

Do good, better.



ngā tāngata
microfinance Ltd.



Ngā Tāngata

ImpactLab GoodMeasure Report
November 2020

ImpactLab
GoodMeasure Report

Wellington, New Zealand

Prepared for:
Ngā Tāngata

November 2020

ACKNOWLEDGEMENTS

We would like to thank the entire Ngā Tāngata team who contributed to the preparation of this report by sharing their values, processes, evidence and experiences.



Simplifying social impact measurement

I had the privilege in public life to work with people who understood the need for positive change in the lives of those around them and worked hard to achieve it.

Our social services do a tremendous job of bringing positive change to our most deserving individuals and communities. These organisations are built by volunteers and community workers who dedicate their lives to helping others.

Social service workers can see the positive impact of their work. Children thriving, families united, jobseekers in new employment and people empowered to change their life course.

With more tools they could do more good. I want to help them by finding ways to make sure that effort is recognised, results are measurable and they can make decisions about how to do more good.

ImpactLab grew from a desire to make available to community organisations tools that use the power of public information and the latest technology, so these organisations can change more lives.

By measuring social change and positive outcomes, ImpactLab enables charities and social service providers to speak the language of funders, investors and governments.

It has been a pleasure to work with Ngā Tāngata to learn how this organisation changes lives throughout New Zealand.

Calculating social value helps inform decision making and investment and enables you to do good, better.

Thank you for joining us on this journey.

A handwritten signature in black ink, which reads "Bill English". The signature is fluid and cursive.

Sir Bill English
ImpactLab Chairman

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Contents

Who we are	3
Understanding social value	4
How we measure social value	5
Ngā Tāngata's people	8
The change journey	9
Outcomes map	10
GoodMeasure results summary	11
GoodFeatures	13
References and further reading	14
GoodMeasure summary sheet	15
GoodMeasure for Ngā Tāngata	16
Appendix	17



Who we are

The team at ImpactLab share the goal of helping all organisations do good, better.

Our story

Our team at ImpactLab has seen the power of understanding social change. Our founders came together working in the public sector, where we led the development of new processes to link social value measurement with decision making. We believe that all organisations should be able to understand and improve their social impact. Our mission is to help impact creators and investors make decisions that change more lives.

Our team

To make better decisions, it's crucial to consider both the hard facts and the human stories that substantiate them. Our family of researchers, data scientists and statisticians are committed to combining powerful analytics with what you know works for your community.

Alongside expertise in data-driven decision making, our team brings a wealth of real-world experience. We are parents, teachers, volunteers and customers of social services.

Our partners

ImpactLab is proud to be partnering with trust company Perpetual Guardian. Together we are using GoodMeasure to improve strategic grantmaking and support collaboration with grantees by applying a consistent measurement framework.

|| *The strength of ImpactLab is a real depth of experience in a public policy context. They understand what evidence would be helpful to enable us to make decisions for the future"*

