

Do good, better.



ngā tāngata
microfinance Ltd.

Ngā Tāngata Microfinance

ImpactLab GoodMeasure Report
September 2021

ImpactLab
GoodMeasure Report

Wellington, New Zealand

Prepared for:
Ngā Tāngata Microfinance

September 2021

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 experience.

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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.

Sir Bill English
ImpactLab Chairman

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 Microfinance	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.

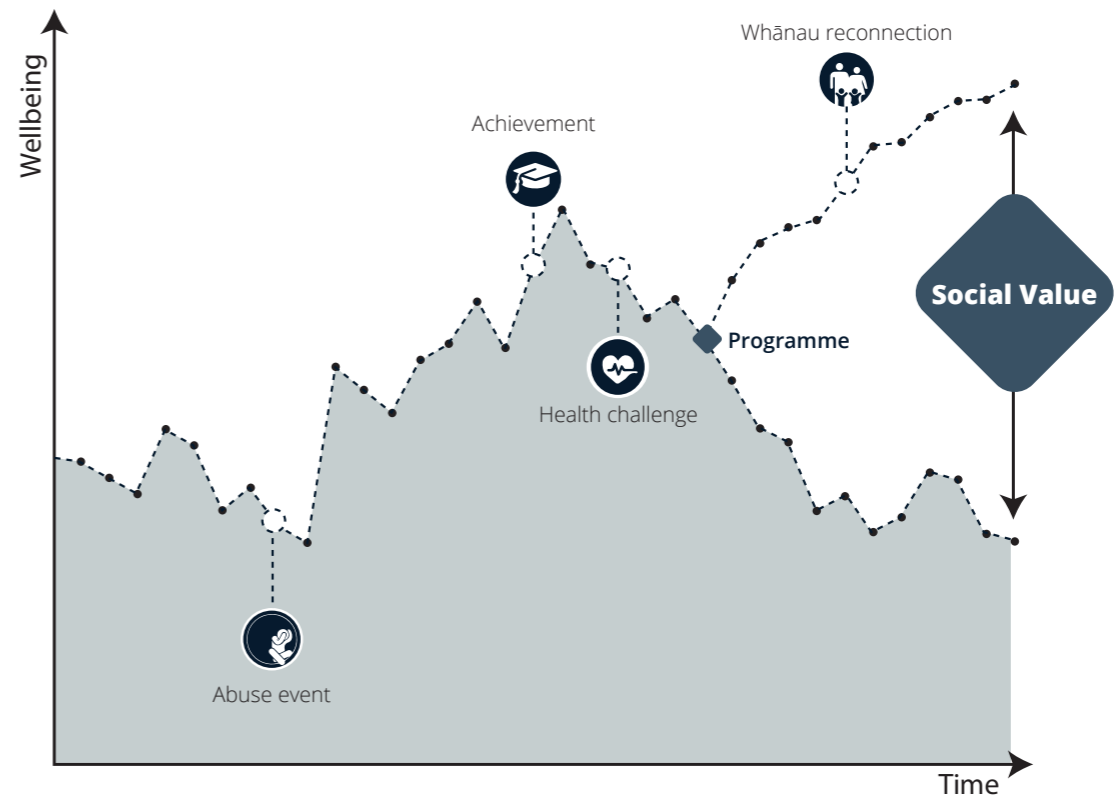
Our partners

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



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.



Year in scope
Mar 2020 – Feb 2021

Loans		
	Debt Relief Loan (DRL)	Asset Building Loan (ABL)
New loan applications	182	35
Loans disbursed	108	30
Average debt level at entry	\$18,118	\$13,567
Average interest rate at entry	61.3%	-

Ngā Tāngata's people

Ngā Tāngata enables people to achieve financial stability by providing them access to fee-free and interest-free loans and financial mentoring.

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

Participants are recommended for a Ngā Tāngata Microfinance loan through a financial mentor, with whom they have a pre-existing relationship through developing a budget plan and assessment. Financial mentors refer their clients to Ngā Tāngata Microfinance 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, their financial mentor helps them complete the application for approval by the Loans Committee.

Following successful approval, candidates are immediately provided with financial assistance and begin their path towards repayment. While Ngā Tāngata Microfinance 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 clients as they progress through the loan programme. The profile of a typical Ngā Tāngata Microfinance client can vary. Many carry Community Services Cards, receive welfare benefits, or are engaged in part-time work only. 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 Microfinance mission.

