



SPECIAL REPORT

THE YEAR IS 2021



“Instead of what might be, let’s focus on what can be, because that’s where solutions lie to the challenges we’re facing.”

Letter from the Editor

A new year brings new energy as we reflect on the past and turn our attention to the future – something many of us are eager to do. If there’s one thing we can count on each January to help, it’s an assortment of expert predictions about what to expect in the year to come.

Suffice it to say that few predicted what 2020 would bring, so instead of what might be, let’s focus on what can be, because that’s where solutions lie to the challenges we’re facing.

- Experts predict that impact investing will continue to grow in popularity, but what if we could democratise the industry through the use of cryptocurrencies?
- Experts predict further commitment by CEOs to corporate sustainability and inclusive growth, but what if companies actually integrated their commitments into their core business strategies?
- Experts predict a renewed focus on climate change, but what if we established our standing forests as an asset class and designed investment vehicles to support an influx of capital?
- It doesn’t take an expert to predict the Herculean effort required to distribute the COVID-19 vaccine, but what if we readied our supply chains and societies not only for this pandemic but the next?

The collective sigh of relief was palpable as the clock struck midnight and we began 2021. The challenges we faced in 2020 haven’t disappeared with the calendar year, but we feel ready to take them on with a renewed sense of hope and purpose.

The articles in this report lay out our Palladium experts’ hopes for building back better from an unprecedented year. If you find something in these pages that resonates with you, I welcome you to get in touch.

All the best,

Elizabeth Godo

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Corporate Sustainability is the New Black

BY
Katharina Cavano
Senior Editor, Palladium

★ FEATURING
Christina Shim
Regional Director, Palladium



“Sustainability is now part of the vernacular. Organisations are going to need to talk about it, otherwise they’re going to be left behind.”

ABOUT THE EXPERT

Christina leads Palladium’s Commercial Innovation Practice out of New York City. She specialises in corporate sustainability, market entry, and transformational business strategy. Christina’s clients and partners have included Fortune 500, Global 3000, and private equity firms, as well as federal government organisations. Her global experience includes time with Booz Allen Hamilton, Bain & Co, and PricewaterhouseCoopers.

Sustainability is the new norm, and as society and consumers continue to demand that organisations contribute beyond their bottom line, some corporations and executives are stepping up to meet this new standard.

While COVID-19 created a massive setback across sectors and industries in 2020, Palladium Head of Commercial Innovation Christina Shim shares her thoughts on how the pandemic may, in fact, accelerate corporate sustainability, and what she anticipates we will see in 2021.

TAKING STOCK AND PARTNERING UP

It would be difficult to look forward to 2021 without acknowledging the effect that COVID-19 has had on 2020 and will continue to have on sustainability practices moving forward. For many, COVID-19 required companies to make quick and reactive decisions, and as Shim says, “strategic thinking flew out the window.” But with time, it pushed many executives to take stock of their businesses and plans moving forward.

“The real testament to change will be how companies plan to integrate commitments into their core strategy and operations.”

“On the plus side, from a strategic perspective, it’s forced a lot of companies to stop and think about the current environment, global dynamics, and how they fit in. I think we’ll see this reflected in corporate strategies in 2021.”

She adds that many large corporations are stepping up with recent environmental and climate commitments. “Just this year, we’ve seen big names like United Airlines and Amazon go public with their sustainability commitments. But the real testament to change and follow through will be how they

plan to integrate these commitments into their core strategy and operations.”

Shim notes that many executives may also be coming to the realisation that tackling these global issues will require partnerships.

“It will become increasingly clear that innovative partnerships and reaching across the table – sometimes even to competitors – will be the strong and long-term way to ensure viability and success across all areas,” she says.

DIVERSITY & INCLUSION

2020 was a banner year for many reasons, and despite the setbacks, in some cases it also caused intense acceleration. In the United States, the Black Lives Matter movement influenced an increase in Diversity & Inclusion initiatives across organisations large and small.

“We’re seeing more public initiatives around D&I,” says Shim. “We’ve known for a long time that increased diversity has been proven to increase the value of a business,

and that’s diversity of experience, thinking, and perspective – not just of gender, ethnicity, or sexuality.”

