

Rebuilding the humanitarian ecosystem in South Africa

By [Reana Rossouw](#), issued by [Next Generation](#)

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The Covid-19 pandemic is forcing non-profits to reinvent their interventions and business models at lightning speed, and many donors, philanthropists, foundations and corporate social investors are rising to the challenge and supporting them ad-hoc. But when the dust settles, the humanitarian sector will need to take strategic steps to restore and strengthen its capacity to contribute effectively to a post-Covid world.



The big review

When the sector turns its attention to rebuilding, an important part of the way forward will be revisiting how to **create systems change**. When grantmakers, investors and donors review how Covid-19 has affected their partners and grantees' operating models, as well as their ability to deliver impact, liquidity and solvency, it will become clearer than ever that viewing social change from a simplified perspective is insufficient.

To create, support and maintain systems change will require funders to invest in organisations that act on different levels, including direct service delivery, research into new solutions, innovating to take advantage of technological opportunities, capacity building and advocacy. Indeed, starting now, all actors in the sector need to begin thinking about what a vibrant, post-Covid-19 humanitarian ecosystem could look like; which actions are conducive to rebuilding it; and how to finance its different elements, including innovation, research and development, capital investment and operating support.

The sector will also need to **revisit its legitimacy**. Even before the pandemic, there were many critical voices about the efficacy of the sector, which many influential voices called unaccountable, non-transparent, donor-directed, perpetual and tax-subsidised.

Going forward, the sector will need to demonstrate the value it delivers much more clearly, as well as show greater transparency and prove that it is using scarce resources effectively to drive measurable impact.

The big redesign

When the emergency stage of Covid-19 has passed, the sector will face massive additional social need, depleted government coffers, a reduction in donations and additional uncertainty in financial markets. However, the rebuilding also offers four opportunities that - if approached holistically and strategically - can enhance the vitality and resilience of the entire humanitarian ecosystem.

These opportunities include rethinking financial incentives, improving transparency, investing in technology and taking collaboration to the next level.

- First, the sector **needs to draw in more and new capital from new sources**, which could very well also include well-targeted tax incentives or restructured tax exemptions. This will motivate more institutions to invest in high impact enterprises and interventions.
- Second, the sector **needs to improve transparency** about what works. Using data to ground decision making has become fundamental to strategy and operations in most industries. The sector similarly needs easily available, high-quality, machine-readable data so that it can quantify issues and understand what drives outcomes and impact - at reasonable cost and much greater speed.
- Third, the sector **needs to invest in technology**. Covid-19 is accelerating the transformation of both for-profits and nonprofits into digitised knowledge organisations that collect and process valuable information about projects, funding, and partnerships.
- Finally, the sector **needs to approach collaboration with a new level of ambition**. Take the complex and interconnected issues of health, education, gender inequality, clean air, renewable energy, sustainable food systems and climate change. In thinking of them holistically, it becomes clear that human life, the economy and the environment are interdependent, and that we need to tackle all of them at the same time. Collaboration pools knowledge, expertise and capacity as well as resources in an otherwise fragmented sector, enabling greater impact.

The big reset

Although the sector is still responding to the emergency, it has become critical for all of us to start preparing to rebuild. There are eight things the ecosystem can do collectively to lay the groundwork for integrated sustainable socio-economic development.

1. **Redesign post-Covid-19 sustainable development strategies with systemic change in mind.** For example, addressing the failed educational or healthcare systems will require investments in digital technology instead of physical infrastructure. Or addressing job creation to combat unemployment will require multiple organisations working together on skills development appropriate for the 4th industrial revolution, creating large-scale industrial organisations that can absorb labour, as well as reinventing and redesigning industry sectors to address both economic growth as well as human development.
2. **Tackle legitimacy proactively through performance management and accountability practices.** Outdated monitoring and evaluation practices need to be replaced by integrated impact management and performance measurement practices. For example, funding only those activities that can provide guaranteed outcomes will require the consideration of new practices such as pay-for-results/outcomes or performance.
3. **Reconsidering what funding instruments are needed.** Rebuilding the economy and society will require trillions of dollars. It will require us to think differently about the financial instruments we currently use as well as the different types of capital we may need in the future. For example, most donors and social investors currently only use grants, however, new funding instruments such as impact investing and innovative blended financial models will allow us to have greater impact at a much greater scale to solve the big challenges we now face.
4. **Use the power of data and analytics to inform investments and interventions.** In a resource constrained environment, we no longer have the luxury to go about socio-economic development on a trial and error basis. For example, we need insights and analysis almost instantaneously as well as guarantees about what works so that we can take impact to scale and affect greater change much quicker.
5. **Build digital competencies and fund digital upgrading.** The case for digital transformation has now been made. Technology allows us to move faster, more efficiently, achieve greater coverage at less cost. It also allows us to cut out unnecessary middlemen and intermediary organisations. Technology has empowered all stakeholders along the

value chain to act quicker, have access to knowledge and resources and innovate faster. For example, local communities can now mobilise, raise their own funds and engage with global funders and investors as well as develop their own solutions transparently eliminating the need to work through intermediaries.

6. **Incentivise.** By incentivising changed behaviour and rewarding those organisations who proactively work at collaboration and partnerships, we will be able to ensure that only future fit organisations survive the aftermath of the pandemic.
7. **Innovate.** At historical junctures, non-linear, transformational change is possible, provided it is imagined, ideated, backed and executed. For example, by leveraging the energy and resilience of the next generation of changemakers and supporting them to create solutions for a new future we may be able to save as well as revitalise the sector.

There is no one-size-fits-all solution, but collectively, the humanitarian ecosystem will be judged not only on the contribution it makes to solving the Covid-19 crisis, but also on how it rebuilds itself after the emergency and whether it can ultimately create and contribute to a more sustainable, equitable and inclusive future.

By optimising the conditions that contribute to sustainable development, by taking advantage of the opportunities that lie ahead, by restructuring outdated financial models and ineffective interventions, by leveraging technology for development, by being more transparent and accountable for our work and by backing the next generation of forward-thinking leaders with the right resources, we can ensure the humanitarian sector's future survival.

About the author

Reana Rossouw is the owner of [Next Generation](#) a specialist consultancy that assist organisations to achieve high [impact](#) through social innovation that leads to sustainable and shared value.

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