Dominant grantmaking trends in 2017: Assessing the year so far

By Reana Rossouw, issued by Next Generation

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Like any business or personal relationship, successful grantmaking is essentially about savvy expectation management. Whether it be the expectations of policymakers and strategists, social investors, donors and funders, beneficiaries, volunteers or any other stakeholders that we manage, to facilitate best practices and optimal outcomes it is essential that we strive to set up CSI and social innovation models that (to quote that much overused business adage) do not overpromise and underdeliver.

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To manage this tightrope-walking process effectively in our current socio-political and economic climate, we require operational networks, systems and organisations that are more adaptive and non-linear, as well as more self-organising and -income generating.

Simply put, we need to be forward-thinking but sensible. Wherever possible, our strategies need to be informed by accurate data, be more pragmatic and realistic, and be proactive rather than reactive.

In general, reactivity in the social investment and development sector has been a trend both locally and globally in the past 24 months, largely due to acute instances of political and social upheaval. In South Africa, political, cultural and societal landscapes are in constant flux. While our recession may officially be over, our economic and unemployment woes are not.

Government is failing its citizenry, particularly in the employment, health and education sectors. We need only look at examples such as the youth unemployment statistics, the #Feesmustfall movement or the death of 100 Life Esidemeni patients earlier this year to see this decline at its catastrophic worst.

Across our continent, governments threaten or even actively curtail initiatives in the development sector. Political leaders feel challenged, shown up or sidelined by influencers operating from within NGO or commercial structures. In global terms, US president Donald Trump appears to be turning the world into a farcical dog and pony show, while Europe is still battling the migration crisis and the UK its Brexit woes. Food security and climate change issues are intensifying. It is also a reality that the financial shortfall to reach the sustainable development goals by 2030 will impact us all.

So, what, if anything, have policymakers been up to in 2017? Has there been much of a shift in strategy, and what are we aiming towards in the sector?

Below are five dominant trends worth taking note of:

1. THE SINGLE ISSUE

From a traditional approach of investing in multiple smaller grants and projects, social investors have switched to a more integrated and engaged approach, backing projects that aim for real, systemic socio-economic change. There is still much room for growth and improvement of this model, especially in Africa, though there are steps being taken in the right direction. Funders are beginning to recognise that because they have to work with reduced budgets, they need to scale down on the number of focus areas and programmes and consolidate their CSI vision. The switch from investing in low-impact, short-term programmes to better funded, larger scale and more holistic ones is a sensible one.

2. COLLABORATION

One of the most interesting trends to emerge recently is a call for greater collaboration between all stakeholders in the development sector.

Many social investors, donors and grantmakers want to connect, share and learn from one another's experience, wisdom and especially data, however the process remains protracted because corporates are wary of partnering with commercial competitors, for fear of losing market advantage. In this respect, we need to look towards letting down our guard for the greater good.

The same applies to the development sector. We have far too many development agencies and humanitarian organisations working in the same geographic locations on similar types of solutions. This duplication of services and efforts, with inadequate outcomes, affects the very people we aim to assist through our efforts.

3. RISK AVERSION

Funders' propensity for risk aversion has remained limited in 2017. While social entrepreneurs tend to take on more risk and try bold, innovative ideas through new funding models such as impact investing, crowdfunding, venture capital and social impact bonds that reward success, corporates remain cagey. Opportunities to allocate more money toward risk capital for large-scale, game changing and innovative ideas are worth exploring, especially if one is playing the long game in terms of adding and contributing true shared value and social capital.

4. MONITORING AND EVALUATION

There is still a worldwide fixation with monitoring quantitative indicators (numbers). More forward-thinking organisations are realising the importance of assessing qualitative indicators to assist with better funding and development decisions. There is an increasing awareness that evaluation must develop beyond, for example, simply measuring the beneficiary total or amounts spent per capita towards more strategic thematic evaluations around more complex issues such as gender inequality, food security, climate change and other primary concerns in the sphere. It is inevitable that technology and big data will be increasingly influential in development as well as evaluation practices. Social investors need to examine their monitoring and evaluation systems and implement necessary changes, taking this more balanced approach to impact assessment into account.

5. THE RIGHT PEOPLE

Several organisations in the sector have changed recruitment strategies to bring in external specialist expertise, also from different sectors, and distinguish between leadership and technical roles. Beyond specific technical knowledge, the development sector requires people with critical thinking skills, knowledge of complex systems, the ability to network and communicate effectively, as well as the willingness and flexibility to experiment with new approaches and to take calculated risks.

Research skills and competencies will probably become the most sought-after skill for funders moving forward. Research as well as evaluation competency will also prove to be a powerful combination. Shifting demographics also indicate that younger employees specifically seek greater engagement and involvement in CSI projects that add true, marked social value. This enthusiasm needs to be effectively harnessed and managed.

- ***For more detailed information on the above research, assessment and recommendations, view*** https://www.slideshare.net/Reana1/social-investment-trends-forecasts-and-impacts-20172018

With more than two decades' experience, three published books and tool guides and several insightful trend releases and articles, Reana Rossouw is one of Africa's leading experts on social innovation and related fields. Her company, Next Generation, is a specialised management consultancy that helps investors and social purpose organisations to strengthen their ability to address complex and challenging social issues.

In addition to Next Generation's advisory, consulting and research services, a strong belief in contributing to the development of the sector has fuelled their capacity development and training programmes, presented as tailored onsite solutions, as well as annual master class events.

The master classes are targeted at new entrants in the field as well as experienced practitioners. Courses are interactive, with real-life case studies and high level of discussion. The next master classes will take place in Johannesburg (31 Oct to 2 Nov) and Cape Town (7 to 9 Nov). Contact rrossouw@nextgeneration.co.za to secure your seat.

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