

# Reimagining a new future

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We are entering a new world order and future blockbusters and documentaries about the past will probably refer to the era before corona (BC) and after the coronavirus (AC). Whatever your worldview, it is now clear from the world's collective experiences and expectations of the future that it will be about restructuring the economic, environmental and social order in which business, government and society operates.



And whilst the pandemic continues, it is already clear that the existing financial systems and the social contract between government, the private sector as well as civil society is not fit for purpose and will need to be redesigned.

**In this context then, how do we create and contribute to a new future as social and impact investors?**

The opportunity for building more resilient organisations has never been greater. Even before the Covid-19 pandemic it was clear that our humanitarian ecosystem was broken and much has been written on the slow collapse thereof.

**How do we reset and recalibrate our strategies, investments, development priorities and collective actions?**

This article aims to provide a guideline or a road map of how to use the opportunity provided by the global pandemic to **recreate and reimagine** a sector and supporting ecosystem that will be more **resilient, responsive, inclusive and sustainable**. One that is fit for purpose and that supports an integrated way of looking at the economy, society and the environment. The virus has shown just how interdependent systems are and how interconnected humanity is.



***The signs were there – so why did we chose to ignore it?***

Earlier this year Next Generation launched a research report where we highlighted how ready the ecosystem is for disruption. We presented global and continental trends, provided insights into new and emerging contexts and identified four pillars that we believe will drive socio economic development over the next decade. These four pillars – the impact economy, impact ecosystem, impact technology and new impact management and measurement approaches – was supported by guidance for future practice.

Even though our work is less than six months old, we can now confirm the hindsight, insight and foresight provided – with supporting layers of research – are now more relevant than ever as it provides a framework for new organisational, investment and development strategies. Themed "***Disruption with Impact***", it highlights were opportunities are and what can be done to prepare the sector for a more resilient future.

Considering the current global pandemic, we are therefore using this opportunity to provide a summarised and more action-orientated roadmap of the future for social and impact investors to bridge and leapfrog the status quo and prepare for the future.



This article is part of a larger body of knowledge – that we have packaged for our clients - to guide and help them to redesign their investment and practices over the short and medium term. If you want more information on ***the entire workbook***, please connect with us. In this article we aim to provide just a summary of possible actions over the short to medium term.

### **Phase 1: Review, Reevaluate, Reconsider, Reallocate**

Most social and impact investors, grantmakers, philanthropists, social purpose and humanitarian organizations started 2020 with a clear strategy of how to deploy capital and support the ecosystem over the short to long term. One quarter into the new decade however, not only did the whole world change, but all stakeholders had to readjust, step up, and show up to serve humanity in a new way during the crises, but, it has also come at an enormous cost.

The entire ecosystem was called upon to respond and contribute rapidly even though we must admit we were caught unprepared. Deploying resources and capital, being part of rapid response teams, supporting social purpose and not for profit organisations, scaling and capacitating social enterprises, contributing to national funds set up by government and being proactive and responsive to emerging and fast changing needs in local communities, has taken its toll.

It is therefore safe to assume, there are less resources that could potentially be deployed during the recovery phase. Yet, the demand from and expectations of social and impact investors will increase exponentially over the next few months and the difficult time ahead will call for very clear and decisive action to rebuild the economy and livelihoods of society. Whilst we are not yet clear on the immediate future, some actions can be taken to take us closer to the 'new world'.

**Actions: Next 30–60 Days:** During this phase all activities during the crises will have to be reevaluated. This could potentially include:

1. **Reconciling and reviewing activities and responses.** Determining exactly how much resources were deployed and expended will be critical from an accountability perspective. Reconciling where it went, who received it, how it was utilised and making sure detailed records were kept need to feed into reporting systems to not only provide a baseline for future calculations and activities, but also to report back to internal and external stakeholders about contributions, responses and actions.
2. **Reevaluating how the resources were utilised.** It is understood that during the crises things moved at an incredible speed at therefore connecting with all stakeholders to obtain records and data will be important. This data will be valuable in understanding where future resources need to be redeployed, shape and inform new interventions and

investments, and guide new strategies. But we do need to evaluate and assess the effectiveness of our activities, so we can be better prepared in the future. It is now clear that disaster response will become part of our future, and therefore lessons learnt need to be taken into consideration and become part of our lexicon and future practice.

3. **Reconsidering where reallocation may be required.** Even though we are still dealing with the crises, much will be required of all actors in the sector to rebuild the economy. Already we have seen that some of the systems we thought were robust were incredibly fragile. We also saw that there were enormous gaps in information/data systems and delivery mechanisms. Lack of coordination, under resourced and sometimes over supply in certain sectors occurred. Organisations operated in silos and a lot of duplication occurred. Systems were overwhelmed and a lack of integrated communication resulted in the breakdown of systems. This means much more must be done in future to ensure greater coverage, through collaboration. As systems slowly come to life, interim measures will be required to support those that may have been overlooked or that will be without income, food and other basic necessities until new interventions kick in. A deep gap and need analyses of the entire ecosystem will be required.