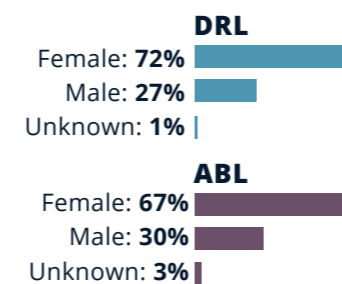
The circumstances surrounding the explanations for financial distress can be equally complex. Some clients simply do not make enough money to cover their bare living essentials, relying instead on predatory high-interest loans and falling into a "debt trap" of increasing reliance on credit options from cash lenders. For many, 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. Many clients simply need support to understand the long-term implications of their spending patterns. Ngā Tāngata Microfinance works in conjunction with the client's financial mentor to help reverse these patterns and support people in making safer choices.

Location
Throughout
New Zealand

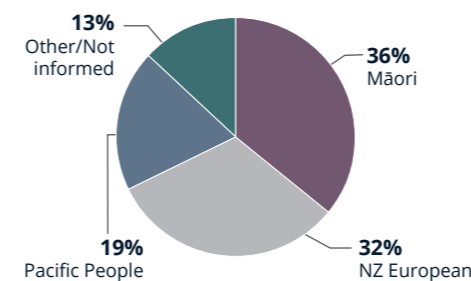


ngā tāngata
microfinance ltd.

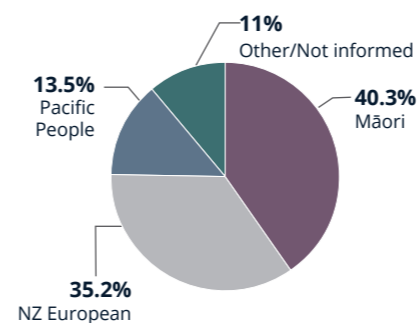
Gender



DRL Ethnicity



ABL Ethnicity



Age

Age group - DRL	Age group - ABL
18-20	0.0%
12-25	5.2%
26-30	10.1%
31-40	23.6%
41-50	21.0%
51-60	20.0%
61+	18.6%
N/I	1.5%
18-20	0.8%
21-25	3.4%
26-30	11.0%
31-40	17.0%
41-50	22.0%
51-60	18.7%
61+	18.7%
N/I	8.4%

The change journey

Ngā Tāngata enables people to achieve financial stability by providing them access to fee-free and interest-free loans and financial mentoring.

Create a financial safety net

Financial Mentor recommends a Ngā Tāngata Microfinance loan as part of 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 and improve their well-being. They can be used for household items or school and education related expenses or small family well-being assets, but not vehicles.

Budget Service Engagement Coordinator works with Financial Mentor and helps prepare eligible client's applications 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 Microfinance 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, money management 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 Microfinance 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 Microfinance.

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 and poverty cycles.

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

Improved financial situation allows clients to provide for their families, engage with and participate in their communities, create savings, improve self-efficacy 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

Financial mentor

Self-referral

Budgeting agency

Client description

Low-income, Community Services Card bearer, working alongside a financial mentor

Intervention structure

Create a financial safety net

Build financial skills

Develop financial stability

GoodMeasure outcomes

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

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

Additional outcomes

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

- Improve family functioning
- Increase financial literacy
- Improve employment



GoodMeasure results summary

Every year, Ngā Tāngata delivers \$1,176,610 of measurable good to society in New Zealand.

Ngā Tāngata's real-world value is even greater than this, as some outcomes such as improved family functioning cannot yet be directly quantified with available data.

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:	\$9,449
Measurable benefits as proportion of programme cost:	360%
Cost of the programme per participant:	\$2,392