Shim contends that while many diversity initiatives aren’t doing enough, she’s hopeful that organisations are still headed in the right direction. “With the change in the political administration in the United States, we’re seeing not only more of a focus on climate and sustainability, but also a focus on diversity of thought and experience in who’s being tapped for task forces and to lead teams.”

MOVING PAST LIP SERVICE

To Shim, sustainability commitments are old news, and while many organisations are lagging behind in setting commitments, she believes that 2021 will bring a reckoning with the many commitments made in the past two years. The time for paying lip service to sustainability is long past.

“The first movers are already out the gate and now there’s a larger wave of organisations that have set commitments

but must figure out how to implement and operationalise them,” she says. “They will need to take a multi-sectoral approach of working with stakeholders throughout their ecosystem to actually make things happen. These frontrunners will need to prove out their commitments and show the ‘how’, which will be critical to demonstrating the true impact.”

Shim adds that she envisions companies that may not have been at the forefront of making sustainability commitments will now be forced to talk about it.

“Sustainability is now part of the vernacular. Organisations are going to need to talk about it, otherwise they’re going to be left behind.”

The Future of International Development

BY

Agata Slota

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★ FEATURING

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ABOUT THE EXPERTS

Sinéad Magill:

Sinéad leads Palladium's donor funded business, including delivery of the UK Government's Humanitarian and Stabilisation Operations program. Sinéad has over 15 years of experience leading governance, security, and justice programs. She played a key role in DFID's programming in Iraq and subsequently delivered programs in Afghanistan, Palestine, Uganda, and Syria. Sinéad was featured in Management Today's 35 Under 35 and won the Women of the Future Business Award.

Rhys Morris:

Rhys joined Palladium in April 2015 and has managed the company's global security, its US Operations and latterly its EMEA business as a Managing Partner. Driving change through his personal commitment to Palladium's vision and with a passion for leading large teams of professionals, Rhys brings his operations experience and a collaborative approach to the management of the EMEA business.

“With fewer international experts able to reach project countries, in 2021 the current trend towards localisation will accelerate.”

COVID-19 is pushing millions of people into poverty – according to the World Bank, the pandemic will add up to 150 million extreme poor by 2021, the first time that global poverty has been on the rise in 20 years. But just as need grows on a massive scale, budgets dedicated to tackling poverty are being cut.

Even with the potential for increased development support from the new administration in the United States, global donor spending will be severely strained over the next two to three years at least as the world attempts to end the pandemic and recover. The cuts to aid spending in the United Kingdom are only the most visible manifestation of this reality – though they are certainly not the only ones.

So, what does this tension between greater need and less money mean for development in 2021?

MEANINGFUL ADVANCEMENT OF LOCALISATION

For one, this moment is an opportunity to meaningfully advance “localisation,” says Palladium Managing Partner Sinéad Magill. Some of the movement in this direction is out of the sector's control – for instance, development practitioners are taking fewer international flights during the pandemic by necessity, albeit a money saving one at a time when budgets are very tight.

“But we are also realising that there is less of a need to travel to project locations than we'd previously thought,” Magill adds.

With fewer international experts able to reach project countries, in 2021 the current trend towards localisation will accelerate, Magill says. How development is done will be increasingly decided by local teams and communities. International support will still be necessary, but everyone will think more carefully about how to make best use of it and when. Inevitably, more control will remain in the hands of local teams – a welcome scenario.

“The dearth of public funding for development makes the need for private investment in poverty reduction and other social causes all the more urgent.”

GLOBAL COOPERATION FOR GLOBAL PROBLEMS

COVID-19 has once again demonstrated the need for international cooperation in addressing borderless challenges. Cooperation amplifies individual countries' efforts, allowing for greater impact with less. But it is also often simply indispensable, as with pandemics and climate-related disasters.

“This year may see a welcome shift in terms of global cooperation,” says Palladium Managing Partner Rhys Morris. “The Biden administration's more collaborative agenda will spur other countries to follow suit, and we'll see a global shift towards a more holistic, cooperative approach to tackling problems.”

