

# Embracing disruptive innovation in the social development sector - a road map for 2020 and beyond

Issued by [Next Generation](#)

5 Nov 2019

Globally, the development sector stands on the edge of a precipice, says Reana Rossouw, founder and owner of Next Generation Consultants, a specialist management consultancy focused on impactful social innovation.

“It’s a watershed moment in the sector. We’re facing an identity crisis of sorts,” she says. Her conclusion is based on targeted and detailed research to complete Next Generation’s annual research report for 2020. The latest report is appropriately titled: “Disruption with impact”.



“Over the last few years, the operating context in the development space has been fundamentally disrupted and challenged,” explains Rossouw, who is widely regarded as a leading expert on sustainable development and impact management and measurement, in Africa and beyond. She is also the creator of the Investment Impact Index™, a powerful tool that effectively and accurately measures impact and return on investment of social and impact investments.

“Due to various systemic environmental and social crises faced worldwide, the future of social development feels more tenuous and uncertain than ever. Those that operate in the sector frequently feel overwhelmed or discouraged. There’s a glut of data in some areas and on certain projects, but few who are able to analyse and apply it correctly.”

“In other areas, there’s a complete dearth of information. There’s also often a lack of follow-through with many projects, due to a lack of commitment and perseverance. Funds are mismanaged, proper monitoring and evaluation tends to also often be sketchy or non-existent. At the same time, there’s greater pressure for institutions to align their activities to the United Nations’ Sustainable Development Goals (SDGs) for 2030.”

“Company bottom-liners who are responsible for social investment portfolios are, justifiably enough, refusing to continue funding projects that don’t deliver the expected impact or returns or show long-term signs of being successful and financially more self-reliant.”

Rossouw says that what is required are new, more focused mandates to ensure a more equitable and sustainable future. “But,” she is quick to assure, “it’s achievable if we become more disciplined, streamlined and, most importantly, “if we stay focused and committed to particular models with a proven track record.”

She believes the new social compact should be focused on creating real shared value – for the economy, society and the environment. Guiding principles should be diversity, inclusivity, equality, accountability, legitimacy and transparency.

“We need to look at a scenario where it’s less an approach of one particular social development goal taking precedence over another, but rather developing intelligent ways to achieve dual or multiple goals simultaneously. We don’t need to put environmental issues such as climate change above human development, for example. They’re intrinsically linked. We need to come up with intelligent, integrated and synergistic solutions.”

Rossouw’s research shows that the ambitions of the SDGs are well beyond the reach of any organisation in isolation. “No singular objectives in social impact will be reached with a business-as-usual approach,” she says. “In the same way, a few piecemeal disruptive innovations here and there aren’t the solution either.”

Instead, Rossouw argues, the whole sector needs to rally around the challenges and start to employ big-picture thinking in terms of systems transformation.

“So far, the sector is better at responding to crises than at preventing them, or preparing for them in advance. We need to better anticipate what lies ahead. We need to navigate change without panicking. No single actor can save the world, but we can empower people to save themselves by providing tools, technologies and skills development training, for example.”

Rossouw argues that an incremental but systematic change of mindset – from grassroots level up, is attainable, as a phenomenon such as the Greta Thunberg-led climate strike movement attests. “Yes, there is a palpable sense of urgency in the global space we operate in,” she concedes. “However, we need to be less frantic and far more focused about how we tackle prevailing issues.”

So how do social investors move forward from here?

“It will require discipline and perseverance. We must ask ourselves how we can enable systems change. How can we utilise our resources and assets to facilitate transformation at scale – where we are, and with what we have? We should constantly be saying to ourselves: How can we do better?”

Rossouw believes that moving forward in a tenuous playing field to achieve sustainable, realistic impact will also require role players to stop paying lip service to social impact and social investment mandates.

“Investors need to let their voices be heard. They need to exert their influence more actively on politicians to work with and alongside them. Government and the private sector aren’t enemies. They form part of a collective system. Each of these bodies has a fundamental role to play in improving and enhancing the quality of life of those in the societies they operate in. Real, effective collaboration is crucial to this process.”

Rossouw says we will need to move away from working in isolation and on smaller-scale projects. “We need to look at what works and then replicate those actions. We need to use effective data mining toolkits and then apply what we learn in a targeted and committed way. This is what the Investment Impact Index™ sets out to achieve. And it’s working.”

“As social investors we need to work deep, not shallow. We need to conduct research to consider all aspects that make up a specific system. Start local and then work outward. Focus on a single cause and then stay the course. Form partnerships and share information. Don’t pour money into projects that cannot start paying for themselves at some point,” she advises.

“There’s some really inspirational work happening out there. We’ve collated our research and also documented a series of excellent case studies in the 2020 research report that illustrate successful examples of blended financing, using

technological innovation effectively, and so forth.”

Rossouw believes that social innovators shouldn't panic or give up too quickly. “Disruptive forces aren't going to cease, whether political, social or environmental. Instead, they're increasing all the time, especially in the technological space. We need to embrace change, while simultaneously keeping our focus. If we do this, we'll start to really transform our societies for the better.”

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