



NEXT STORIES



Supporting sustainability
and preparing for transition

Beginning with the end in mind

‘E hara taku toa i te toa
takitahi, he toa takitini’

*My strength is not as an individual
but as a collective*



NEXT's approach to sustainability

- NEXT is a spend down foundation and planning for transition begins at the point of NEXT investment
- Sustainability of grant partners includes financial resilience and may include capacity building
- To ensure long term impact, the NEXT approach in environment includes collective impact, community ownership and partnering with the Crown. The Tomorrow Accord is an exemplar of what is possible through partnership
- In the education area, NEXT is earlier on the journey and the focus is more on conversations with grantees about sustainable long term funding
- Sustainability of grant partners is an important issue for all philanthropic organisations - this is particularly the case for foundations with a limited life. Many sunset foundations have documented their lessons and experience, including the importance of preparing early and well for transition

A focus on enduring outcomes

NEXT is a ten year spend down foundation. Sustainability of grant partners and transitioning well is a conversation that begins at the point of investment. The intent is to plan well, do no harm when exiting and leave partners positioned for future success.

- NEXT starts the sustainability conversation at the point of investment
- The aim is to leave grant partners in a strong position once NEXT has transitioned out
- Sustainability includes financial resilience and may include additional capacity building of partner organisations, 'Bringing our strengths to the table and helping them in the areas of governance, management and accountability'
- Grant partners are invited to think about the most impactful way to structure the funding. For example some partners write NEXT out of their investment plan in three years while others opt for a longer time frame
- NEXT can facilitate conversations between grantees where there are areas of commonality, to learn from each other and explore collective approaches
- As a catalytic investor NEXT can provide start-up capital and influence others to get on board, such as iwi, philanthropy, government and business

'NEXT is not a perpetual foundation. Sustainability of our grant partners is important and they cannot become dependent on us. We will fund change, but we are not there forever.'

Barrie Brown
NEXT CHAIR

'When we start our investments we are very clear – we are here for a certain period of time. We are not here forever. It's important as if organisations just rely on NEXT funding, there is the risk of dependency ... For us part of that is walking alongside the organisations, bringing our strengths to the table and helping in the areas of governance, management and accountability. We want the organisations we invest in to become stronger as a result of their contact with NEXT.'

Carol Campbell
TRUSTEE

'I see it as one of the benefits of being a sunset fund - we are forced into having that sustainability and transition conversation early, rather than not having it. And we are able to have that conversation in a constructive way. The starting point for the conversation is we are not going to be here one day – how can we work alongside you and ensure you are best placed for when that day comes.'

Bill Kermode
NEXT FOUNDATION

WHY SUSTAINABILITY MATTERS

- Sustainability ensures enduring impact, 'We are taking a disciplined approach to how we deploy capital and we want the outcomes to be enduring'
- The hopes of a community have been raised and it's important to deliver on the promise
- Avoid dependency on a single funder

'Very early on we agreed that NEXT should not just be a funder, it should be a partner. NEXT assists with governance, with setting targets and meeting them, with networking and connecting to other related organisations, to finding other funders - whatever is required for success. Helping create sustainability was part of that. In order for a project to have a true legacy, it has to be sustainable. Take for example environmental restoration. You can restore any area - an island, a national park, - but then if you don't have an operating and funding model to maintain the work afterwards, it's just going to revert back. There's no point in investing if you don't have a vision to make it sustainable.'

Chris Liddell
FOUNDING NEXT CHAIR



“There’s no point in investing if you don’t have a vision to make it sustainable.”

Chris Liddell,
NEXT Founding Chair

Photo credit Ruth Bollongino fernphotos.com

Financial sustainability

There are a various ways for-purpose organisations can grow their financial sustainability including:

- Diversifying their financial model and avoiding dependency on one or two sources
- Securing government and/ or other funding (philanthropy, business etc)
- Charging a fee for service or other commercial model
- Having an enterprise arm that generates revenue
- Events and campaigns (such as crowd funding)
- Memberships and/or alumni giving
- Pro bono support



To ensure long term impact NEXT engages with iwi at the start. NEXT environmental advisor Devon Mclean (left) with Jamie Tuuta (Chair Taranaki Mounga) and Jan Hania NEXT Environmental Director.

Sustaining the mahi – environment

Collective impact, encouraging community ownership and partnering with the Crown are all part of the plan to sustain the mahi.