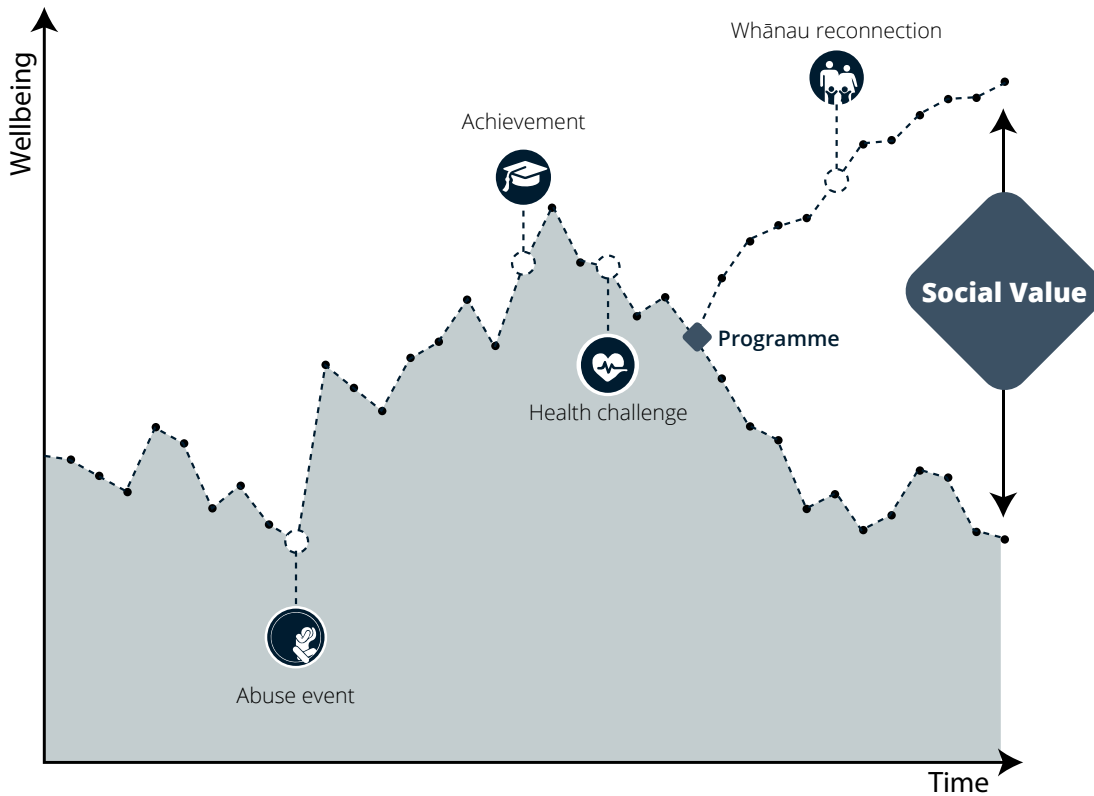
- Debbie Sorenson, CEO, Pasifika Futures

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 ImpactLab Ltd

 @ImpactLabNZ

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Understanding social value

Social value is the social impact in dollar terms that a programme achieves for participants over their lifetime.

Throughout our lives, different events occur which impact our overall wellbeing trajectory. ImpactLab measures the impact on an individual's wellbeing across multiple domains when they're supported by a programme to make positive changes in their life.

We measure this impact in terms of both positive benefits (such as increased income) and avoided costs to government.

To calculate social value, we combine these impact values with

- ◆ Evidence from global literature about how effective a programme can be.
- ◆ The size of the opportunity for the people an organisation serves to achieve more positive outcomes.
- ◆ The number of people supported.

By combining these inputs, the social value calculation helps us understand how a programme or intervention helps change lives for the better. We combine the social value with cost information to calculate a programme's social return on investment.

How we measure social value


Our consistent approach to measurement enables comparisons across wellbeing domains and over time.

Map programme dimensions

ImpactLab engages with providers to understand their people, their service and the outcomes they seek to achieve.

Clean and analyse data

ImpactLab uses the best of data about people's lives to understand what works, for whom, at what cost. We combine publicly available insights from the NZ Treasury, NZ Statistics and other sources. Impact values produced using Statistics NZ's Integrated Data Infrastructure are a particularly valuable resource. The IDI is a dataset containing information on every New Zealander about many areas of their lives – education, health, social welfare, employment and others. It's anonymised, so we can't identify anyone. This adds up to over 166 billion facts, for nine million New Zealanders (some have left the country, and some have passed on), for more than a generation of us.



Collect and synthesise literature

ImpactLab draws on the best academic impact literature from around the world. We access globally screened evidence from top universities and governments to estimate how impactful a programme can be. We also identify service delivery model features associated with the most effective programmes.

Calculate impact

Our algorithm combines New Zealanders' life experiences, with the wisdom about what works from the brightest minds across the world, with what we know about need in communities.

This combination of system level insights and grassroots know-how means we can consistently calculate the expected impact of a programme, and the social return on investment.

Map social value to frameworks

Because we start with individuals' experience, we can organise our insights into the relevant government and international frameworks. The New Zealand Treasury's Living Standards Framework (Living Standards Framework) is the Treasury's way of systematising wellbeing. It has four 'capitals' – social capital, financial and physical capital, human capital and natural capital. ImpactLab's GoodMeasure tool links the social value and return on investment created to domains within human capital.

We can also map social value and return on investment to the relevant OECD Sustainable Development Goals.



