

THE
LEVER
ROOM

BUILD BACK BETTER:
A NON-PARTISAN
COVID-19 RECOVERY
FRAMEWORK
FROM RECOVERY
TO RESILIENCE

DISCUSSION PAPER
APRIL, 2020

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FOREWORD

I started the process of putting together the thinking for this report when together as a country we were heading into lockdown, late in March, 2020. While our Government was thankfully taking the bold and decisive steps to ‘go hard and go early’, we were also making choices that would shape our society for many years to come. Reaching out to Sam Morgan/Rob Fyfe’s group we were heartened to hear of their continued focus on immediate response. Speaking with their team, and after positive feedback from a number of early supporters, we felt a responsibility to help lift up and convene ideas focussed beyond the immediate response, to help frame a pathway to recovery and resilience.

Given what was at stake and the opportunities in front of us to build back better, this framework was therefore conceived for three core purposes.

1. To contribute a practical set of organising principles, that could be applied to help guide decision making on how to create better outcomes for New Zealand while, minimising unintended consequences. These guiding principles for decision making are really about how we should ‘think about the thinking’.
2. To examine how public sector investment may assist New Zealand’s valuable businesses, both now, and in the future, to grow our country’s long-term holistic wealth.
3. To apply a systems-thinking lens to hone in on key questions which start to touch on the root of the challenges we face, so we can then lift up actionable projects that create real solutions. You’ll see we have also put forward eight actionable project ideas.

We don’t have to reinvent everything to build back better. At a time of crises a core contribution, is in stepping back and taking a systems perspective to analysing current national goals, problems, existing approaches and organisations. The objective is to make sense of how we could, together, approach a better recovery for New Zealand.

At The Lever Room we've been using the best research and science to help partners optimise large scale impact across financial, ecological and societal measures for over 10 years. While we broadly sit at the intersection of sustainability and innovation, our core areas of expertise fall squarely in impact strategy and measurement. It felt only right to leverage our skills and networks, and contribute expertise at this time.

The process of developing this Non-Partisan Covid-19 Recovery Framework has been aided by our ability to rapidly convene some of the best global and national thinkers and leaders across academia, impact strategy and investment, science and technology, wellbeing and public health, government, global business and philanthropy. We're grateful for the opportunity to share the journey with friends, advisors, and partners listed in the acknowledgements of this Framework.

In addition, it's important to note that we're not the only group contributing resources to help New Zealand at this time. In particular, we are grateful for the recent contribution, *The Future is Now*, discussion paper co-authored by the new Koi Tū: The Centre for Informed Futures, co-director's Sir Peter Gluckman and Dr Anne Bardsley. Future focussed institutions such as Koi Tū as well as efforts from coalitions such as that of Rob Fyfe, Sam Morgan, Rod Drury, Sir Stephen Tindall, along with future conversations convened by groups such as The Aotearoa Circle, Manaaki, The Student Volunteer Army, The 'Aotearoa Town Hall' and others are all key to moving our shared agenda forward.

It is our hope that this non-partisan framework will be a practical and useful contribution to those currently making decisions and spending significant resources understanding how to best build back better. It will be a wonderful outcome if it ultimately contributes into the process of creating a healthier, more resilient and prosperous society for all New Zealanders.



Rebecca Mills

ACKNOWLEDGEMENTS

Rebecca Mills is indebted to a large number of people who contributed time assisting her in bringing this framework to completion, including with review of early drafts.

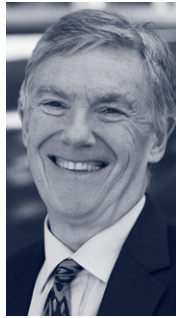
In addition in acknowledging all of those convened below at short notice, she would like to acknowledge the significant contributions of the late Sir Rob Fenwick. While Sir Rob may not have been an active contributor to this framework, his leadership approach and legacy of ideas are infused throughout it.

Organisations are listed for identification purposes only. This work has been jointly funded by The Lever Room (as a pro-bono initiative) and The PIF Foundation.

