Illuminating the social landscape and examining key trends

The following is a summary of a panel discussion on emerging high-level trends in the social impact sector, hosted by Nation Builder's Keri-Leigh Paschal at the seventh annual In Good Company Conference. The panellists were Cathy Duff (director at Trialogue), Dr Frank Aswani (CEO at African Venture Philanthropy Alliance) and Tracey Henry (CEO at Tshikululu Social Investments).

Source: Unsplash

By way of introduction, Keri-Leigh Paschal stated that the post-pandemic social impact sector will surely be very different from the pre-pandemic one. During the latter part of 2020, Nation Builder conducted a survey to gain insights from 870 nc profit organisations as to what was really happening on the ground, and the picture that emerged was one of increased ne and decreased funding.

Making funding available to a broader scope of activities

Paschal pointed out that since 18 months have gone by since the first Covid-19 lockdown in South Africa, it would be prudent to take a moment and think about how things have shifted, what we can learn from the past season and how to navigate the season ahead.

In response, Cathy Duff mentioned three high-level trends that might position the sector for greater impact in the years ahead: “One positive thing that has come out of the pandemic is that social issues have been elevated to executive and bo levels in business. This is the first time that many current business leaders have experienced how interdependent busines and society truly are, and realised that business cannot prosper in a society that isn’t thriving.

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“We’ve seen employers paying more attention to social issues not only within the wider community, but also within their organisations, including the health, safety and mental well-being of employees. Secondly, we’ve seen many companies responding to the crisis by making additional funding available, even into areas that they may not have funded previously.’

Making funding available to a broader scope of activities (including overheads) has been a welcome shift, but she caution that “a decline in social investment expenditure is to be expected due to the state of the economy and the impact this has l on business profitability”.

“Thirdly, we’ve seen improved relationships between social investors and their implementing partners, as well as more flexi funding and reporting practices. The pandemic has brought about more transparency in conversations, and we hope thes changes will be sustained in the longer term,” Duff added.

Upswing in social innovation

Frank Aswani agreed, adding “we’ve learned a lot about the state of social welfare in Africa, and especially the levels of social inequalities”. The African Venture Philanthropy Alliance (AVPA) recently brought together organisations from acros the continent to examine the replicability and scalability of solutions, and “I was astounded by the willingness of people to innovate in very short timelines,” he said.

“We’ve seen an upswing in social innovation because of the sense of urgency and it has spread beyond food security an healthcare provision, to related causes such as gender-based violence and education.” Encouraged that “we’ve seen new models of collaboration emerge,” Aswani asserted that “the test will lie in scaling these new models sustainably going forward”.

Another positive shift that has resulted from the pandemic is that Afrocentric issues have gained more prominence on the global stage. This has, for example, given the five National Advisory Boards of Impact Investing in Africa (in Kenya, Nigeri Ghana, South Africa and Zambia) more ‘airtime’ at Global Steering Group meetings and have brought about a growing awareness of creating an enabling policy environment in Africa.

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“There has been a recognition that we’ve been struggling with the same problems for decades and that our approach neec to change if we want to move forward,” Aswani stated. “Aid to Africa has declined by about 20% over the last five years ar donor governments have come under a lot of pressure from their own constituencies to keep their resources at home.”

For example, the UK government has reduced their annual aid budget from 0.7% to 0.5% of their national income, which l decreased the global aid budget with about £4bn. “It has become clear that Africa cannot depend on aid anymore. We ne to find homegrown ways of restoring our social fabric,” Aswani said.

Leading by example in meeting local needs through local resources, the Solidarity Fund was set up as an independently-r public benefit organisation in March 2020. It was spearheaded by Business for South Africa (B4SA), who very quickly understood the need for collaboration between business, civil society and government in dealing with the social and economic impact of the Covid-19 pandemic, and together with 52 other organisations secured over R3bn in relief funding.

Collaboration is crucial

Tracey Henry elaborated: “The Solidarity Fund has been very deliberate in its focus. Amidst a wide scope of possible activities, it concentrated its resources on health care, humanitarian aid and its ongoing solidarity campaign (that promote behaviour change).”

This strong focus has been one of the reasons for its success, the other reasons being “a shared vision, committed resources and the willingness to share experience and learn from one another,” Henry added. “Collaboration is not only about sharing financial resources, but about finding a solution together.”

She acknowledged that collaboration can be really complex to manage, however, and that it generally takes a very long tim to create true alignment between many stakeholders. “What made the difference in terms of the Covid response was a compelling vision, and a shared urgency that drove the collaboration,” she said.

From his experience, Aswani added: “What really helps is having a neutral space provided by a third party so that the interested parties can have honest discussions in a space that doesn’t belong to any of them. In any collaboration shared vision is obviously important, but so are shared values and an upfront, clear definition of success.

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“This crisis has given us a good opportunity to press the reset button. It has become evident that the social sector needs tl private sector to finance some of the social investment needs, but in a way that makes sense to them.”

Aswani challenged conference attendees: “Up to now, most of the social sector funding models only absorb funding but do not offer any returns. Can we find ways of doing well and doing good at the same time - ways that deliver cost-effective impact?”

While conceding that not all needs can be served by financially sustainable models, and that some require grants and donations, he argued that “the social sector hasn’t been that robust in testing marketplace solutions. The role of innovative finance has become critical, and the social sector needs to be open to deploying capital in different ways than before.”

Aswani called for grantmakers to become catalytic investors, and reiterated that this shift included policymakers, who need create an environment where new models can thrive.

Investors advised to continue funding longer term projects

Duff pointed out that “the systemic issues of inequality, unemployment and poverty have come to the fore and there has been a realisation that no organisation can address these by themselves. There is a need for strategic partnerships to mal limited resources go further and hopefully this will stimulate more innovative funding and collaborative models.”

Paschal then asked: “What will be the impact on society if we only focus on relief funding and not on long-term, sustainab impact?” Henry responded that, in her opinion, relief (or crisis) funding and long term developmental funding were not mutually exclusive.

“Over the last 18 months we saw a rapid response, and that was exactly what was needed. And in the near future there wil still be a need for short term interventions, simply because of the realities of unemployment,” Henry said.

But she advised social investors to continue funding longer-term projects as well in order to build on the good work that ha been done before the pandemic hit. “Otherwise we will lose too much momentum for the future,” she concluded.