“That includes another global emergency that is calling our attention – climate change,” he adds.

The UK is keen to be seen as a leader in the space, Morris says, not least as it establishes its position internationally post-Brexit. The incoming U.S. administration too will make a difference. Biden has pledged to tackle climate change, including bringing the U.S. back into the Paris Climate Agreement and making domestic cuts to greenhouse gas emissions.

“These actions will boost U.S. credibility and demonstrate commitment internationally, in a way that will hopefully then strengthen other countries' climate efforts as a result,” Morris adds.

PRIVATE CAPITAL FOR DEVELOPMENT

The dearth of public funding for development makes the need for private investment in poverty reduction and other social causes all the more urgent. “If the trend of businesses adding social ‘purpose’ to their bottom-line thinking continues,” says Magill, “some of the shortfall in public resources for addressing development needs will be met, not necessarily through corporate philanthropy or CSR, but by businesses making meaningful changes to how they operate.”

There is a risk, of course, that as profits are hit by the pandemic, only the rhetoric on purpose will remain. But COVID-19 has shown why business can no longer ignore social purpose – the link between society and their activities is too strong.

A global recession may make the intersecting challenges of poverty, climate change, and conflict seem insurmountable, but it also forces everyone to think differently about how these predicaments are tackled and by whom. If the private sector is to recover and thrive, it will need to play its part.

The roll-out of COVID vaccines means that to many, 2021 will be a year of great expectations. But the damage done by the pandemic will take much longer to undo. Hopefully, the best of localisation, global cooperation, and private investment for social good and development will stay with us well beyond 2021. [P](#)

Impact Investing for All: How Cryptocurrencies Can Increase Impact in 2021

BY
Florian Kemmerich
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ABOUT THE AUTHOR

Florian leverages his extensive background in start-ups, fundraising, and transactions in healthcare and life science to invest in, build, and (re-)position organisations in the competitive global marketplace. As Managing Partner of Bamboo Capital Partners, the Asset Management arm of Palladium's Impact Investing business, Florian's passion is impact investment and creating high-performance teams.

“With the right regulation and systems in place, crypto assets, blockchain, and distributed ledger technology have the potential to completely democratise access to liquid markets.”

With one eye on the future, new and emerging technology around digital currencies has the potential to completely transform the impact investing industry. For those without access to traditional financial institutions, the current system can be extremely limiting, and this is no clearer than in the developing world where many impact investors and funds are focussed.

At present, impact funds and asset managers are limited to receiving investments from qualified institutional investors (defined as those that have at least USD 150,000 to invest). This is not only limiting from the perspective of where investors get their funds, but perhaps more importantly, limits potential investors who may not hit the qualifying mark and must rely on writing cheques to NGOs with uncertain results.

However, I believe that with the right regulation and systems in place, crypto assets, blockchain, and distributed ledger technology have the potential to completely democratise access to liquid markets.

FROM TOKENS TO TRANSPARENCY

One of the first means of this market revolution is the tokenisation of assets, or the process of purchasing a blockchain token that represents a real tradable asset. These tokens offer the promise of improving the transparency and traceability of impact investing by giving investors a full view into exactly how and where their assets are being invested. Full transparency means the possibility of eradicating ‘greenwashing’ or inflating the impact returns of investments.

Tokenisation would allow anyone to invest any amount directly into a fund or investee company and the underlying distributed ledger technology enables a complete, transparent circle. For example, an individual would invest USD 100.00 to get 100 tokens. They would then see how the fund or investee company uses the tokens and receive a granular picture of the impact and financial returns generated from the initial 100 token investment.

“COVID-19 has only accelerated a positive transformation of technology in reaching and boosting the most marginalised communities around the world.”

As we look towards a regulated market, it's safe to say that this will open up the world of impact investing to those who may want to use tokens to invest more manageable amounts and see exactly where it's being spent. Technology provides access and affordability to marginalised populations, and cryptocurrencies and blockchain provide democratisation and full transparency to ensure that investments are completely traceable.

But without the right technology in place, this isn't possible.