ACKNOWLEDGEMENTS



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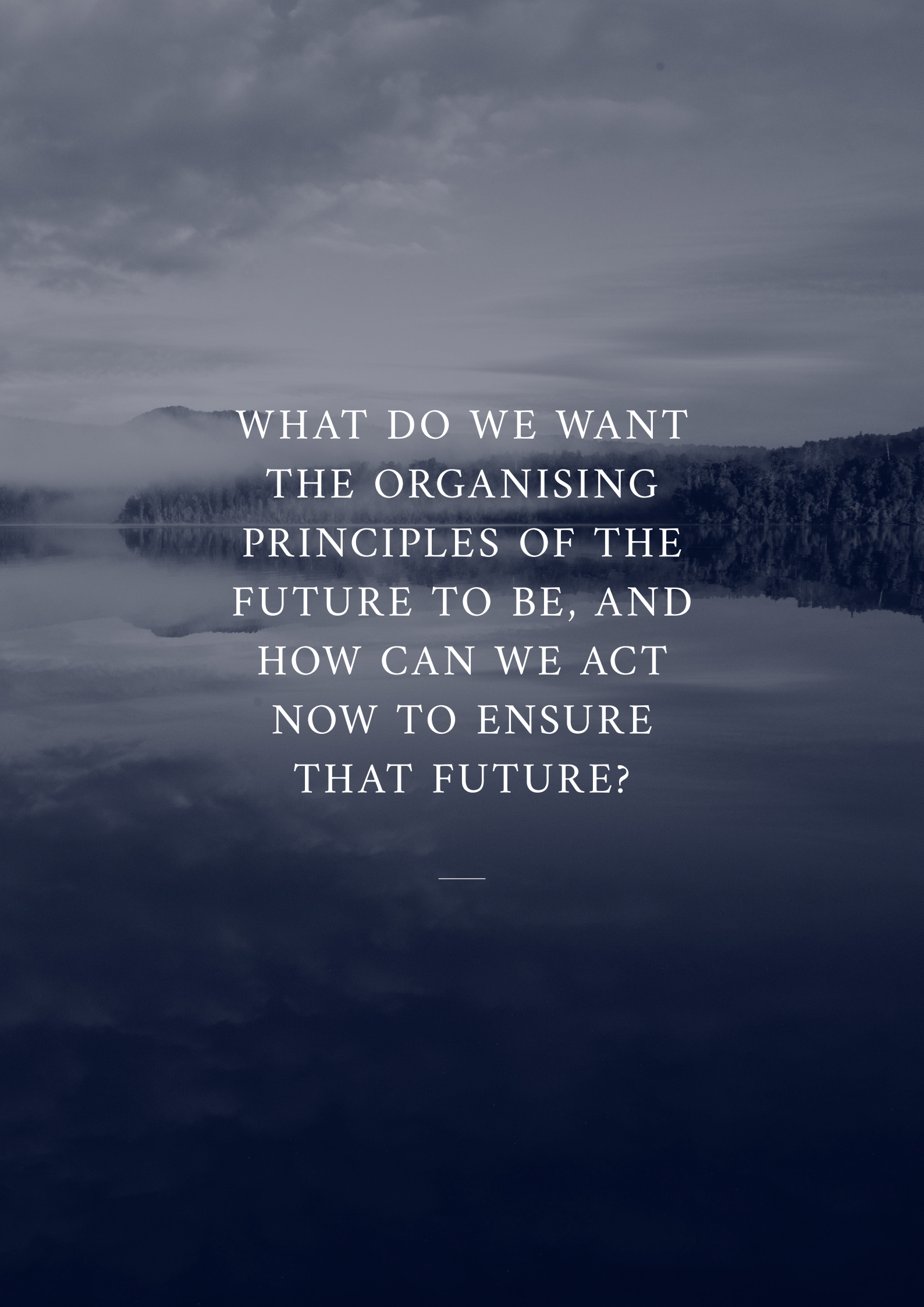
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WHAT DO WE WANT
THE ORGANISING
PRINCIPLES OF THE
FUTURE TO BE, AND
HOW CAN WE ACT
NOW TO ENSURE
THAT FUTURE?

PRINCIPLES FOR OPTIMISED RECOVERY

Recovery decisions we make now may shape our society for many years to come. Given what's at stake and the opportunities in front of us we've drafted a practical set of organising principles, that ideally can help guide decision making creating better outcomes for New Zealand while, minimising unintended consequences. These guiding principles for decision making are based in ethics while at the same time making practical and scientific sense.

It is our hope that taken together, these principles will help us build back better, ultimately guiding us to a healthier, more resilient and prosperous society for New Zealand.