To ensure long term impact, the NEXT approach in the environment area includes

- Engaging iwi at the start - 'start with iwi at the table' and learning from and incorporating the Māori world view
- Applying collective impact principles, sharing ownership and 'building social capital so it becomes community owned.' For example Taranaki Mounga is a collaboration between Taranaki Iwi, DOC and NEXT as founding partners, together with founding sponsors, Shell NZ, TSB Community Trust, Jasmine Social Investments and Landcare Research. The consortia work closely with local groups and volunteers, all working towards the goal to Restore Taranaki
- Focusing on partnerships to create long-term sustainability and community ownership. For example the Tomorrow Accord with government is critical for sustainability of Taranaki Mounga, Project Janszoon and Te Manahuna Aoraki
- Exploring fees for service to enable ongoing investment. For example fee taking in parks with concession operators and/ or the public
- Building capacity of partner organisations in areas such as governance and leadership
- Exploring where commercial models may be appropriate. For example, the potential for Zero Invasive Predators (ZIP) to become self-sustaining through product sales and conservation advisory services (while still retaining it's not-for-profit status)
- Raising awareness of the mental, physical and spiritual benefits of 'being in nature' and volunteering 'for something bigger than yourself' (supports movement building)
- Sharing stories of what is working, sharing learning

'We are here to solve a problem and then we are out. We will no longer be required. The driver for us is we are here for NZ Inc – we want to put the tools in people's hands as cheaply as possible, to ensure they are used at as big a scale as possible. We want maximum impact. We have gone faster than we ever envisaged. We are now actively setting up a product arm, giving people access to the gear we developed. In this financial year we will supply about \$250,000 in product sales for large scale projects. It's really good tangible evidence that what we are producing is what the market needs.'

Al Bramley
ZIP (ZERO INVASIVE PREDATORS)

'An important aspect is fostering deep understanding and ownership at the local level with iwi, the community and the various institutions and other potential philanthropists within it. Creating space for others to know the work and own the outcomes ... also with manaakitanga, if you are giving, with a reciprocity principle such as with the tuakana/ teina relationship (where siblings look after each other), we as humans would be looking after the land, rivers and creatures as though we were looking after ourselves and our whānau. This is the Māori worldview, we are all younger siblings of the greater environment that we live in, we are not separate from it, but intrinsically linked.'

Jan Hania
NEXT FOUNDATION

THE TOMORROW ACCORD

The Tomorrow Accord partnership with the Crown is central to NEXT's long term impact in environment and an exemplar of what is possible through partnership

- In 2014 the Tomorrow Accord was formed
- This is an agreement between the New Zealand Government and the NEXT Foundation and it is structured to be able to be used by any philanthropic organisation
- Once pre-agreed biodiversity outcomes are achieved (such as eradication of predators or pests) the Crown agrees to maintain those levels

www.nextfoundation.org.nz/news/the-tomorrow-accord

'The Tomorrow Accord will be applied in Abel Tasman National Park, Taranaki and Te Manahuna Aoraki. It is the key mechanism for developing sustainability there. It's handing it over in good shape to DOC, who are the natural funders.'

Bill Kermode
NEXT FOUNDATION

'The Tomorrow Accord concept was that NEXT would provide project capital and then DOC would ensure sustainability. DOC has a finite amount of annual budget and if it's using that funding to carry out major projects, it will struggle to protect and maintain all the land it oversees. It is a more sustainable model for it to focus its limited resource on maintenance and encourage others to fund major capital improvement projects. The Accord envisages that NEXT and other partners fund and manage a major project and then hand it over to DOC to sustain the improvements once certain milestones have been met.'

Chris Liddell
FOUNDING NEXT CHAIR



THE TOMORROW ACCORD

An agreement between the New Zealand Government and the NEXT Foundation

Vision: New Zealand is the greatest living space on Earth.

All New Zealanders have a stake in nature, because it underpins our lives and lifestyles. New Zealanders' health and wellbeing, outdoor lifestyles, national identity and our economy all depend on our natural environment. Our natural environment belongs to all of us, and we all have a role to play in protecting it for the benefit of present and future New Zealanders. Visionary philanthropists are committed to contributing to this vision by investing in game-changing conservation interventions. They partner with the government on qualifying projects (defined overleaf) that achieve biodiversity gain and community engagement at a scale that leads to long-term social, environmental and economic transformation and inspires others to act.