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

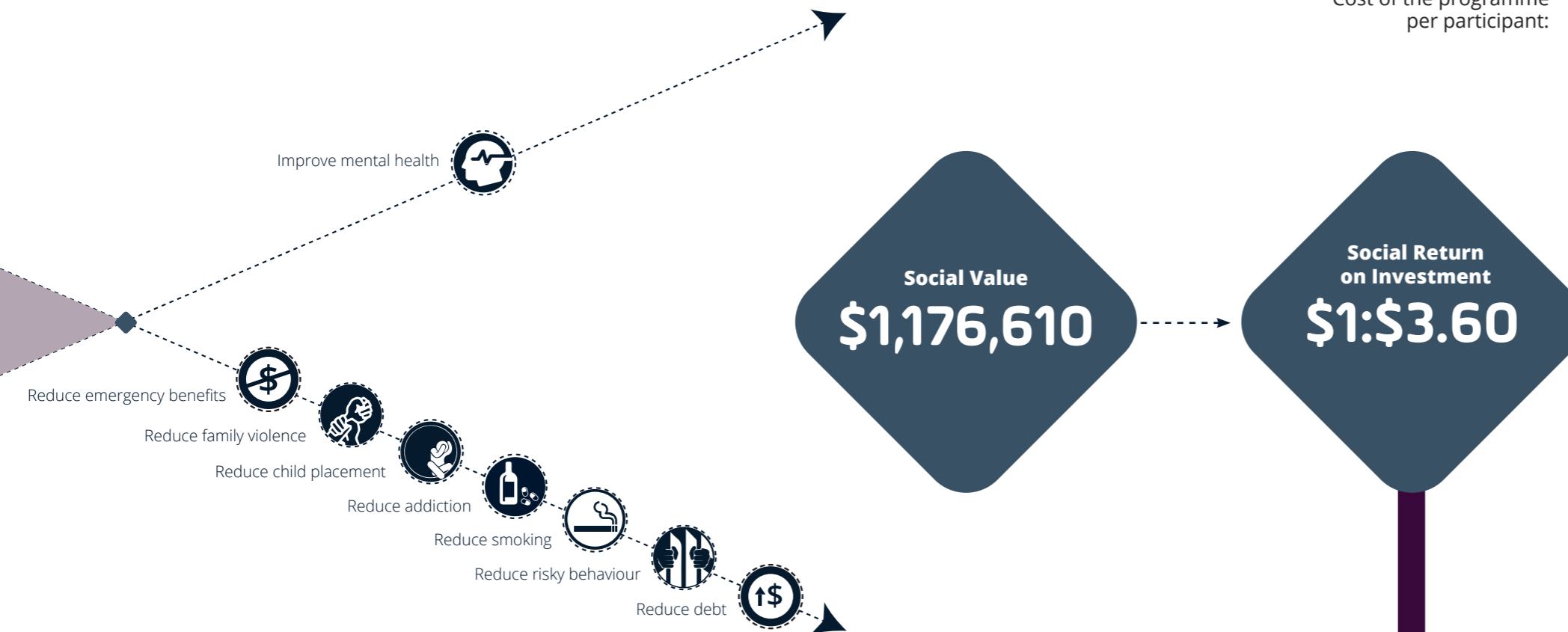
It was designed drawing from the Organisation for Economic Co-operation and Development's (OECD) internationally recognised approach, in consultation with domestic and international experts, and the NZ public.

Definitions

Jobs and Earnings: People's disposable income

Health: People's mental and physical health

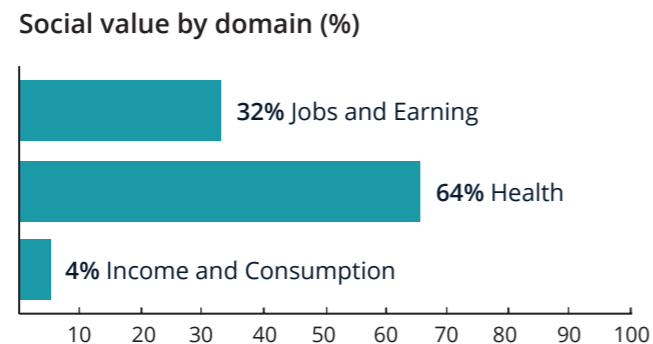
Income and Consumption: Freedom from unemployment



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.



This means that every dollar invested in Ngā Tāngata delivers **\$3.60** of measurable good to society in New Zealand.

(Mar 2020 – Feb 2021)

GoodFeatures

GoodFeatures are actionable insights drawn from literature. Research has connected these actions with positive outcomes for participants.

Use GoodFeatures to prompt discussion about your programme and service delivery compared to examples of effective practice from international literature.

◆ Service delivery

- The programme teaches clients about the negative relationship between debt and mental wellbeing.
- 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 centred on the specific financial issue that drove the client to seek financial assistance.
- The programme helps participants identify financial habits they want to improve and provides them pre-commitment tools to rely on such as automatic payments.
- The programme establishes a reciprocal relationship with mental health services to address the common overlap between over-indebtedness and reduced mental wellbeing.

◆ 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 stable budget plans and encourages them to seek financial stability regardless of their income level.
- The programme prioritises addressing housing-related arrears.
- The programme consolidates debts into a single manageable debt.
- The programme incentivises borrowers to build credit through the servicing of its loans.