IMPACT IN THE PALM OF YOUR HAND

Technologies have the potential to unlock access to goods and services while transforming societies and leapfrogging years of development. The mobile phone revolution is one example. Cell phones and smart phones triggered the mobile money revolution, and now everyone can hold a bank in the palm of their hand. Access to digital wallets has provided a level playing field to access banking without relying on hard currency or converting currency in marginalised countries.

For many around the world, access to affordable digital financial products like credit cards and bank accounts is limited, if not impossible. But the open nature of Bitcoin and cryptocurrencies can provide full access to the digital financial world. This isn't without risk, of course, and being one's own ‘bank’ without the support of an institution can come with challenges and frustrations. But the reward, for many, is worth it.

Already we're seeing the effects of what some call the ‘digital divide’ – the assumption that only rich or developed countries have access to technology. I don't believe this is the case. Mobile phones have proven that it's not a divide – it's digital inclusion. If anything, COVID-19 has only accelerated a positive transformation of technology in reaching and boosting the most marginalised communities around the world.

Technological transformation has enabled entire communities to leapfrog decades of traditional infrastructure and form the building blocks of a thriving digital economy at affordable price points. We've seen how access to mobile money has enabled innovations in other sectors, such as clean and distributed energy, in which pay-as-you-go models enable faster adoption by complementing grid expansion with mini-grids and home-scale systems.

This is just the beginning. Crypto assets are one more example of digital inclusion connecting communities to the developed world, changing lives, and creating greater impact. There's an opportunity here to channel more capital into impact investments, provide more transparent investment vehicles and a larger, diverse base of funding thanks to a fully democratised system.

At the moment, this remains a vision for what could be the near future of the industry. It won't happen overnight and will require the support of regulators around the world. But it is a stark reminder that just as technology has been integral to the evolution of impact investing, it will continue to play a fundamental role moving forward. [♻️](#)

Investing in ‘Green Gold’: How to Tackle Climate Change in 2021

BY
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ABOUT THE AUTHOR

Jose Maria has more than 20 years of experience helping government and private sector organisations transform the societies where they operate, most recently in Europe, Africa and India. As Palladium Managing Partner in EMEA and head of Impact Investments, Jose Maria is passionate about unlocking the power of capital to deliver long-lasting solutions to socioeconomic challenges.

2021 will be the year of renewed focus on climate change. As the United States renews its commitment to the Paris Climate Agreement and the United Kingdom prepares to host the upcoming COP26 climate negotiations, climate policies must be accelerated towards net-zero, and quickly.

Industries will develop and grow in response to the ambitious climate targets set by the global community, but one of the most important shifts to emerge will be the establishment of forests as an asset class.

Forests make up 33 per cent of the solution to decarbonisation and 2021 is the year when early business models around forestry will emerge, creating enormous opportunities and drastic transformations. I predict that we will see a massive change in the level of commitment that countries are going to make against carbon emissions and the sophistication of the solutions we develop to do so.

“Simply put, there is monetary value in a standing forest, and it isn’t just because of climate change.”

PRESERVING FORESTS

According to Partnerships for Forests, a UK-funded program that supports investments in forests and sustainable land use, [about a quarter of global greenhouse gas emissions](#) are the result of deforestation, agriculture, and other land uses. As populations, incomes, and demands for food, fuel, and fibre increase drastically, there will be an increased pressure on forests and their survival.

Reforestation is certainly required, but if policymakers and governments want to truly tackle the climate crisis, we must

focus on preserving existing forests. [Recent research](#) has shown that mature natural forests store more carbon than plantation forests, but these benefits can take centuries to emerge and act on slowing the accumulation of CO2 in the atmosphere.

Doing so won’t come cheap. Researchers from the research institute RTI International found that by 2055, it would cost as much as [USD 393 billion per year](#) to plant and protect enough trees to reduce 10 per cent of the total emissions needed to restrict climate change to 1.5 degrees Celsius.

INVESTING IN FORESTS

Where forests were once viewed as an investment liability (due to the [length of time before investors see returns](#) and because assets are often ‘illiquid’), now is the time for economic incentives and investment in the preservation and recovery of forests globally.