- 1. GENERATE HOLISTIC WEALTH:** In a competitive global economy, New Zealand must of course continue to support wealth generation in the traditional sense and strive for higher productivity. Yet, we now need to broaden our understanding of what constitutes 'wealth'. Wealth can be defined in terms of the wellbeing of the whole, achieved through the optimisation and preservation of multiple kinds of wealth or capital, including natural, cultural, social as well as financial capital. We need to preserve capital in all its forms in order to re-emerge as strongly and quickly as possible.
- 2. INCREASE PREPAREDNESS AND FUTURE RESILIENCE:** Our recovery should help future-proof our society, decrease systemic risks and increase resilience to future crises. We can use this opportunity to build our ability to respond to future shocks and crises, not just in physical infrastructure but also our systems, data, institutions, strengthening social cohesion and natural capital protection and restoration.
- 3. ACCELERATE EXISTING GOALS:** There is a need to consider how decisions today can help us reach our existing goals and

commitments faster. Our investments need to be optimised for their ability to solve both existing priority problems such as rates of family violence, lack of social housing and also their contribution to climate. All of these challenges fall under the Sustainable Development Goals, the Living Standards Framework and are measured through Aotearoa Indicators.

4. **INVEST IN TOMORROW:** Our decisions must consider how they will prepare people and business leaders for the jobs, companies and technologies of tomorrow, ultimately growing holistic wealth. Investment (short term financial support, investment for growth, or investment to retrain and educate) should be focussed on those industries and sectors which, given our current knowledge of future trends and risks, are likely to be both essential and beneficial for New Zealand.
5. **BUILD COLLECTIVE IMPACT:** Moving from recovery to resilience will require the whole of society to take a systems approach to leadership and collective impact¹. This means government, business, Māori, the community and philanthropic sectors working together in partnership to help solve system-level challenges, on a collaborative basis.
6. **MEASURE IMPACT, BEYOND FINANCIALS ALONE:** Today there is a shift from measuring success in terms of purely financial outcomes alone, to include non-financial measures of impact. When making investment choices we should assess both measured positive and potential negative impacts (unintended consequences) of our decision making.
7. **ACT WITH ETHIC OF CARE, AS KAITIAKI:** The crisis has shown an upsurge of community support for the ethic of care/kaitiaki. This is positive and we need to incorporate these values into our decisions more strongly. Care is also at the heart of the Māori values system, which calls for humans to be kaitiaki, caretakers of the mauri, the life-force, in each other and in nature. This means any recovery plan is developed in partnership and consistent with the principles of Te Tiriti o Waitangi.

¹ https://ssir.org/articles/entry/collective_impact

“

IF I HAD AN HOUR TO SOLVE
A PROBLEM AND MY LIFE
DEPENDDED ON THE SOLUTION,
I WOULD SPEND THE FIRST
55 MINUTES DETERMINING
THE PROPER QUESTION TO
ASK... FOR ONCE I KNOW THE
PROPER QUESTION, I COULD
SOLVE THE PROBLEM IN LESS
THAN FIVE MINUTES.”

ALBERT EINSTEIN

CHALLENGES: KEY QUESTIONS

It's by focussing on the entire system and honing in on key questions that if solved could create the greatest system leverage, that we have the best opportunity to build back better.

While there's clearly a raft of questions to be addressed, we have attempted to document those ones that start to touch on the root of the challenges we face. This is by no means an exhaustive list, and we welcome the opportunity to work with others to help refine further high leverage strategic questions.

1. HOW DO WE BEST MANAGE PUBLIC SECTOR INVESTMENT IN WAYS THAT HELP SOLVE CURRENT PROBLEMS, WITHOUT CREATING NEW ONES?

As we ramp up recovery efforts, how do we best get in behind and support companies that provide the best opportunities for creating long-term wellbeing outcomes for New Zealanders, beyond financial metrics alone?

2. HOW DO WE BEST FUND THE RECOVERY?

How do we best fund recovery without drowning in a tsunami of debt? While the need to increase the flow of capital to support social and economic outcomes has perhaps never been more urgent, how do we concurrently minimise risks for future generations of New Zealanders?

3. WHAT'S THE BEST DEFINITION FOR SHOVEL READY INFRASTRUCTURE THAT WILL SERVE US BOTH NOW AND INTO THE FUTURE?

Given the recent government call for 'shovel ready' infrastructure we have the opportunity to consider what kind of infrastructure will best serve us now and into the future. These choices may include digital infrastructure, as well as natural infrastructure, cultural and social infrastructure.

4. HOW DO WE BEST MINIMISE SECTOR VULNERABILITIES AND CREATE RESILIENT COMMUNITIES?

As we plan recovery to build back better, how do we best support our tourism and travel sectors, and our farmers and foresters in sustainable ways?

Covid-19 has highlighted a lack of resilience based in current inequalities. How might we take this opportunity to support digital inclusion, combat loneliness and help create positive mental health outcomes for New Zealanders? How might we help solve and not magnify the long standing issues of our high rates of family violence while providing secure warm homes for our children and families?

5. HOW CAN WE BEST PREPARE OUR LEADERS FOR THE FUTURE?

As this age of information coincides with the converging and increasingly urgent global crises, purpose-led leadership is both a responsibility and source for competitive advantage.