No. of participants

215 Clients

Total debt levels

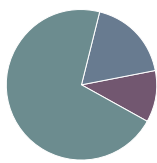
Average total debt level per client: \$18,765

Ngā Tāngata loan as percentage of total debt: 24%

Default rate

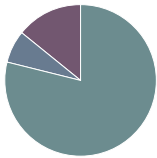
New loans disbursed in 2020: 1%
Total loans: 8%

Income



Debt Relief Loan Programme:

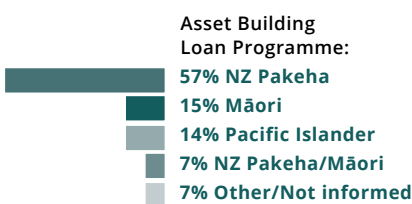
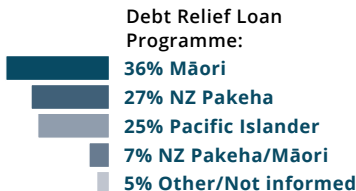
18% Benefit + Part-time job
11% Salary/Wages
71% Benefit/ Superannuation:



Asset Building Loan Programme:

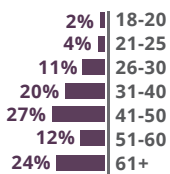
7% Benefit + Part-time job
14% Salary/Wages
79% Benefit/ Superannuation:

Ethnicity

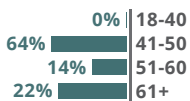


Age

Debt Relief Loan Programme:

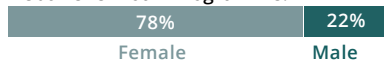


Asset Building Loan Programme:



Gender

Debt Relief Loan Programme:



Asset Building Loan Programme:



Ngā Tāngata's people

Ngā Tāngata supports people with high-interest debt in vulnerable situations to access safe credit to rebuild their lives.

By identifying low-income clients in the midst of life circumstances that prevent them from making ends meet, Ngā Tāngata is able to provide a valuable service to New Zealand's most vulnerable populations. A loan from Ngā Tāngata can serve as one part of the solution for people to lift themselves out of poverty, playing an important role in the larger fight for social justice outcomes in New Zealand.

Participants are recommended for a Ngā Tāngata loan through a financial mentor, with whom they have a pre-existing relationship, in the course of developing a budget plan and assessment. Financial mentors recommend their clients to Ngā Tāngata as potential candidates for either a Debt Relief loan (up to \$3,000) or an Asset Building loan (up to \$2,000). Once a candidate is qualified, the Loans Coordinator completes the application for approval by the Loans Committee. After a successful approval, candidates are immediately provided with financial assistance and begin their path towards repayment. While Ngā Tāngata does not work directly with the client on their financial budgeting, they maintain relationships through a strong network of financial mentors who serve as touchpoints for the client as they progress through the loan programme.

The profile of a typical Ngā Tāngata client can vary. Many carry Community Services Cards, receive welfare benefits, or are on minimum-wage casual or part-time work. Others face disabilities or family obligations that limit their financial opportunities. Looking at the bigger picture and fully understanding the context of a person's debt burden is critical to the Ngā Tāngata mission.

The circumstances surrounding the explanations for financial distress can be equally complex. Some clients simply do not make enough money to cover their basic living essentials, relying instead on predatory high-interest loans and falling into a "debt trap" of increasing reliance on credit options from cash lenders. For many, their insufficient income limits the amount of money they can save. At the same time, there are very few places where they can access credit for life events or emergencies, which feeds into the dependence on predatory lenders. Others are influenced by the consumer culture and comparisons of their lives to those around them, leading to financially unsound decisions. Finally, many clients lack the educational or financial skill set to understand the long-term implications of their spending patterns. Ngā Tāngata works in conjunction with the client's financial mentor to help reverse these patterns and support people in making safer choices.

Location

New Zealand wide



The change journey

Ngā Tāngata supports people with high-interest debt in vulnerable situations to access safe credit to rebuild their lives. By offering critical financial support for populations who lack viable alternatives, Ngā Tāngata is able to reduce debt burdens and help people make positive changes in their lives.

Create financial safety net

Financial Mentor recommends a Ngā Tāngata loan as a possible solution to financial hardship and completes the application with the client.

