

Sustainability is key for social investment in 2021

By [Keri-Leigh Paschal](#)

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Every year around this time, I write a blog that looks at the trends in the social investment space for the coming year. This year, that's a real challenge: in a world turned upside down by Covid-19.



Keri-Leigh Paschal, executive trustee, Nation Builder

We learned several key lessons during 2020 that we can take forward into the new year. One is that virtual events are here to stay. We will definitely host in-person events when this is possible, but our eyes have been opened to the possibilities and benefits that virtual events bring. Mostly, though, we've realised that resilience, adaptability and sustainability are going to be critical to get us through the coming year and beyond.

So what are the key trends we can expect in the coming year?

More than ever, NPOs need multiple income streams

2020 highlighted the old social investment adage that while self-generated income is hugely helpful, it's not that reliable. Funders are increasingly looking for diversified income streams and recurring giving to drive sustainability within beneficiary organisations. When funders see predictable revenue streams, they're more comfortable that their investments are going to make an impact within an organisation that can get through uncertain times and is set up to scale.



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A bigger focus on measuring impact

Around the world, there is a real need for NPOs and social investors to find ways to effectively measure the impact of their efforts and investments. This comes off the back of a decrease in both private sector and government funding, at a time when social needs have increased dramatically.

To support this, more than 95 NPOs and businesses from the Nation Builder community have been working to establish a standardised reporting guideline for impact management reporting. This guideline, to be launched in March 2021, will set a solid foundation for alignment on reporting approaches in the sector.

We will also launch an impact management reporting masterclass series in May 2021. These masterclasses will take participants on a deep dive into the various aspects of impact reporting. Our aim with these free products is to ensure that every investment of time or resources helps achieve long-term, sustainable change in the lives of those who need it the most.

Key trends set to influence social investments in Africa - report

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More collaboration for greater impact

A key lesson we learned in 2020 is that we're truly stronger when we work together. In 2021, we can expect to see more partnerships, mergers and joint ventures than ever before as NPOs and the social impact community looks to find ways to maximise their impact with limited resources. We've already seen unprecedented levels of collaboration between the private sector and NPOs this year to understand shared challenges, and between different NPOs to expand their operations into areas that aren't traditionally their core strengths.

Some NPOs may even consider mergers, or sharing core infrastructure, as they look to be as lean and effective as possible. By driving greater collaboration between all parties in the social investment space, we will certainly gain new insights and have greater impact.

2020 has been one of the most challenging years the South African social investment sector has ever faced. But by taking the lessons we've learned on board, we'll be able to face 2021 as a more resilient and sustainable sector – ensuring the best possible support of the most vulnerable in our nation.

ABOUT THE AUTHOR

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