How do we best prepare our leaders to create profitable yet resilient organisations, decreasing the impact of future risks and creating holistic wealth for New Zealand?

A WAY FORWARD: ACTIONABLE PROJECTS

At the time of writing we are working together through a challenging time where some decisions are urgent, requiring immediate response. There are a number of groups and individuals who have stepped up to the challenge and are now dedicating significant resources to our response. Notably, New Zealand's immediate response has been assisted by efforts of The Student Volunteer Army, Sam Morgan, Sir Stephen Tindall Rob Fyfe collective and growing business groups, along with outstanding contributions from health professionals, experts and communicators including Associate Professor Siouxsie Wiles and Dr Michelle Dickinson, Nanogirl. As we move beyond the emergency health response we now have both the opportunity and responsibility to pause and reflect on those projects that could help transform New Zealand for a better future, to build back better.

There are a number of organisations seeking to contribute in support of the government in this recovery phase. We have identified eight initial projects below, in support of the collective effort, that have the potential to solve critical challenges and move New Zealand forward today, for a better tomorrow. We do not claim to have developed a comprehensive project list and look forward to contributing further research and strategic thinking as the landscape of ideas evolves over time.

1. GOVERNANCE: PREPARING FOR THE FUTURE, BEFORE IT ARRIVES

In order to decrease the impact of future risks and shocks, our public service, business leaders and, in particular, providers of capital, need to be better prepared. Building back better is a good opportunity for corporate New Zealand to reset itself, to combat short-termism and adopt broader longer-term approaches to management and value creation.

It's not enough to solve new complex issues, with old ways of leading and governing, 21st century skills are needed at the decision making table. Furthermore, while managing risk and the use of documents such as risk

registers are a core part of good governance, there's an opportunity to update our national approach to managing with systemic uncertainty.

'In the main, risk registers should be produced outside the political process by a partnership between the expert and policy community. They should then be published in some form to build trust and consensus for preparations, and so that all actors (local authorities, business, NGOs, individuals) can understand the risks and themselves be prepared. Publishing national risk registers also allows inputs from the diverse elements of any society that might lead to better analyses and impact assessments. Further, because any crisis affects different components of any society differently, it allows diverse groups, such as Māori, to be sure that their perspectives and interests are included both in identifying risk and impact and in the response recipes that are part of any risk register.'

— Sir Peter Gluckman. *'The Future is Now'*²

Finally, in order to be better prepared and resilient there's an opportunity for leaders to deepen futures literacy as well as develop skills in anticipatory thinking, scenario analysis, and perhaps most critically systems leadership. Systems leadership is a set of skills and capacities that any individual or organization can use to catalyse, enable and support the process of systems-level change. It combines collaborative leadership, coalition-building and systems insight to mobilise innovation and action across a large, decentralised network³.

2. DEVELOP OUR IMPACT ECONOMY ECOSYSTEM

Today we are at a turning point in history where we have a clear choice to be led by science creating technologies for the future, and transform our economy and finance system in ways that meets the needs of all, within the means of the planet. An impact economy is one that provides for environmental, social as well as economic wellbeing.

The road to recovery and resilience will require collective effort and partnerships for the benefit of New Zealand's future. The positive news is that we already have leaders and support across our impact economy ecosystem to help create this new wellbeing future today. With support from Māori Leaders, the National Advisory Board for Impact Investing and The Waikato Wellbeing Project we have mapped out the key players and organisations needed to build an impact economy for New Zealand, categorising them across 5 themes⁴.

² <https://informedfutures.org/wp-content/uploads/Koi-T%C5%AB-The-Future-is-Now.pdf>

³ <https://www.weforum.org/agenda/2019/09/systems-leadership-can-change-the-world-but-what-does-it-mean/>

⁴ <https://www.theleverroom.com/news/impacteeconomyecosystem>

This interim Impact Economy Ecosystem Map is open for comments to May 31, and attached Appendix—1. This map was developed so that every New Zealander can see where they fit within an impact economy ecosystem. Once people can see how important they are in the ecosystem it's the intention that the map can then be used to help create collaborative system-level solutions to the challenges we face.

It's important to recognise that there are a number of organisations within the ecosystem that are already working on solutions or coalitions to help move forward a collective impact economy agenda, including but not limited to *The Aotearoa Circle*: Sustainable Finance Forum, *Pure Advantage* in their approach to research, a number of our *National Science Challenges*, the *Waikato Wellbeing Project* and *Predator Free New Zealand*.