Debt relief loans are granted for up to \$3,000 and serve as a one-time, last resort loan to fully cover one or more high-interest debts.

Asset building loans are granted for up to \$2,000 and are intended to help build a family's assets. They can be used for household items or school and education related expenses, but not vehicles.

Loan Coordinator works with Financial Mentor and helps prepare eligible clients for the Loan Committee by developing budget and payback strategy.

Loan Committee approves the application.

Settlement contract puts forward the terms and agreement of repayment.

Ngā Tāngata immediately pays off the approved portion of client debt or provides the money for an asset purchase.

Build financial skills

Clients meet regularly with Financial Mentors to ensure that budget and repayment goals are on track.

Debt and asset loans are repaid in weekly increments of \$10-30, depending on the loan amount, from wages or WINZ payments.

Ngā Tāngata sends quarterly statements to clients about their repayment schedule.

Clients work towards building sustainable, long-term financial habits.

Develop financial stability

Client pays off the loan within 2 years and receives a congratulatory letter from Ngā Tāngata.

Based on their budgeting and financial management skills, clients are able to reduce their reliance on high-interest predatory loans and escape long-term debt traps / poverty cycles.

Clients can apply for a debt relief extension or another Ngā Tāngata asset building loan if eligible.

Improved financial situation allows clients to provide for their families, engage with communities, create savings, and feel empowered to make safe choices.



Outcomes map

The outcomes that Ngā Tāngata aims to achieve and how these are reflected in the GoodMeasure calculation.

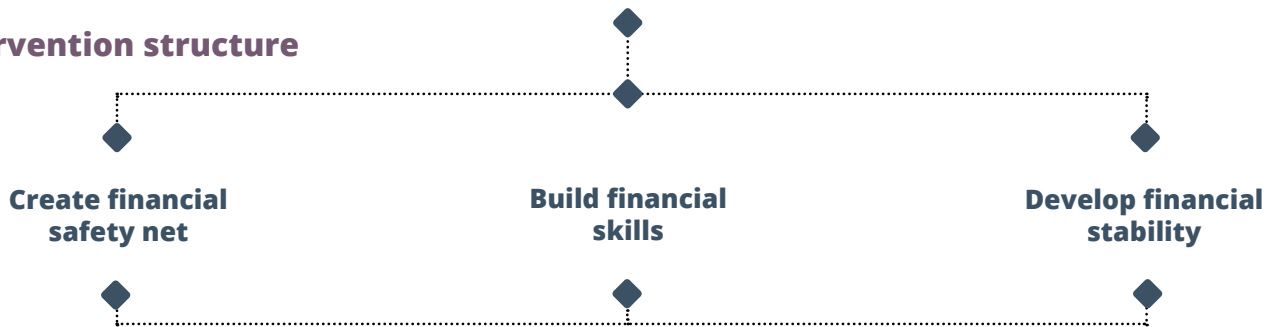
Referral channels



Client description

Ngā Tāngata supports people with high-interest debt in vulnerable situations to access safe credit to rebuild their lives

Intervention structure



GoodMeasure Outcomes

These outcomes directly contribute to this year's social value calculations.

- Improve mental health
- Reduce emergency benefits
- Reduce family violence
- Reduce child placement
- Reduce addiction
- Reduce smoking
- Reduce risky behavior
- Reduce unmanageable debt

