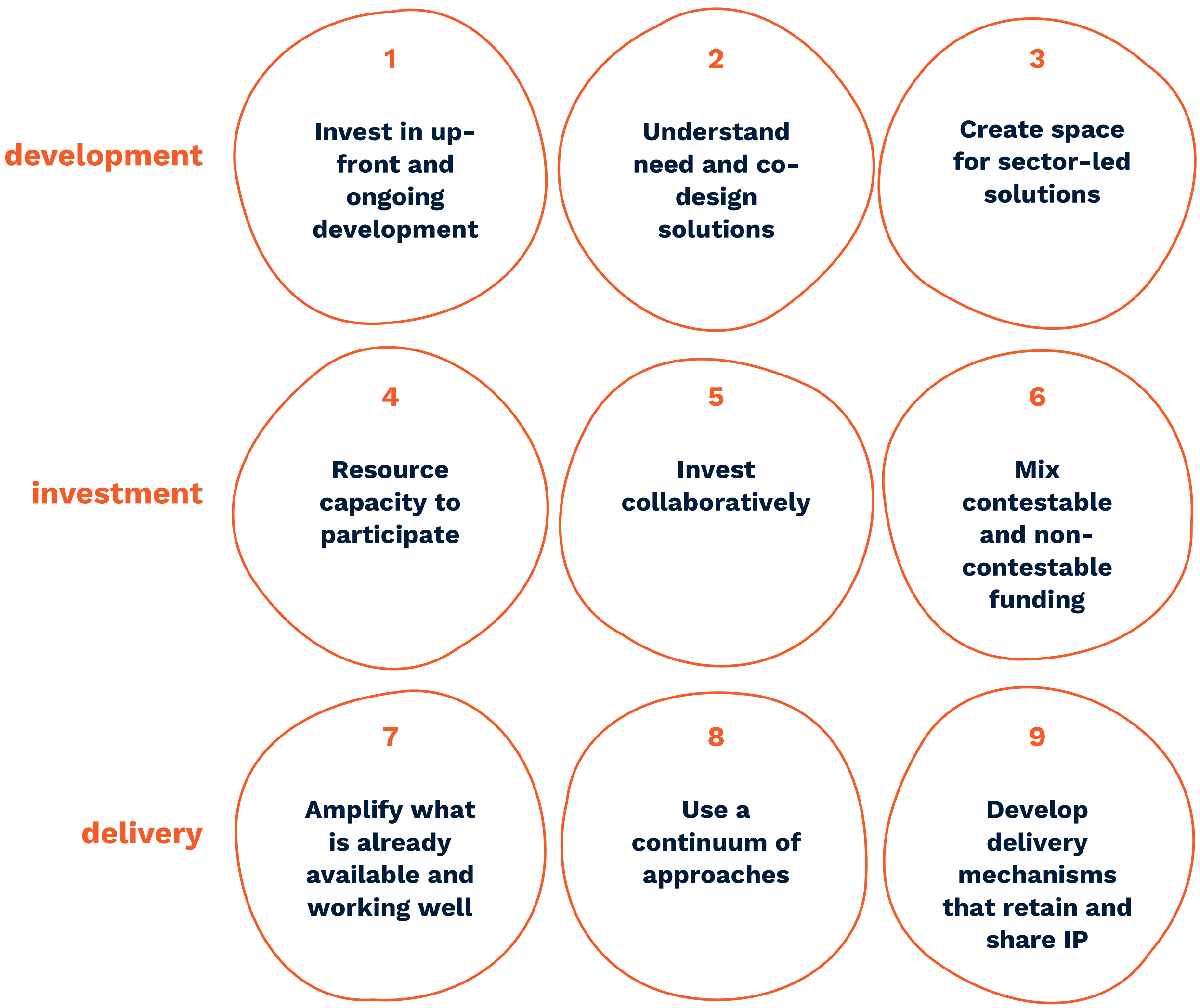
[2] The term Moana Oceania is used in this report as language that is reflective of the diverse peoples, languages and cultures within the wider Pacific region. This term is inclusive of Māori.

3. Principles of good practice for creative sector capability support

The diagram below highlights some key principles of good practice drawn from examples of effective capability development from the creative sector (e.g., Creative Waikato) and other sectors. These principles relate to three areas:

- Processes for developing effective capability solutions at a regional/national scale
- Models of investing/resourcing capability development
- Key considerations for capability support delivery mechanisms.

The principles in the diagram are further expanded on below.



> Development principles

1. Invest in up-front and ongoing development

- Invest in resourcing quality up-front (pre-delivery) development work to ensure solutions are well-designed and fit-for-purpose.
- Invest in ongoing evaluation and learning to support the ongoing iteration and improvement of capability solutions.