For billions of years, forests have acted as the world’s most effective carbon removal technology, but more often than not, the short-term economic gains from degrading or converting forests have outweighed the long-term gains of leaving them standing.

Simply put, there is monetary value in a standing forest, and it isn’t just because of climate change. These forests are worth far more standing than chopped down for timber, and traditional solutions already exist in many places.

We have the opportunity to scale up and invest in the trade of sustainable, high-value forest commodities, supporting carefully designed business models that combine high-intensity agricultural production with the protection of adjacent forests.

New solutions are emerging too: innovative business models that reflect the true value of nature’s ecosystem services. For these ideas to succeed and scale up, the right enabling environment is crucial.

They will appear in countries whose governments move first to remove the economic incentives that have long driven environmental destruction (such as subsidies for monoculture farming) and design the right frameworks to govern new markets for ecosystem services. These will likely include carbon, biodiversity and habitat creation, and natural solutions to flood risks and tackling water pollution.

The UK Government is currently setting an inspiring example for how this can be done, thanks to its new Environment and Agriculture bills, and new markets for nature restoration will swiftly emerge in the UK when these bills are passed.

When the right conditions align and these new investment opportunities emerge, the challenge will be to identify and develop projects to an investable point. Developing an ecosystem for pipeline is critical. We’re seeing the creation of more and more funds to invest in forests, but they’re struggling to find businesses ready to invest. The priority in the coming years will be to create the projects and environment

“We’re seeing more funds to invest in forests, but they’re struggling to find businesses ready to invest.”

that allow investors to successfully deploy capital at scale for ecological restoration.

Interesting partnerships will emerge between multinationals in many sectors, governments, development organisations, NGOs, and offtakers to find the best means to invest in nature and forest preservation.

BUILDING AN ECOSYSTEM TO CHANNEL INVESTMENT

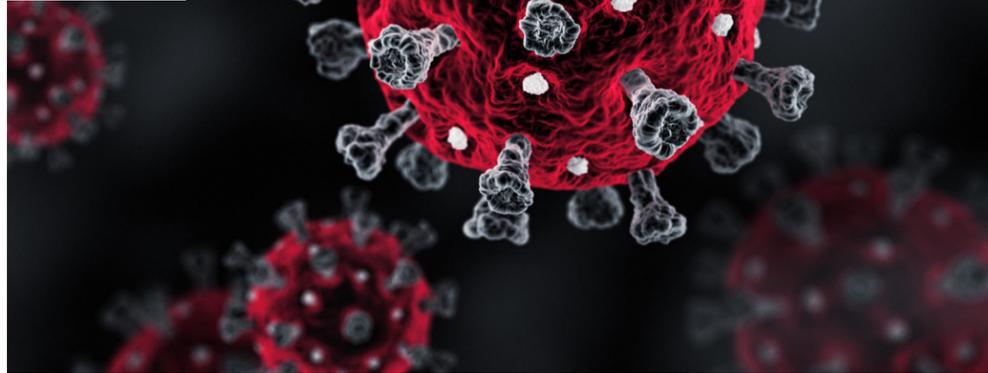
2021 will see a huge deployment of capital to forests – a transfer that requires the appropriate business infrastructure to absorb. Building a sustainable investment ecosystem that inspires growth over time will be key to mitigating the risk of an overflow of capital, which tends to create inefficient solutions and could fuel corruption, especially in countries that face governance challenges.

The crucial pieces needed for this ecosystem are pipeline development and the redefinition of economic incentives for natural capital outcomes. If governments, foundations and multinationals focus on solving for these two elements, the result would be a framework for capital to flow into businesses that protects forests and increases livelihoods in their communities.

Supporting this shift will require cooperation and coordination across the private sector, governments, and financial institutions, but it’s never been more imperative than the current moment to focus energies and investments on forest preservation. [🔗](#)

The COVID-19 Challenges We'll Need to Solve in 2021

BY
Katharina Cavano
Senior Editor, Palladium



ABOUT THE AUTHOR

Katharina is Senior Editor of The Catalyst and contributes to Palladium's global brand, marketing, and PR team. Based in Washington, DC, she holds a Master's Degree in Strategic Communications from American University, along with experience in journalism, marketing, and content development across multiple industries.