Additional Outcomes

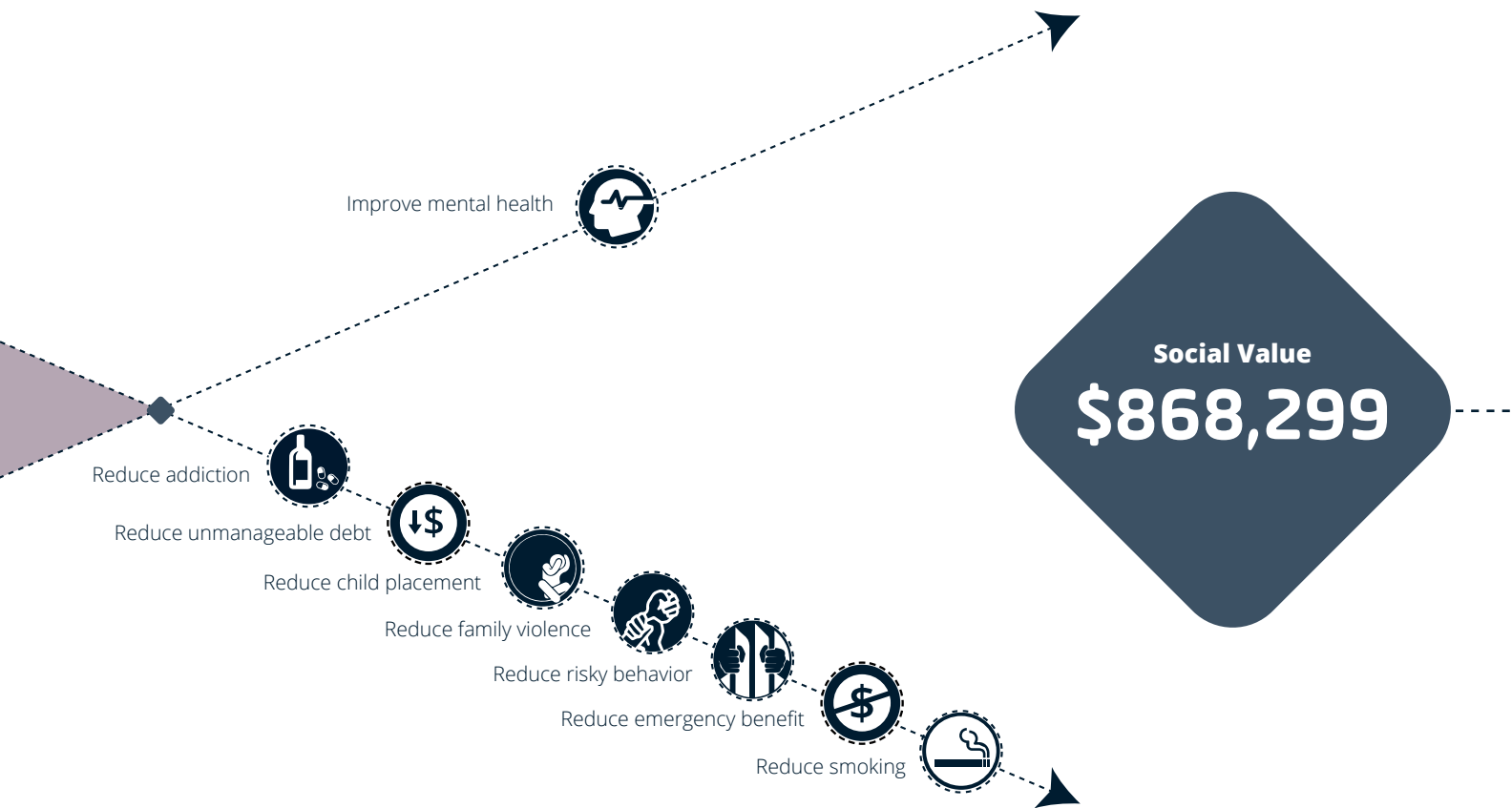
These outcomes do not directly contribute to this year's social value calculations.

- Improve family functioning
- Escape debt trap
- Change long-term financial behaviour
- Empower to make safe choices
- Improve employment

GoodMeasure results summary

Every year, Ngā Tāngata delivers \$868,299 of measurable good to New Zealand society.

Ngā Tāngata's real-world value is even greater than this, as some outcomes such as increased social and community engagement cannot yet be directly quantified with available data.

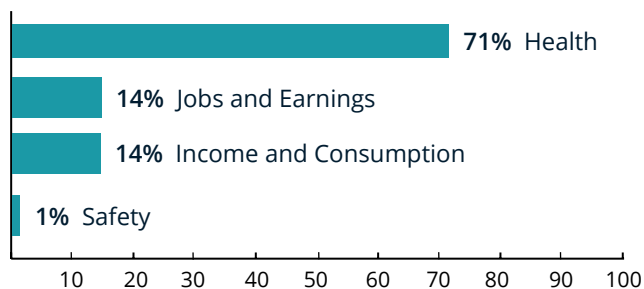


Social value breakdown

Ngā Tāngata creates social value across different aspects of people's lives.