As we strive to build back better multi-sector coalitions across organisations within the impact economy will likely be useful mechanisms to solve system-level challenges. One example of this is that given digital inequalities are impacting some of our most vulnerable communities, a Spark led industry coalition has now connected 5,000 families with school-aged children to broadband. Creating financially accessible digital networks will ease financial hardships, while growing our economy, allowing for remote work, and preparing for the future of work.

3. A BUILD BACK BETTER INVESTMENT FUND

One of the purposes of this discussion paper is to examine how public sector investment may assist New Zealand's valuable businesses, both during the current global health and economic crisis, and in the future to grow our country's long-term holistic wealth.

The New Zealand Government's decisive investment in Air New Zealand is an example of such public sector relief. Air New Zealand is clearly an economically significant business, both in terms of its absolute size but also its broader relevance to related sectors that require a functioning national airline.

While decisions around public sector investment in private (or public) companies should not be taken lightly, we may need to consider new

approaches to preserve our most valuable businesses. As we review the range of options, our overriding objective should be to make choices that are most likely to create positive outcomes across our existing system and can be executed efficiently.

One option may be for the Government to take temporary equity stakes in such companies. It should be stressed this is not an argument for nationalisation of private sector businesses, as the investment horizon in these cases may only be short to medium term.

A relevant model for such investment is the United States TARP (Troubled Asset Recovery Program) created by the Obama Administration to assist with troubled corporate assets during the GFC in 2009. Using US taxpayer funds, the US Government purchased assets and took medium term equity positions. US Treasury data indicates that by 2015 almost all of the equity investments had been divested, either back to the original company or to new equity partners.

In New Zealand, we don't have investment funds already in place for this type of direct investment. Another option would be to leverage existing public sector funds and structures with extensions to their investment mandates.

Irrespective of the structure deemed most suitable, once an appropriate mechanism is in place, the next obvious challenge will be defining and communicating the impact criteria against which significant businesses are selected and how investment decisions are made.

4. APPLYING AN IMPACT LENS TO COMPANY BAILOUTS AND INVESTMENTS

To optimise New Zealand's future recovery and profits, tailor made support to companies would benefit from the application of an impact lens to improve cumulative gains to our economy, society, and the environment. Screening would optimise impact across two broad timescales: a short-term recovery focus being to build back jobs, income, and economic growth as quickly as possible, and a longer-term resilience and sustainable growth focus optimising for broader holistic wealth across both financial and non-financial measures.

This holistic wealth could be optimised by applying a weighted screening mechanism drawing on impact investing methodologies. The mechanism would include the application of a negative screen to test for adverse social or environmental impacts from the enterprise, such as sin stocks and stranded asset risk. The positive screen mechanism would identify the likely public benefits derived from public investment, ensuring we are optimising for resilient, regenerative and essential sectors.

5. HOMES: SCALING UP AFFORDABLE RESILIENT HOMES

Almost 1600 Kiwi deaths each winter are attributed to our cold, damp houses, with almost ½ of us saying we live in a cold house⁵. New Zealand has roughly one million homes that are not sufficiently built to provide a healthy living environment which also has an impact on the long term welfare of our children, our health costs and productivity. Accelerating home insulation and sustainability and energy efficiency of New Zealand homes, has been a long standing concern.

Building back better gives us the opportunity to reconsider and reset our approach. There are a number of potential levers that could be further honed in on to support those most at risk. While further work is undertaken, scaling up existing initiatives that focus on creating affordable sustainable homes, and retrofitting existing stock also makes practical sense. Focussing on interventions which provide safe, warm and dry homes as a Covid-19 recovery will be important for a number of reasons including the fact that the market on its own is not delivering sustainable affordable homes.

In 2009 we facilitated a collective impact industry coalition on behalf of the Green Building Council to create Homestar⁶. Homestar is an independent rating system, launched in 2010 to rate the health, comfort and efficiency of New Zealand homes. While Homestar has played a role in transforming the market, further investment (and some would argue a re-examination of the building code) is needed as we build back better. Housing Foundation NZ have seen the need to accelerate progressive ownership models, that have been market tested and proven to work, and deliver them at scale. To date, The Tindall Foundation has issued loans of around NZ\$10 million to Housing Foundation NZ allowing them to achieve clear housing outcomes by leveraging a further \$300m of funding from more traditional sources.

⁵ <https://www.noted.co.nz/currently/currently-social-issues/1600-deaths-attributed-to-cold-houses-each-winter-in-new-zealand>

⁶ <https://www.nzgbc.org.nz/homestar>

6. SUPPORTING OUR TOURISM AND TRAVEL SECTORS

Tourism is as old as Aotearoa, with Māori practising tourism before European settlers arrived. In a Covid-19 world, our tourism and travel sectors have already been significantly impacted, and it is hard to forecast how damaging this will be to New Zealand's economy.