A new calendar year often feels like a fresh start, and there is certainly plenty about which to be hopeful. But just as every industry in the world was affected by COVID-19 in 2020, we'll continue to see the effects play out in 2021 as economies rebuild and the world adjusts to a 'new normal'.

To understand what this could look like, we asked a range of experts for their insights into the impact COVID-19 will have on 2021 and the challenges that will need to be solved.

SKILLS DEVELOPMENT

As COVID-19 brought the world to a standstill, shutting down offices and forcing workers to shift to remote home offices, Palladium Chief Diversity Officer Rosanna Duncan notes that organisations may want to consider the skills their teams need in order to best function under remote circumstances.

"Instead of thinking about leaders and line managers pre-COVID-19 and the diversity of skills that they brought to the table, we now need to consider our 'new normal' and whether we have to re-evaluate those skills," she says. "This could mean providing training and upskilling for virtual

"Vaccine distribution needs to include environmental impact and provision to a global population."

management if companies are going to be successful long-term. Training isn't always considered to be a matter of diversity and inclusion, but ensuring that everyone has the tools they need to succeed is a key piece of the puzzle."

PROCUREMENT AND LOGISTICS

Julian Neale, Deputy Director of Procurement and Logistics for Palladium's Humanitarian Stabilisation and Operations Team, expects that flexibility and increased resiliency will continue to be key for those working in logistics and humanitarian supply chains.

"The reduction in transport capacity, resource shortages and the associated competition for these highlights the need for resilience planning in supply chains with a greater emphasis on overall supply chain

capability and perhaps less on direct cost," he explains.

This also applies to the magnanimous task of managing the distribution of the COVID-19 vaccine.

"The traditional nexus of cost, speed and quality is increasingly, rightly, augmented by environment and at no time have these considerations been as important as in the provision of the COVID-19 vaccine," Neale notes. "The focus for vaccine distribution needs to be beyond the vaccine itself to the ancillary requirements such as syringes, as well as care with regards to environmental impact of distribution and provision to a global population."

HEALTH

Palladium Chief Medical Officer Dr. Farley Cleghorn is hopeful that the pandemic may actually improve cultural understandings around the value of health and the impact on the healthcare system. "The focus on inequity in health, health as a human right, and preservation of wellness will continue to cause tectonic shifts in how we run our disease-based health systems," he says.

Cleghorn adds that placing value on health will create fairer systems by "closing the enormous gaps in remuneration in health teams, which includes highly compensated physicians, overworked nurses, and underpaid health aides and assistants. Plus, the chronic shortages of all classes of health care workers must be addressed through training and further certifications."

On the other hand, HIV Director and Nurse Sara Bowsky has concerns about the lingering effects on adolescent mental health. "Developmentally for adolescents, this is a time of self-identity development from sexual to racial development and everything in between," she says.

"This is all heavily influenced by social interactions with peers which for most has shifted entirely from in-person to online. The increase in anxiety, depression and suicide as a cohort will have lifelong consequences. The traumatic effects of COVID-19 on this generation is something

"The focus on inequity in health, health as a human right, and preservation of wellness will continue to cause tectonic shifts."

we must not take lightly but rather rally, to harness and scale-up support and solutions as they are our future."

CORPORATE SUSTAINABILITY

According to Christina Shim, head of Palladium's Commercial Innovation Practice, the unexpected fallout of COVID-19 threw many executives off and in the short term, she says, "created a lot of waste." From a sustainability standpoint, for instance, she notes that remediating the waste created by single-use plastics will be a challenge. "The challenge is that obviously people don't want to be reusing things right now. There was a market demand reaction and though the problem is temporary, it will create a mess that will last for at least the next year."

But in the long term, she expects that COVID-19 will force executives and leaders to stop and think about their strategies moving forward.

"I think 2021 will be the year that we start to see a lot of the organisational sustainability commitments come to fruition," Shim predicts. "Just this year, we've seen big names like United Airlines and Amazon go public with their sustainability commitments. But how they will integrate the commitments into their core strategy and operations will be the real testament to change."