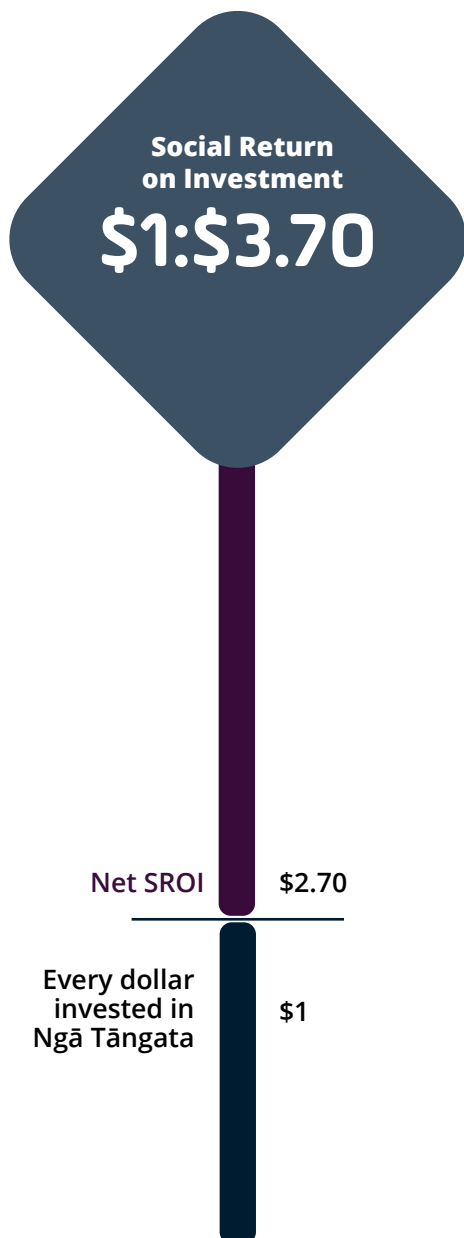
This chart shows the breakdown of social value created according to the Living Standards Framework. Each domain highlights a different aspect of wellbeing.

Social value by domain (%)



When we consider the operating costs of Ngā Tāngata, we can calculate the social return on investment that is generated for every dollar that is invested in the programme.

Social value generated for each participant:	\$4,363
Measurable benefits as proportion of programme cost:	370%
Cost of the programme per participant:	\$1,104.47



This means that every dollar invested in Ngā Tāngata delivers **\$3.70** of measurable good to New Zealand.

(Mar 2019 – Feb 2020)

The Living Standards Framework is a practical application of national and international research around measuring wellbeing.

It was designed drawing from the Organisation for Economic Co-operation and Development's (OECD) internationally recognised approach, in consultation with domestic and international experts, and the NZ public.

Definitions

Jobs and Earnings: Freedom from unemployment

Income and Consumption: People's disposable income

Health: People's mental and physical health

Safety: People's safety and security and freedom from risk of harm

GoodFeatures

GoodFeatures are a tool that allow service providers to compare the features of their unique service offerings to the features of effective practice in comparable programmes identified in international academic literature.

- ◆ **Service Delivery:**
 - The programme teaches clients to view debt accumulation negatively while developing a long-term focus on a potential future without debt.
 - The programme makes clients aware of different mental health risk factors associated with debt.
 - The programme teaches clients about the negative relationship between debt and mental wellbeing.
 - The programme provides safe and affordable credit to clients who are unable to access financial assistance elsewhere.
 - The programme provides borrowers with a path to engagement with mainstream lenders through access to financial literacy and affordable credit for asset-building.
 - The programme is centered on the specific financial issue that drove the client to seek financial assistance.
 - The programme provides clients with clear information regarding the cost of accessing credit.
 - The programme comprehensively educates clients on the type and amount of credit they will receive, what the terms of borrowing are and the corresponding expectations for clients.

- ◆ **Focused assistance:**
 - The programme's coordinators have high levels of debt literacy and are trained in the core skills of asking informed questions, monitoring client behaviour, and helping clients refine their goals and strategies.
 - The programme provides clients with information regarding the potential financial and wellbeing benefits associated with attending financial counselling.
 - The programme provides clients with stable budget plans and encourages them to seek financial stability regardless of their level of income.
 - The programme prioritises clients resolving mortgage debt before other forms of debt.
 - The programme creates repetitive change in financial behaviour rather than only addressing clients' deficits in financial knowledge.