The New Zealand Government is committed to ensuring that:

- qualifying projects are well supported (with both management and technical input that is fit for purpose); and
- New Zealanders gain environmental, social and economic benefits from healthy functioning ecosystems, from recreation opportunities and natural heritage, and from living our history; and
- where the agreed biodiversity outcomes are achieved, those outcomes are maintained by government for New Zealand's future.

The signatories to this Accord invite future conservation philanthropists and governments to commit to this vision and intention.

Chris Liddell
Chairman, NEXT Foundation
Director, Hutton Wilson Nominees Limited

Hon. Dr Nick Smith
Minister of Conservation
22 March 2014

newzealand.govt.nz

Department of Conservation
Te Papa Atawhai

THE TOMORROW ACCORD

Qualifying projects

In 2011 the Project Janszoon Trust created a unique partnership with the Department of Conservation to transform the ecological prospects of Abel Tasman National Park in time for the 400th anniversary of the landing of Abel Janszoon Tasman in 2042.

'Qualifying projects' will be projects that exhibit similar characteristics to that founding project and will be:

- focussed on ambitious, measurable conservation objectives that could not be achieved by government working on its own;
- well aligned with DOC's brand, existing philanthropists' reputations, and with government long-term objectives (including Treaty obligations and broader public interest values);
- funded through philanthropic investment from credible, established philanthropists who are committed to engaged partnerships;
- long-term commitments from both parties;
- structured so that the project targets are achieved and funded through the partnership and the results are then maintained over the long term by government;
- primarily on public land and will result in public benefit;
- consistent with the scale and nature of other qualifying projects;
- interventions that contribute to positive social transformation that builds towards the vision of this Accord.

newzealand.govt.nz

Department of Conservation
Te Papa Atawhai

Sustaining the mahi – education

Sustainability in the education area is more challenging as there is no easily agreed single goal (such as predator free New Zealand) and no Tomorrow Accord agreement with the Crown, although discussions are in train. The focus is more on exploring sustainable financial models with grant partners.

TO ENSURE SUSTAINED IMPACT, THE NEXT APPROACH IN THE EDUCATION AREA INCLUDES

- Having the transition conversation with grant partners early
- Bringing partners together in the education area, to explore a sustainability framework that may be shared with others
- Empowering grantees to design their own investment plan regarding the timing and form of NEXT grants
- Investing in 'ideas' and capacity building that may support sustainability. For example NEXT supported a theory of change with Ako Mātātupu: Teach First NZ, to strengthen their mahi and support them in sharing their story with others (including funders) and has provided evaluation support for others
- Advocating with the Ministry of Education for ongoing support



Ako Mātātupu: Teach First graduates. NEXT helped develop a Theory of Change with this education initiative.

'Thinking about sustainability in the education area is more challenging because we don't at this stage have a Tomorrow Accord style agreement with government. Here it's more about conversations with grantees about the various possibilities for sustainable long term funding. We have joint conversations going on with key grantees about how we could work together to find sustainable funding solutions. We have Ako Mātātupu: Teach First NZ, Manaiakalani and Springboard Trust in particular talking about this.'

Ewen Anderson
NEXT FOUNDATION

'The principle is to make sure that when NEXT's investment is completed, the project itself is left in a stronger position than it was originally. I think we are still working on what that means in practice. There is a deliberate and conscious piece of work being done, looking at the ways of managing transition in ways that do maximise the chance of sustainability moving forward.'

Margaret Bendall
NEXT FOUNDATION

'There is no silver bullet in terms of creating a funding pot. NEXT sees itself as having a role in helping the organisations that we support in setting up a long term sustainable plan. If the organisation needs to be around for some time to achieve it's goals, it needs to have a long-term model to support it.'

Bridget Best
NEXT FOUNDATION

'We are being intentional around funding. For example Talking Matters wanted more funding for longer. For the total grant we had to look at that intentionally and the challenge for the advisory board, we broke it into groups and intentionally said NEXT will exit at the sixth year. The funding will reduce over time.'

Mike Ferrand
NEXT FOUNDATION

'It's helpful that NEXT has been so upfront. With five years to go, they have asked me to come up with a solution. NEXT is really open. We have had some frank conversations about what our long term model looks like and is our solution fundraising, commercialisation, the Ministry, some other solution, or a mix. NEXT has been backing us with some of the things we want to try and are open to the ideas. Bill also facilitated a conversation between ourselves, Springboard and Manaiakalani. Having that weight in the conversation was helpful.'