## **Phase 2: Revamp, Redesign, Reform, Restructure, Replace**

Even before the crises we knew that current strategies were ineffective, processes and systems were inefficient, and the development/humanitarian sector unsustainable, but many of us were stuck with legacy systems and mindsets. The sector, characterised by extensive administrative requirements, with lots of checks and balances, complex strategies and isolated/siloed interventions were not as effective as it could be. The stakeholders – public, private and social sectors operated independently, with little or no apparent collaboration evident. Not only will we have to do more with less in the future, but it is the ideal opportunity to redesign existing, outdated practices and investment and development strategies. Consideration should be given to:

**Actions: Next 60–90 Days:** During this phase all existing investment and development activities, processes, systems, operations and strategies must be reevaluated. This could potentially include:

1. **Rethinking our existing strategies and operational structures:** The crises brought deep insight about how much it really costs to deliver equitable services to communities. Existing due diligence processes proved outdated, investment criteria proved invalid, logistics to deliver services proved incredibly and unfairly expensive, the lack of coordinated and representative organisational structures and the type of organisations equipped to deal with deep developmental challenges proved that the entire ecosystem operates disjointedly.
2. **Replacing ineffective, irrelevant portfolios and focus areas.** Already we know that to rebuild the economy and mitigate the enormous rise in unemployment will require a herculean effort. The resources, skills, knowledge and capacity required to create jobs and employment through business and sector development (with a specific focus on youth development) will be some of the most critical portfolios going forward. We also know that businesses who traditionally employed large numbers of people have not survived the crises, and those who survived will require very new and specific skills – skills that will be required to support the Fourth Industrial Revolution. Business and enterprise development particularly aimed at the SME sector will require not only human resource development, but also business and enterprise development activities. Therefore, not only will economic development require dedicated commitment and increased financial resources, but it needs to also include skills development aspects to ensure that the workforce and enterprises created now can serve future demand of a digital and knowledge/gig economy.
3. **Redesigning budgets, portfolios, focus areas and finding new partners** to execute and implement future investment and development strategies will require completely new thinking. No single organisation will be able to solve the challenges of the future on their own. Innovative and blended financial models, where we combine resources will be required to work at scale and in collaboration. We will also have to reconsider which organisations will be best suited to identify and create demand for employment, which organisations will be best suited to provide skills development, which organisations are best suited to be invested in and scaled for a new future which will focus on new products and services required by the new, restructured economy. We will have to figure out which industry sectors are worth saving, which can be leveraged to serve multiple requirements. We will have to identify gaps and opportunities, we will have to work on both supply and demand, and we will have to take big bets and risks to ensure large scale impact. Tough choices will have to be made, and this means that even in our own sector – those that cannot serve future needs of the economy or society, will be rendered invalid. Answers to these questions will most



probably require a reconsideration of existing investment and due diligence criteria.

### **Phase 3: Reimagine, Reframe, Resilient, Reboot, Recreate**

The aftermath of the pandemic will provide an opportunity not only to do things better, to learn from the plethora of social innovations and experiments evident during the crises, but also to collaborate on a much larger scale. Now we can begin to reimagine a new future, one which is more resilient and can contribute to a more inclusive and sustainable world.

**Actions: Next 90–120 Days:** During this phase there is an opportunity to create new strategies and supporting investment portfolios, to identify organisations that are ready to create new solutions, and to develop interventions that are much more robust, resilient and that recognise the interdependence of underlying processes and connected ecosystems.

1. **Reframing our worldview, context and new world order:** We will have to consider the lessons learnt during the pandemic, extrapolate insights and then make decisions about what activities, investments, interventions we will leave behind and which is worth taking into the future. This phase will require research, engagement, developing various scenarios, conducting SWOT and GAP analysis, clearly identifying impact and return expectations as well identifying priorities which may result in redesigning systems and processes to make them more robust and fit for purpose.
2. **Restructuring and repurposing our investments and interventions** will require us to determine what will create value and benefit, impact and return in the future. This may require us to make certain choices – such as only focusing on technology enabled organisations to provide greater reach and scale or to make trade off's - whether we want to solve simple vs complex problems, whether we want to have deep but narrow vs large and wide but shallow impact; whether we are in it for quick wins or the long game, whether we will operate in opensource or closed systems, whether we want to focus on ecosystem building or capacity building. But this phase will also provide us with opportunities to integrate business and sustainability strategies, to innovate, and to ensure delivering blended and shared value that benefit economic, environmental and social systems equally.
3. **Revaluating organisations based on whether they are sustainable, deliver value and impact.** We will have to reconsider what is negotiable or not – replacing those ineffective processes and making bold decisions whether we want to focus on driving and pushing systemic change or going back to default settings such as working in silos, and allowing duplication of efforts. We will have to be clear whether we will work alone or in collaboration, choose how accountable and transparent we want to be, how rigid or flexible, whether to focus on single or multiple interventions, and we will have to choose our partners carefully. Do we prefer to work with organisations that can respond quickly, have national or specific geographical focus, target single or multiple causes, focus on a single sector or multiple sectors, deliver specialised or a combination of general services, are sustainable or will require constant capital investment? The crises have changed our perspective of value and impact, and with this came the realisation that we can never go back realistically to where we come from. The opportunity to support organisations such as impact enterprises that are ready to drive growth at scale, create jobs, balance and benefit economic, environmental and society equality maybe better positioned than traditional charity-based organisations.

### **In conclusion:**

It is too soon to say what the new normal will be, however, we do know that it will not be what we are used too. Our sector cannot let the learnings and insights gained from the crises go to waste. And in this regard, we cannot afford to let history repeat itself. This pandemic is a public health as well as economic and development challenge, but it is also an opportunity.

All stakeholders — governments, international humanitarian organisations, develop finance institutions, the private sector, impact and social investors as well as civil society — all have a responsibility to ensure we ground our future efforts in the principles of human rights and economic, environmental and social sustainability. It's an opportunity we cannot afford to miss.

If you want to have access or learn more about our workbook with detailed activities for creating new high-impact strategies, effective operations, impact management and measurement practices, please reach out. In the meantime, you can also visit our websites, where there are numerous guidelines and resources are available for free:

Please visit [Next Generation](#) for resources on social investment, innovation and development.

Please visit [Investment Impact Index](#) for resources on impact management and measurement practices.

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