To give some context from a numbers perspective, for the year to March 2019 tourism was our biggest export industry, it contributed ~6% of NZ's GDP and directly employed ~230k people in New Zealand. While international tourism may be our biggest single earner of foreign revenue, around 60% of annual tourist expenditure is from domestic tourism⁷; that is, from New Zealanders travelling around their own country.

The success of our tourism industry depends on the quality of the environment we offer. With our natural environment, biodiversity and indigenous culture our primary assets as a nation we should prioritise investments that both protect and enhance it, while providing a unique experience for visitors.

With an expectation of restrictions of borders to entry for some time, projects that utilise the existing workforce to join forces with established institutions and Government Departments to retrain them while enhancing our biodiversity will be well placed, as will investments into entities that seek to grow their revenue from the already strong domestic eco-tourism market.

7. SUPPORTING OUR FARMERS AND FORESTERS

New Zealand's farmers and foresters are central to our economy, and supporting them to create maximum positive economic value while advancing biodiversity outcomes are key to helping New Zealand lead out of this.

While global markets are currently challenging, they're also increasingly demanding sustainably grown produce. Scaling up existing successful initiatives such Trees that Count⁸ and Million Metres Streams⁹ initiatives, supporting our Department of Conservation in eradicating wilding pines¹⁰

7 <https://www.pce.parliament.nz/media/196983/report-pristine-popular-imperilled.pdf>

8 <https://www.treesthatcount.co.nz>

9 <https://millionmetres.org.nz>

10 <https://www.doc.govt.nz/nature/pests-and-threats/weeds/common-weeds/wilding-conifers/>

and investing in regenerative agriculture research, are useful ways to grow long term value for New Zealanders.

Regenerative agriculture is an approach to farming which seeks to engage conservation goals such as improving soil and water health and mitigating climate change. The farmer owned industry organisation Beef + Lamb NZ is currently undertaking a global study into the New Zealand specific advantages of regenerative agriculture and subsequent opportunities for farmers to extract more value from sheep and beef products¹¹.

In addition to scaling up existing successful initiatives, there is also a window of opportunity to target economic stimulus spending in areas that provide multiple benefits – stimulating the economy in at-risk areas for pandemic-induced social and economic impacts while improving flood resilience. Using green infrastructure to improve flood resilience provides further benefits through improvements in water quality and biodiversity while still boosting employment (and at a faster rate than grey infrastructure).

8. RECYCLING TAX REVENUES

In both NZ and around the world there is an opportunity to incentivise building back better by reimagining new concessions and capital raising instruments that enhance natural and social capital.

The recently published Tax Working Group (TWG's) final report¹² noted that according to the OECD, New Zealand ranked 30th out of 33 OECD countries for environmental tax revenue as a share of total tax revenue in 2013. The TWG's reference to the growing importance of environmental taxes, although drowned out with noise surrounding capital gains tax, was underpinned by a number of specific recommendations for revenue raising, including taxing negative environmental externalities and recycling the revenue raised into measures that support the transition to a more sustainable economy. In his briefing at the launch of the final report, Michael Cullen stressed the need to initially recycle revenues to help those farmers most affected transition to a greener economy. In addition to the utilisation of green bonds and pay for outcomes contracts, tax measures could also be reviewed in the context of encouraging investment into nationally significant sustainable infrastructure projects.

¹¹ <https://beeflambnz.com/news-views/beef-lamb-new-zealand-research-regenerative-agriculture-market>

¹² <https://taxworkinggroup.govt.nz/sites/default/files/2019-03/twg-final-report-voli-feb19-v1.pdf>

CLOSING THOUGHTS

In setting out on this journey to create a non-partisan framework, it was our intention to create a practical resource for those currently investing resources with the shared goal of building back better.