- ◆ **Relationship management:**
 - The programme provides borrowers with clear information regarding the dangers and causes of debt traps.
 - The programme supports clients with a long-term relationship over months and years.
 - The programme regards the pattern of decisions and judgments that led to client debt with compassion.
 - The programme supports financial mentors to build trusting and collaborative relationships with clients that are characterised by warmth, support and encouragement. The programme encourages clients to undertake financial counselling.
 - The programme's coordinators tailor their relationship management approach to the specific context and personal circumstances of each client.

References and further reading

In compiling our reading lists we consider a wide variety of topics, focusing on specific aspects of service delivery or outcome attainment. Here are a selection of readings that may be of interest.

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Whether you're funding change-making organisations or delivering the services that make a difference, GoodMeasure simplifies impact measurement so you can learn what works and make a bigger impact.

We take great pride in providing a research process that our customers can trust. GoodMeasure's power comes from calculations using multiple reputable data sources, including the Treasury Living Standards Framework for Wellbeing. GoodMeasure also uses the best of the worldwide evidence about what works. This includes published literature and evidence databases from world renowned academics and impact organisations.

Understanding social value

Throughout our lives, different events occur which impact our overall wellbeing trajectory. ImpactLab measures the impact on an individual's wellbeing across multiple domains when they're supported by a programme to make positive changes in their life.

We measure this impact in terms of both positive benefits (such as increased income) and avoided costs to government.


To calculate social value, we combine these impact values with:

- ◆ Evidence from global literature about how effective a programme can be.
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- ◆ The number of people supported.

By combining these inputs, the social value calculation helps us understand how a programme or intervention helps change lives for the better. We combine the social value with cost information to calculate a programme's social return on investment.

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Our team

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Alongside expertise in data-driven decision making, our team brings a wealth of real-world experience. We are parents, teachers, volunteers and customers of social services.

|| Helping you do good, better.



Sir Bill English
ImpactLab Chairman

GoodMeasure for Ngā Tāngata

Every year, Ngā Tāngata delivers \$868,299 of measurable good to New Zealand society.

Understanding Ngā Tāngata's impact

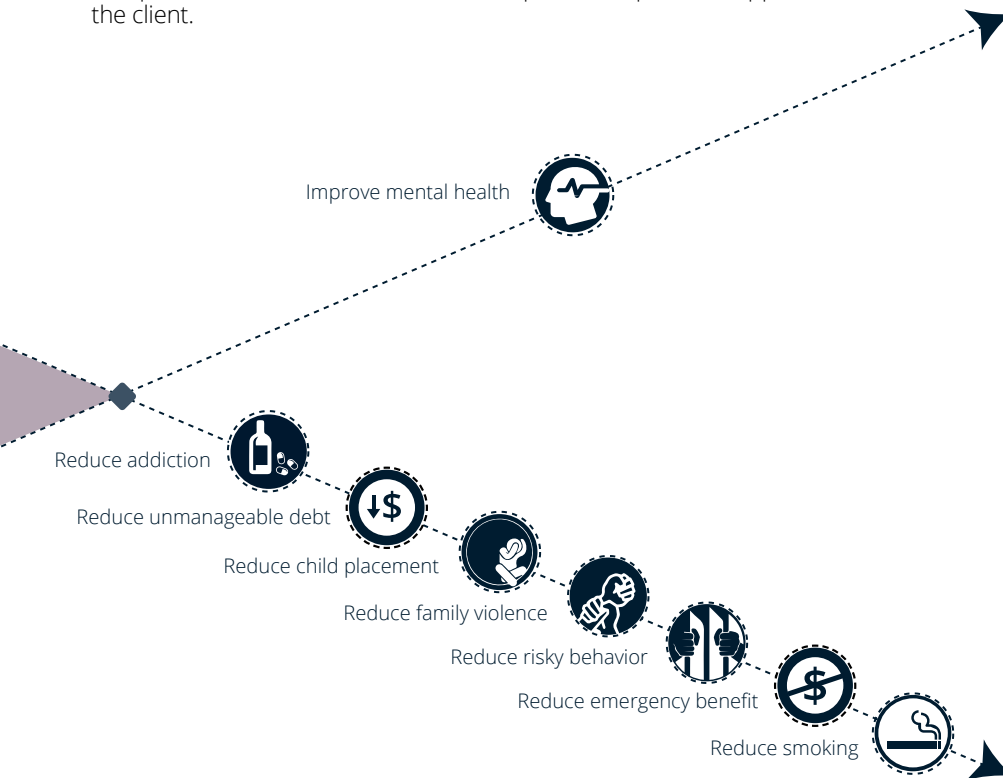
Ngā Tāngata provides interest-free loans as an ethical alternative to high-cost lenders for low-income people whose life circumstances prevent them from accessing safe credit.