Jay Allnutt
AKO MĀTĀTUPU: TEACH FIRST NZ

'Those sustainability and transition conversations have been actively happening between our board and the board of NEXT, since the day of the first investment. One of the benefits of NEXT is all the grantee organisations are thinking about the same issues. The conversation with our board is what does a sustainable funding model without NEXT look like. NEXT say if that's the plan, how can we think together, what do we do between now and then. There is shared thinking and the solution is built over years, not over weeks or months.'

Ian Narev
SPRINGBOARD TRUST

'NEXT have been transparent, they are not prescriptive about the countdown and they are open to how we frame it. We have explicit conversations going on with the Ministry of Education about this process and having the Crown in. We will need to have a bespoke arrangement that is created and articulated for Manaiakalani and NEXT. We are going to design it, we are clear and have our eyes wide open.'

Pat Snedden
MANAIAKALANI



NEXT is working with the Manaiakalani schools to develop a sustainable model. Photo credit: Daniel Lee.

Sunset foundations and sustainability

Sustainability of grant partners is an important issue for all philanthropic organisations. This is particularly the case for foundations that have a sunset date.

ATLANTIC PHILANTHROPIES

In 1984 Chuck Feeney transferred the majority of his wealth to Atlantic Philanthropy - a spend down foundation that will have invested \$8 billion in charitable projects from 1982 to 2020. Chuck's 'giving while living' approach was influential with others including Warren Buffet and the Gates. In May 2018 Atlantic Philanthropies published '2020 Hindsight: Top 10 Lessons.' This included the lesson of being a sole or major funder on a project can leave grant partners 'scrambling to find funds' when Atlantic exited; the importance of ensuring grantees take responsibility for finding other sources of support; and when planning to exit from funding relationships to be sure that partners are not 'surprised when the end date approaches.'

www.atlanticphilanthropies.org

THE BRAINERD FOUNDATION

The Brainerd Foundation established by Paul and Debbie Brainerd has a strategic focus on environmental protection of the Pacific Northwest United States. The Foundation plans to spend out their endowment by 2020, 'We must each do whatever we can to protect the natural resources that sustain this planet.' And as Brainerd approaches spend out date, it is setting its sights on the future, 'Supporting a pipeline of new conservation donors; deepening the bench of conservation leaders in our region; and helping our grantees adopt the cultures, structures, and strategies that will attract the next generation of advocates.' Paul and Debbie Brainerd have a connection to New Zealand falling in love with Glenorchy 20 years ago and in 2018 opening Camp Glenorchy - New Zealand's first net zero energy accommodation.

www.brainerd.org

ONE FOUNDATION

In 2004 Irish entrepreneur Declan Ryan established ONE Foundation - a ten year, spend down €100 million fund, with a 'focus on improving the lives of children in Ireland and Vietnam'. In 2014 ONE published their 'Impact Report,' including their approach to supporting grant partner sustainability. At ONE's halfway point, they began incorporating exit scenarios into all business plans and as sunset approached their focus shifted to sustainability, 'supporting organisations to transition successfully after our closure, including negotiating with Government on funding for specific investees.' As part of their exit strategy, partner organisations were offered a suite of supports, including 'help with planning, fundraising development, leadership development and governance strengthening.' ONE designed a 'graduation package' for investees including fundraising; a governance audit; human resources support; and one to one coaching for CEO's, 'investees could pick from this menu according to their needs during the exit phase'.

A further learning, was ONE Foundation didn't predict the recession and 'ONE's exit plans were predicated on a growth economy and had to be completely reinvented in the new context. Exit planning as early as possible is key to success ... But be prepared to change plan' ONE Foundation (2014).