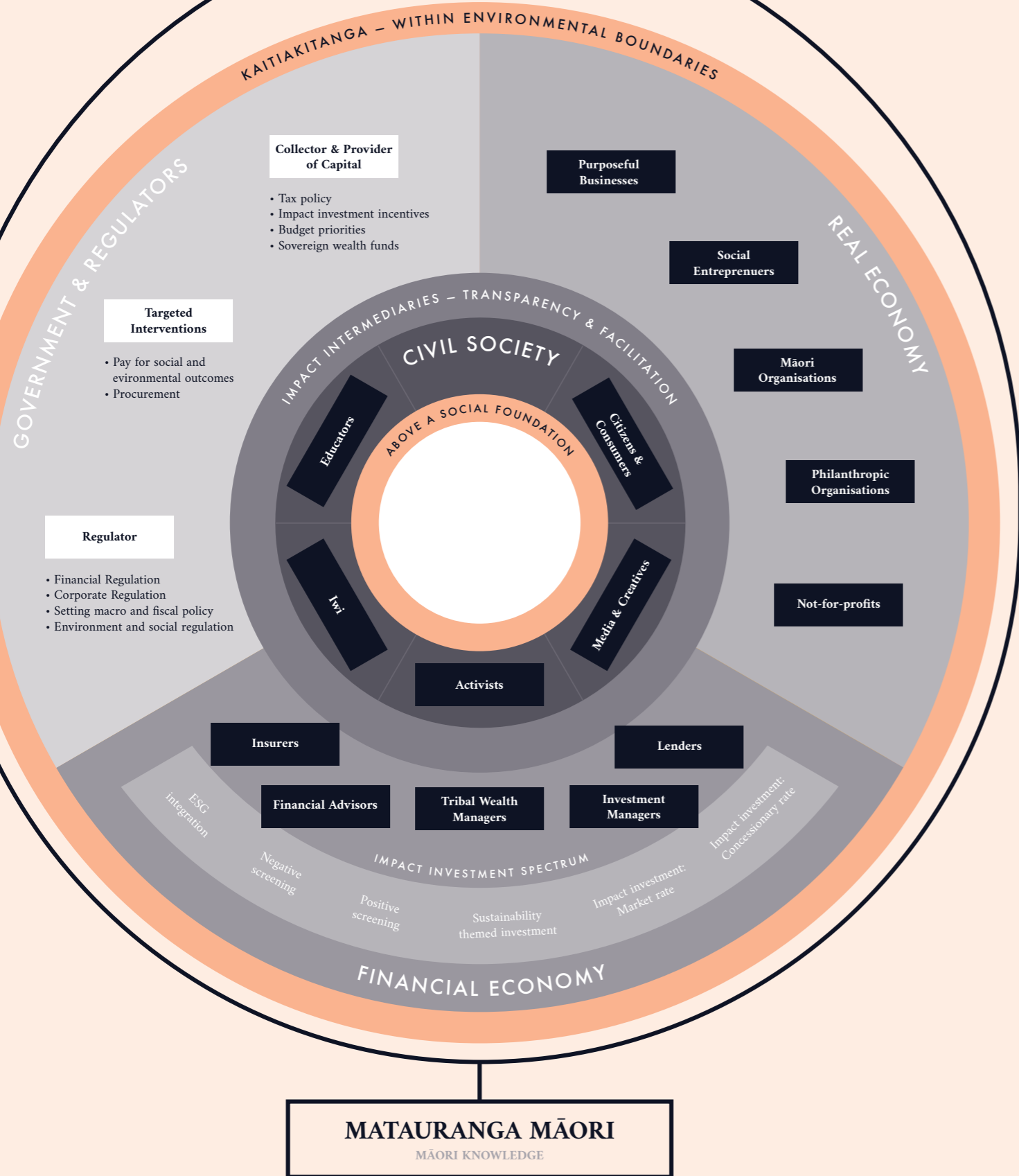
Early feedback on the ‘Principles for Optimised Recovery’ indicates that taken together, they’ll help guide thinking and investment approaches, ensuring we maximise positive outcomes for New Zealanders and ultimately move from response, to recovery and then resilience.

This framework has also highlighted that the process of identifying high leverage system-level questions will be key to an effective response and recovery, as will accelerating highly targeted projects that solve multi-issues.

At The Lever Room we have been using the best research and science to help partners optimise impact across financial, ecological and societal measures for over 10 years. It’s been a privilege to contribute our impact strategy, measurement and convening experience at such a time in New Zealand’s history. This work would of course not have been possible without the contributions from such a diverse, highly capable cross-sector, advisory group.

We welcome ongoing contributions and collaborations, as together we optimise the pathway towards a healthier, more resilient and prosperous society for New Zealand.

The Impact Economy Ecosystem for Aotearoa New Zealand



Progressing an Impact Economy for Aotearoa New Zealand

AN IMPACT ECONOMY IS ONE THAT MEETS THE NEEDS OF ALL WITHIN THE MEANS OF THE PLANET.

Today there is a need to transform our economy and our financial system in ways that provide for a more just society and a sustainable way of living on this earth.

A regenerative impact economy is one that provides for environmental, social as well as economic wellbeing. In other words, an impact economy ensures that no one falls short on life's essentials (from food and housing to healthcare), while ensuring that collectively we don't overshoot the boundaries of the planet's life-supporting systems, on which we fundamentally depend – such as a stable climate, fertile soils, and a protective ozone layer.