2. Understand capability needs and co-design solutions

- Engage with the sector to understand capability needs and desired models of support; and to generate buy-in.
- Support creatives to understand their needs and opportunities for development
- Respond directly to existing evidence of need e.g., sector surveys, research, consultations.
- Build co-design processes into the development of capability solutions to ensure that they respond to diverse sector voices

3. Create space for sector-led solutions

- Across many different sectors – from housing, to disability, to health – there is substantial evidence that incorporating 'lived experience' and community-led solutions into the design of programmes and services is most effective to ensuring responsiveness to need[7].
- To support creative sector capability development, solutions should be sector-led in their design; and where possible prioritise solutions delivered by appropriate and skilled creative sector practitioners who can offer greater understanding of sector capability needs and the specific contexts of relevant sub-sectors and industries. They are also better able to understand models of delivery that work for creatives.
- Engaging appropriate and skilled creative sector practitioners would leverage the soft infrastructure already in place within the sector, support collaboration and create new leadership and employment opportunities.

> Investment principles

4. Resource capacity to participate

- Many creatives/creative organisations lack the capacity (people and paid hours) to meaningfully participate in capability development. This has been further exacerbated by the impacts of COVID-19, which has created an even more precarious financial environment.
- Resourcing additional capacity – e.g., backfilling roles, increasing paid hours – can increase capacity to participate and therefore significantly increase the impact and sustainability of capability development activity.

5. Invest collaboratively

- Investing collaboratively in capability development at a regional and/or national level can help to address current issues with fragmentation and inequity of access to funding.

- Leveraging resources from different funders increases the potential for capability support to be well-developed, connected and long-term (see possible models in section 4).

6. Mix contestable and non-contestable funding

- Prior to COVID-19 and at present, almost all funding for capability support is contestable, further contributing to fragmentation and inequity of access across the creative sector. Accordingly, a COVID-19 response needs to be agile and transformational, with a focus on the long-term health of the creative sector, both economically and in relation to wellbeing within the sector.
- Regional/national funding for capability support should consider balancing contestable funding approaches with other models, including:
    - Direct commissioning of programmes – including those that offer universal support to the sector (e.g. via capability hubs), as well as those that are more targeted
    - Invitations to apply or managed requests for proposals (expressions of interest)
    - Partnership funding for key providers/intermediaries to sustain and scale existing capability development infrastructure (see point 7 below).

> Delivery principles

7. Amplify what is already available

- Identify existing capability development solutions and providers that are already working well, and look to scale these up to increase their capacity, reach, and impact.
- This will leverage the infrastructure of existing providers whilst increasing the uptake of capability support and also support secondary outcomes e.g., strengthening sector connections and networks.

8. Use a continuum of approaches

- Understand the sector needs to determine approaches.
- Consider investing in a range of approaches (universal, targeted, bespoke) to ensure greater equity of access for different types of practitioners/organisations/needs.
- Develop tools, approaches and programme content that work for participants from diverse cultural backgrounds and with different world views, including Te Ao Māori; and ensure that capability providers have relevant cultural competency.
- Identify priority sectors/industries, communities or issues that require more intensive, targeted and/or bespoke support (content or delivery approaches).
- Provide longer-term, wrap-around support in areas of highest need. Learning from existing models indicates that this approach can be helpful in generating/embedding longer-term capability and sustainability outcomes.
- Develop platforms that enable peer-to-peer support to grow long-term sector resilience.
- As many people/organisations "don't know what they don't know", support capability participants to self-assess current (and future) capability needs as part of the overall learning and development process[8].
- Create shared resource platforms to increase the reach of capability support and to disseminate good practice.

9. Develop delivery mechanisms that retain and share IP

- Avoid an over-reliance on independent contractors who retain capability IP.
- Invest in backbone infrastructure and support network models of delivery, in order to centralise, retain and develop IP for the sector.
- Consider further opportunities to share IP through the open source agreements with providers/intermediaries so that learning, tools and resources can be disseminated at scale.
- Develop models for clear and transparent measurement of outcomes and impact.

4. Collaborative investment – models and considerations

> What is co-investment and collaborative funding?

'Co-funding' describes when two or more funders are financially supporting the same initiatives, issues or outcomes. This can be 'accidental' co-funding – i.e., where this funding is simultaneous but not deliberate; or it can deliberate co-funding – i.e., where the funders are investing separately but with a more deliberate alignment/co-ordination because of their identified shared interests in the initiative/issue/outcome.