Lessons from limited life foundations

THE S.D.BECHTEL JR FOUNDATION

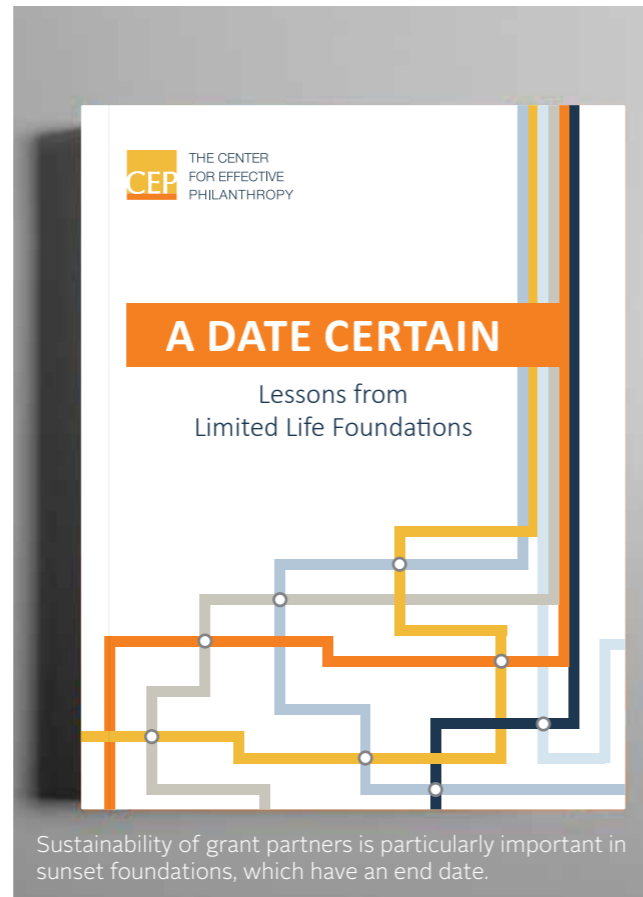
The S. D. Bechtel, Jr. Foundation and the Stephen Bechtel Fund, 'envision a productive, vibrant, and sustainable California that is a model of success and a source of innovation! This limited life foundation has two programme focus areas – education and environment. It sees partner sustainability as important and supports capacity and resilience building of partners, 'so that they can carry on their important work long after the foundation's sunset. The Foundation supports a broad range of capacity-building requests from its current grantees such as strategy development and scenario planning, management and leadership training, communication assessments, business planning, and fundraising feasibility studies and development plans.'

www.sdbjrfoundation.org

THE STUPSKI FOUNDATION

The Stupski Foundation is a ten year spend down foundation and has a vision to, 'create a reality where the lives of the underserved and under-resourced in the San Francisco Bay Area and Hawaii are significantly improved through addressing the issues of hunger, life options for low-income youth and end of life care.' The Foundation is committed to the long-term sustainability of its grant partners, 'We are steadfast in our commitment to our partners and will support them as they adapt to a changing landscape to become genuinely self sustaining.'

www.stupski.org



In 2017, the Centre for Effective Philanthropy published, 'A DATE CERTAIN - Lessons from Limited Life Foundations.' This study was based on interviews with leaders from eleven limited life foundations planning to spend down in the next decade. Various lessons were documented, including the importance of leaving grant partners in a sustainable position

- There was a desire to leave grant partners in a strong position after foundation sunset. They viewed grantee success as a 'vital' part of their legacy
- Foundations owe their grantees to 'do no harm' when exiting, equipping them to be resilient and ensuring they are planning well for the loss in funding
- There was a desire to archive knowledge and preserve this, with various approaches
- Foundations can serve as champions for grantees, for example connecting them to future funders or providing honest feedback
- Some leaders put energy into collaborations with other funders as a result of the decision to spend down
- Be transparent in communications with grantees, particularly regarding the spend down plan
- Avoid unhealthy dependencies on the Foundation

REFERENCES

Loh, Charis and Buteau, Ellie. 'A DATE CERTAIN. Lessons from Limited Life Foundations.' The Center for Effective Philanthropy (2017)

ONE Foundation. 'The ONE Foundation. 2004 – 2013 Impact Report.' ONE Foundation (2014)

www.atlanticphilanthropies.org

www.brainerd.org

www.sdbjrfoundation.org

www.stupski.org

'Think through how to clearly communicate your intentions to grantees and make sure they are planning well for the loss in funding. For example ... designing exit grants in a way that will most help each grantee (whether it be general support, a matching grant, or another approach).'

BRAINERD FOUNDATION

(Charis Loh and Ellie Buteau, 2017)

'Talk to your long-time grantees and partners and get their thoughts, including their ideas on how you might best use your resources once you've decided to spend down. Set up internal processes for reflection and dialogue about what it would look like to end well.'

THE JOHN MERCK FUND

(Charis Loh and Ellie Buteau, 2017)

'Seek philanthropic partners and help your grantees prepare early for the foundation's departure.'

THE AVI CHI FOUNDATION

(Charis Loh and Ellie Buteau, 2017)

For more information go to the NEXT website

WWW.NEXTFOUNDATION.ORG.NZ



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