◆ Relationship management

- The programme supports financial mentors in building trusting and collaborative relationships with clients characterised by warmth, support, and encouragement.
- The programme encourages clients to undertake financial counselling.
- The programme's coordinators tailor their relationship management approach to each client's specific context and personal circumstances.
- The programme supports clients for a duration of at least a year.
- The programme builds participant's self-efficacy relating to their financial behaviours.
- The programme communicates the importance of family functioning on improving financial behaviours.

References and further reading

In compiling our reading lists we consider a wide variety of topics, focussing 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 Living Standards Framework. 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.

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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.

GoodMeasure for Ngā Tāngata Microfinance

Ngā Tāngata offer small, fee-free, interest-free loans and financial mentoring to low-income New Zealanders. A Ngā Tāngata loan empowers people to make positive changes to their life trajectory and head towards financial stability. In doing so, the organisation advocates for a just and equitable society with economic and social inclusion for all New Zealanders.

Understanding Ngā Tāngata's impact

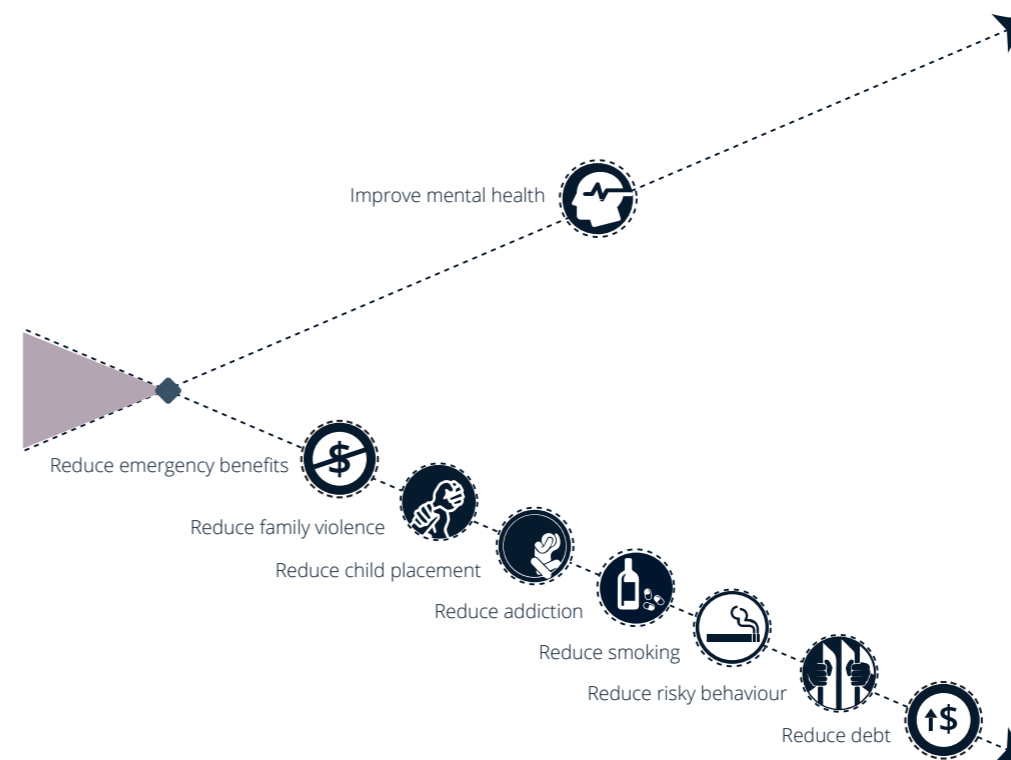
Ngā Tāngata empowers participants to escape from predatory lenders and cycles of high-interest debt and move towards attaining financial stability and improved life trajectories.

What does Ngā Tāngata do?

Ngā Tāngata provides financial mentoring and fee and interest-free loans to New Zealanders.

Whom does Ngā Tāngata serve?

Ngā Tāngata serves low-income New Zealanders struggling with over-indebtedness and wanting to attain financial stability.



GoodMeasure outcomes

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

- Improve mental health
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- Reduce risky behaviour
- Reduce child placement
- Reduce family violence
- Reduce debt

Additional outcomes

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Ngā Tāngata's impact



Social value definition

Social value generated for each participant	\$9,449
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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.



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

Some data and information used in the Social ROI calculations is licensed under a Creative Commons Attribution 4.0 International (CC BY 4.0) Licence. It is attributed to the NZ Treasury.

Disclaimer

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.