Aotearoa's Impact Economy is grounded in the principles of Mātauranga Māori, -Māori Wisdom. From a Māori perspective, everyone including the business community is viewed as belonging to one ecosystem- the economic concept of externalities doesn't exist. Encompassing the Maori world view allows us to take a systems perspective to development.

If successful, New Zealand's Impact Economy will advance progress towards the collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all".

Purpose of this Interim Map

This interim map was created so that every New Zealander can see where they fit within an impact economy ecosystem. Once people can see how important they are in the ecosystem, it is our aim that the map can then be used to help create system-level solutions to the challenges we face.

This schematic has been created by Rebecca Mills, of The Lever Room and produced referencing and building on the work of:

- Johan Rockström and team at the Stockholm Resilience Centre,
- Kate Raworth, University of Oxford
- The New Zealand Sustainable Finance Forum convened by Aotearoa Circle, and the
- Responsible Investment Association of Australasia.

COMMENTS AND FEEDBACK

Creating an Impact Economy is a team sport and all contributions are welcomed.

If you would like to either suggest an update to this map or if you or your organisation would like to contribute to the creation of actionable pathways towards an Impact Economy please email rebecca@theleverroom.com

Comments and feedback are encouraged and welcomed before May 31. We anticipate providing an updated living map post this date.

Impact Economy Ecosystem Map Overview

To visualise what a regenerative impact economy means in a practical sense, Kate Raworth's 'doughnut economics', which places the economy within agreed social and planetary boundaries, provides a useful model to start from. By definition a sustainable impact economy sits within these social and planetary boundaries.

Building on doughnut economic thinking, this map also shows organisations that are currently helping to usher forward this impact economy movement. While these organisations exist today, Aotearoa New Zealand's economy does not currently sit within social or environmental boundaries.

While we are not there yet, an economy powered by impact is our goal for the future and one that we must meet to deliver the globally focussed Sustainable Development Goals.

We have identified 5 key participant groupings that comprise the impact economy:

1. The Financial Economy,
2. Government and Regulators,
3. Intermediaries,
4. The Real Economy, and
5. Civil Society.

Each of these groups undertakes various roles within our existing impact economy and if we are successful in our mission, these roles will change over time.

EXPLANATORY DETAIL: SOCIAL FOUNDATION AND ENVIRONMENTAL/PLANETARY BOUNDARIES

As shown on the Interim Map, the Impact Economy is bounded between a social foundation and environmental ceiling.

The environmental ceiling consists of nine planetary boundaries, as set out by Rockstrom et al, beyond which lie unacceptable environmental degradation and potential tipping points in Earth systems.

The twelve dimensions of the social foundation are derived from internationally agreed minimum social standards, as identified by the world's governments in the Sustainable Development Goals in 2015. Between social and planetary boundaries lies an environmentally safe and socially just space in which humanity can thrive.

The nine ecological ceilings are:

- Climate change — the human-caused emissions of greenhouse gasses such as carbon dioxide and methane trap heat in the atmosphere, changing the Earth's climate.
- Ocean acidification — when human-emitted carbon dioxide is absorbed into the oceans, it makes the water more acidic. For example, this lowers the ability of marine life to grow skeletons and shells.
- Chemical pollution — releasing toxic materials into nature decreases biodiversity and lowers the fertility of animals (including humans).
- Nitrogen and phosphorus loading — inefficient or excessive use of fertilizer leads to the fertilizer running off to water bodies, where they cause algae blooms which kills underwater life.

- Freshwater withdrawals — using too much freshwater dries up the source which may damage the ecosystem and be unusable after.
- Land conversion — converting land for economic activity (such as creating roads and farmland) damages or removes the habitat for wildlife, removes carbon sinks and disrupts natural cycles.
- Biodiversity loss — economic activity may cause a reduction in the number and variety of species. This makes ecosystems more vulnerable and may lower their capacity of sustaining life and providing ecosystem services.
- Air pollution — the emission of aerosols (small particles) has a negative impact on the health of species. It can also affect precipitation and cloud formation.
- Ozone layer depletion — some economic activity emits gases that damage the Earth's ozone layer. Because the ozone layer shields Earth from harmful radiation, its depletion results for example in skin cancer in animals.

The social foundations are inspired by the social aims of the Sustainable Development Goals of the United Nations. These are:

- Food
- Health
- Education
- Income and work (the latter is not limited to employment but also includes things such as housekeeping)
- Peace and justice
- Political voice
- Social equity
- Gender equality
- Housing
- Networks
- Energy
- Water

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