'Collaborative investment' is a more strategic form of deliberate co-funding. Funders work collaboratively with one another to determine what funding is most needed and to then co-ordinate their investment into the relevant initiatives, issues or set of outcomes. This usually involves one fully-integrated strategy for investment, pooled resources and a collaborative mechanism for making funding decisions and distributions[9,10].

> What are the benefits of adopting a collaborative investment approach?

There are many benefits to this type of approach, including:

- Addressing fragmentation by taking a more long-term and whole-of-system approach to an issue, tackling underlying causes as well as current symptoms.
- Ability to fund at a scale more commensurate with need.
- Working collaboratively strengthens relationships between funding partners and helps to share respective expertise.
- Investment recipients of collaborative funding benefit from having more centralised and connected relationships with multiple funders.
- There is opportunity to leverage the relevant differences and strengths of each participating funder to increase the potential for impact – e.g., the scale of funder A, the policy flexibility of funder B, the risk appetite of funder C and the non-financial supports that funder D can offer[11,12].

> What are the challenges of adopting a collaborative investment approach?

There are potential challenges with collaborative investment, particularly where co-investors are different in scale and nature. Such challenges include:

- Managing different governance and procurement models, which may not be compatible and require the use of an intermediary (fundholder) to overcome barriers.
- Accommodating changes in strategy of individual investment partners, without compromising the collective vision. Building in agreed change processes and member exit strategies can help to mitigate this; as well as using an intermediary fundholder.

There is also further general investment challenges created by the COVID-19 context. In many cases, collaborative investment approaches can help mitigate these challenges:

- The unpredictability of COVID-19 can make long-term planning difficult. However, COVID also presents an opportunity for re-thinking and re-imagining existing funding systems, and creates a stronger mandate for collaborative investment as a way of both sharing risk and creating space for innovative new approaches.
- There is huge pressure on funders to respond effectively and at scale in the wake of COVID. This includes investing in current capacity issues whilst also investing in building long-term capability.
- This funder pressure also presents challenges in terms of funder capacity, staffing and ability/appetite to try news ways of investing. Collaborative investment models can be an effective solution to this that helps to share the load.

> What are the key considerations for adopting a collaborative approaches to investment?

To develop an effective collaborative approach, funding partners must consider their individual and shared:

- values and areas of interest
- risk appetite and limitations
- roles, buy-in and ability to engage
- levels of investment
- time horizons for collaboration
- ability to scale-up if needed
- ability to flex and/or devolve decision-making, procurement policy and reporting to a collective model

The table below summarises further options/considerations in terms of how funds could be managed, how decisions-making could work, how funds could be distributed using either a co-funding or collaborative investment approach. For examples of collaborative investment approaches in New Zealand, see the Appendix.

	Fund management	Governance	Funding distribution

Co-funding	Funds held and managed **individually** by each funder	Co-ordinated but **independent** decision-making by each funder, in alignment with shared interests/ priorities	Funds provided **directly** to recipient(s) by each funder Shared reporting by each recipient to all relevant funders
Collaborative investment	Funds pooled and held by a **fund holder** (either a nominated partner or other independent organisation appointed by the collective) Fund holder acts as a **backbone** for the collective to manage/co-ordinate collaboration	**Steering group** of representatives from each funder makes decisions to approve funding; or, Funding criteria/policy is established by the collective and decision-making is then fully **devolved** to the fund holder to manage	Funding distribution managed by the fund holder Single reporting from recipients to fund holder

Appendix

Sport NZ

Sports NZ is the Crown Agency that manages sports policy and investment. Sport NZ distributes funds directly, provides funding to 14 Regional Sports Trusts (RSTs) and also gives funding to local governments to develop their regional strategies and infrastructure. RSTs operate as autonomous organisations with their own boards and community mandates. They are resourced by Sport NZ to deliver sport and recreation activities, advocacy, and local sports capability building for sports clubs and grassroots organisations. RSTs also act as local funding distributers on behalf of Sport NZ, distributing approximately $8million per annum (pre-COVID). (e.g. Community Trust) provide further funding for RSTs to distribute regionally.

Bay Brighter Futures

Bay Brighter Futures Collaborative Funding Group (BBF) was established in 2015 as a collaboration between funders operating in the Bay of Plenty region, with shared interests in supporting outcomes for youth and children in the first 1,000 days. This funder collaboration was unique because of its mixed philanthropic and government membership[13].