What does Ngā Tāngata do?

Ngā Tāngata supports people who are in the midst of life circumstances that prevent them from making ends meet by offering them access to alternative safe credit options. By identifying low-income clients in the midst of life circumstances that prevent them from making ends meet, Ngā Tāngata is able to provide a valuable service to New Zealand's most vulnerable populations. A loan from Ngā Tāngata can serve as a stepping stone for people to lift themselves out of poverty, playing an important role in the larger fight for social justice outcomes in New Zealand.

Whom does Ngā Tāngata serve?

Since inception, Ngā Tāngata has disbursed over \$1.2 million in loans as part of its asset-building and debt-relief programmes in the form over 500 loans. Eligible individuals are low-income adults who have a pre-existing relationship with a financial mentor. Financial mentors then recommend a Ngā Tāngata loan as a possible solution to financial hardship and complete the application with the client.



GoodMeasure outcomes

These outcomes directly contribute to this year's social value calculations.

- Improve mental health
- Reduce emergency benefit
- Reduce family violence
- Reduce child placement
- Reduce addiction
- Reduce smoking
- Reduce risky behavior
- Reduce unmanageable debt

Additional outcomes

These outcomes do not directly contribute to this year's social value calculations

- Improve family functioning
- Escape debt trap
- Change long-term financial behaviour
- Empower to make safe choices
- Improve employment

Ngā Tāngata's impact

Social Value

\$868,299

Social value definition

Social value generated for each participant	\$4,363
Measurable benefits as proportion of programme cost	370%
Cost of the programme per participant	\$1,104.47

When we take into account the operating costs of Ngā Tāngata we can calculate the social return on investment that is generated for every dollar in the programme.

Social Return on Investment

\$1:\$3.70

Every \$1 invested in Ngā Tāngata results in \$3.70 returned to NZ
(Mar 19 - Feb 20)

Appendix

Below is a list of definitions of key terms contained in this report.

Amount invested

The dollar amount that has been invested in a specific programme, in New Zealand dollars.

Cost per person

The dollar amount invested in the programme divided by the number of people supported by the programme (including those who did not successfully complete it).

Domain

A domain is a way of dividing or filtering the subject and outcome material in your ImpactLab results. ImpactLab refer to domains as per the New Zealand Treasury's Living Standards Framework domains.

Population

The group of people supported by the programme, in terms of age, gender, and ethnicity.

Programmes

The services delivered by the provider for the amount invested.

Social ROI

This is the Social Return on Investment. It is calculated by comparing the social value generated by the programme to the amount invested in it.

Social Value

The social impact in dollar terms that the amount invested achieves for participants over their lifetime. The social value is calculated by combining impact values with a service delivery quality score, the size of the opportunity to support a population, and the number of people supported.

Attribution

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This disclaimer sets out important information about the scope of our (ImpactLab Limited) services. It should be read in conjunction with the contract that we have entered into with you (or your company/organisation) for our services, including the applicable terms and conditions.

We have endeavoured to ensure that all material and information on GoodMeasure, including all ROI calculations and impact numbers (together the information) is accurate and reliable. However, the Information is based on various sources, including information that you have provided to us, which we do not independently verify. Accordingly, we do not provide any representations or warranties in relation to any information, including any representations or warranties relating to the accuracy, adequacy, availability or completeness of the information or that it is suitable for your intended use. We do not provide advice or make any recommendations in relation to decisions, financial or otherwise, that you may make.

