

It's adapt or die for humanitarian organisations

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Across the globe humanitarian and social purpose organisations are grappling with an uncertain future. Not only is there less money to go around, the sector is becoming more crowded and competitive. In addition, funders, grantmakers, philanthropists and social/impact investors are looking for innovation and new ways of thinking that will bring about greater impact for the communities they aim to serve.



Increased competition and declining resources are putting unprecedented pressure on NGOs and many experts believe that humanitarian organisations as we know them are on the brink of extinction. They suggest that humanitarian, NGOs and social purpose organisations need to start thinking strategically about how to adapt to keep pace with new demands from funders; how to use technology to make them more effective, and how to be more responsive to the particular needs of the communities they serve.

In its annual research report, Next Generation has identified 13 transformative trends that are disrupting the humanitarian sector:

1. **Growing credibility concerns:** There is growing recognition that philanthropy and grant-making may not be the most effective mechanisms to bring about sustainable change. This is leading to growing demand for alternative development and finance models within the sector.
2. **Development practices and approaches are changing:** More commercial-like approaches to development is evident and this is requiring the development sector to deliver more holistic solutions while also simultaneously delivering impact and return on investment to funders.
3. **A more nuanced understanding of best practice:** There is recognition that development practice until now has been largely defined by global/Western approaches and standards. Now funders and key stakeholders see that it is necessary to 'dance with the system' and be led by local contexts, rather than rolling out 'standard global best-of-breed' practice that is often inflexible and ill-suited to local contexts.
4. **The rise of 'nothing for us, without us':** The old way of doing things is being challenged and one of the most

significant changes is the growing recognition that recipient communities and beneficiaries must be engaged and participate in finding solutions to address their specific needs.

5. **The foregrounding of intersectional inequalities:** The momentum of movements like #metoo, #likeagirl, and #BlackLivesMatter have put inclusion at the heart of development work. No matter the type of programme, understanding issues of power, exclusion and intersecting inequalities is critical to moving the development sector forward.
6. **It is harder to tell who the main actors are:** Development sector actors have become less defined, with new entrants, organisational structures and business models emerging in a new social eco-system. This is resulting in increased competition as well as localisation of the development sector.
7. **Results-based funding models:** International development institutions now structure funding models in line with predetermined results and outcomes with performance-based contracts. This means if impact cannot be delivered, the funding of interventions will be restricted.
8. **Blended value, shared value, social capital and collective impact are the new benchmarks:** Development programmes that deliver multiple layers of impact rather than focus on a single objective or outcome are gaining more support and finance.
9. **The explosion of technology:** Technology-based solutions or development interventions that uses technology are gaining a bigger piece of the pie as they offer the opportunity to reach scale, faster and at reduced costs.
10. **Cutting-edge evaluation:** Evaluation approaches, practices and methodologies need to evolve to measure new development objectives (such as empowerment, equality, inclusiveness and sustainability) and consider new aspects (such as complexity, interconnected systems, coverage, cohesion, integration and materiality) while entrenching new impact management and measurement standards.
11. **A new global framework for sustainable development:** The SDGs is hugely ambitious and have driven fundamental change in the sector. Not only has the SDGs given rise to new blended financial models, triggering greater collaboration, it now also provides the development and investment community with a common framework to align and track the impact of their work within specific development themes.
12. **The need for funders and organisations to embrace failure:** True innovation of the nature needed to grow to scale also produces a high failure rate. But in the development sector funding is closely tied to success and achieving outcomes, so organisations claim success to ensure continuity of funding. This short circuits the innovation cycle in humanitarian aid and prevents social purpose organisations from achieving the scale-up that is desperately needed. Philanthropists and grant makers need to have a higher tolerance for failure if they truly want to see innovation from social purpose organisations.
13. **The climate crisis:** The climate crisis is no longer just another cause, but now also sets the context of humanitarian crisis in which other development agendas are situated. Until now economic, social and environmental portfolios were separate development areas, this is no longer the case as the climate crises contributes to both economic and human crisis. Therefore, social purpose organisations will do well if they integrate social, economic and environment aspects into their programmes.

These trends are expansive and will not just drive small incremental changes but will deliver profound changes across the entire development eco-system. Largely these changes are likely to see the sector overhauled in a way that will start to deliver greater benefit to the people who need it most.

This article is an expert of Next Generation's annual research report, to be launched in November.

The report is aimed at social and impact investors, development professionals and the humanitarian sector. It includes trends (hindsight), future casts (foresight) and insight (guidance for practitioners). One of the leading trends identified in the report is the enormous changes that are currently taking place in the development and humanitarian sectors.

Individuals and organisations that want to attend the launch of the 2020 Report – Disruption with Impact – can book to attend the events in Durban, Cape Town and Johannesburg.

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