The BBF model provided a single funding gateway for organisations to apply for funding (often multi-year) from multiple funders with a streamlined application process designed around a shared outcomes framework. This reduced the administrative burden, simplified due diligence and supported a more coordinated approach with more connected outcomes. The funding 'gateway' was managed by an appointed co-ordinator/broker who supported stakeholder engagement and processes for funding approval. Approved initiatives were typically fully funded using individual grants a combination of BBF funders.

The Working Together More Fund

The Working Together More Fund (WTMF) was established by a group of philanthropic funders[14] interested in supporting greater collaboration across the community sector. The WTMF is pooled funding that is managed by an appointed Project Manager, who leads stakeholder engagement and contestable funding application processes. Decision-making is made by a committee of representatives from each partner funder. Since 2009, the WTMF has distributed more than $2.8million to collaborative initiatives.

This collaborative investment approach is strengthening cross-funder relationships, simplifying processes and reducing the burden on applicants, and enabling more connected and strategic national investment into a key national issue area.

The Tindall Foundation

The Tindall Foundation is a national family foundation. It manages direct donations across New Zealand to a range of community initiatives, whilst also devolving $3.5million annually to regionally appointed 'donation managers' who distribute small grants on behalf of the Foundation. These local funding managers include regional Community Foundations that each manage their own donor-advised funds and have a deeper understanding of local and more grassroots needs and priorities; as well as other funding managers such as the WWF which manages environmental funds on Tindall's behalf.

Tindall provides resourcing to each funding manager to act in this fund-holding/distribution capacity. Each funding manager develops a funding process relevant for its regional community, and operates in line with Tindall's overall criteria and intended outcomes[15].

Endnotes

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[1] See more: https://www.resultsmap.com/blog/are-we-building-capacity-or-capability/

[2] See more on capacity vs capability: https://www.fayfullerfoundation.com.au/capacity-building-versus-capability-building/

[3] Centre for Social Impact. (2020). CSI Insights from the COVID-19 community sector survey. Retrieved from https://www.centreforsocialimpact.org.nz/media/1643/covid-19-impact-survey-insights.pdf

[4] Field, A., Garden, E. & Yielder, R. (2020). Impact of COVID-19 on the creative sector in Tāmaki Makaurau. Auckland: Te Taumata Toi-a-Iwi. Retrieved from https://www.tetaumatatoiaiwi.org.nz/wp-content/uploads/2020/05/COVID-impact-survey-report-200429.pdf

[5] Sector conversations include: Auckland arts funders workshops convened by Te Taumata Toi-a-Iwi with the University of Auckland; the Ngā Toi Arts Advocacy Group

[6] These concerns are raised in a report summarising sector engagement as a part of the Ministry of Culture and Heritage's Cultural Sector Regeneration Fund. See more:

https://mch.govt.nz/sites/default/files/projects/Cultural%20Sector%20Regeneration%20Fund%20-%20Summary%20of%20themes%20from%20sector%20engagement.pdf

[7] Examples include: housing, disability, Whānau Ora, mental health and addictions

[8] Examples include: Ministry for Social Development Capability Development Funding planning and self-assessment tool; Foundation North Catalysts for Change programme capability and potential assessment tool developed by the Centre for Social Impact.

[9] Alliance Magazine. (2013). Strategic co-funding: exploring funder collaboration. Retrieved from: https://www.alliancemagazine.org/blog/strategic-co-funding-exploring-funder-collaboration/

[10] Rockerfeller Philanthropy Advisors. (2008). Collaborative Giving. Retrieved from: https://www.rockpa.org/guide/collaborative-giving/

[11] Leland, O. (2017). A new model of collaborative philanthropy. Stanford, CA: Stanford Social Innovation Review. Retrieved from: https://ssir.org/articles/entry/a_new_model_of_collaborative_philanthropy#

[12] Powell, A., Wolf Ditkoff, S. & Twersky, F. (2019). How philanthropic collaborations succeed and why they fail. Stanford, CA: Stanford Social Innovation Review. Retrieved from: https://ssir.org/articles/entry/how_philanthropic_collaborations_succeed_and_why_they_fail

[13] Members included BayTrust, Tauranga Energy Consumer Trust (TECT) and Rotorua Energy Charitable Trust (RECT), alongside Ministry of Social Development, the Community Response Forum, Department of Internal Affairs and the Ministry of Youth Development; as well as BBF relationships and joint initiatives with DHBs and local governments bodies.

[14] Wayne Francis Charitable Trust, J R McKenzie Trust, Todd Foundation, The Tindall Foundation, Hugh Green Foundation, DV Bryant Trust, Len Reynolds Trust and Lindsay Foundation. See more: https://workingtogether.org.nz/about-wtmf/

[15] See more: https://tindall.org.nz/local-donation-managers/