IMPACT INVESTING

As the world shifted to remote working, industries that are highly reliant on in-person relationships and travel, such as impact investing, needed to find new ways to do business. Now that we've seen what's possible, Alistair Mackie, [Palladium Impact Capital](#) (formerly Enclude) Director of Strategy, hopes that the industry will continue to include a degree of remote working and a strong reduction in travel.

"Investors are likely to further stretch their processes out to allow for more of the investment process to be conducted remotely," says Mackie. "We have real-life examples where investors have responded incredibly well to remote due diligence, including virtual site visits and meetings with microfinance branches in the field."

"There's also an industry-wide recognition that many excluded but worthwhile investments were already undercapitalised when the COVID-19 crisis began. The road to recovery to a truly 'post'-COVID impact investing world will see investors doubling down on the impact and target groups they were already focused on, and for good reason."

While the world continues to adjust to the ways in which COVID-19 affects daily life, its impact will continue to play out well into 2021. Whether it's the rapid acceleration of some sectors, the adjustments across supply chains to accommodate a vaccine rollout, or the need to provide mental health support to a generation of students, the coming year will set the foundation for a post-pandemic world and perhaps even a 'new normal.' [↪](#)

It's Not Too Late to Start Taking Diversity and Inclusion Seriously

BY
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Senior Editor, Palladium

★ FEATURING
Rosanna Duncan
Chief Diversity Officer, Palladium



have an opportunity to encourage and build a culture of openness and transparency in the spirit of tolerance.

“We must be open and transparent and have difficult conversations,” she says. “Organisations are going to need to create safe spaces for employees and drive home the point that people will make mistakes – we’re all on a learning and discovery journey. We all have a role to play in helping people to learn, especially if they’re coming from a position of honesty.”

Duncan warns that in creating an open culture, people must be prepared to receive feedback if they say or do something that isn’t aligned with principles of equity and inclusion. “This type of feedback is a gift and should be used for growth and change,” she adds.

SUPPORTING MENTAL HEALTH AND WELLBEING

Even before COVID-19, companies had a responsibility in supporting the mental health of their employees. But as more organisations have shifted to remote work in the midst of a global pandemic, there’s an even greater focus on ensuring that there are support systems in place for taking care of employee and stakeholder mental health.

“Organisations have a key role to play in building stronger economies and more inclusive societies, with the resilience to not only overcome the current crisis, but to withstand the next,” says Duncan. “The mental health of all stakeholders, from employees to customers to shareholders to supply chains, cannot be discounted as we set out to accomplish this important work.”

During these unprecedented times, organisations must recognise that the way they behave now will be remembered for years to come, leaving an indelible mark on their people and communities. [P](#)

“Organisations have a key role to play in building stronger economies and more inclusive societies, with the resilience to not only overcome the current crisis, but to withstand the next.”

FOSTERING AN OPEN CULTURE

The past year has been dominated by social movements, requiring us all to hold space for the difficult conversations to follow. According to Duncan, organisations

“If a company is hiring diverse candidates for diversity’s sake alone, then the risk is tokenism.”

value to the business, hiring for diversity must be done by breaking down conscious and unconscious biases – not by setting quotas.

“Is more diverse hiring a good thing?” Duncan asks. “Yes, organisations should have strategies in place to attract and retain diverse hires. But if a company is hiring diverse candidates for diversity’s sake alone, then the risk is tokenism, which is harmful and isn’t necessary when there is an abundance of diverse talent out there.”

“Organisations need to do more to identify, attract, and retain diverse hires, and part of that process involves understanding which groups are underrepresented in the workforce and why,” she notes. This information can be used to help organisations set targets and shape strategy, which will increase diversity in a meaningful way. But setting quotas is not the answer to creating more inclusivity.

To mitigate this risk, Duncan recommends establishing hiring and recruitment practices that tap into networks that will provide access to candidates from a broader, more diverse pool.

“Companies need to be more intentional around where and how they advertise their jobs,” she explains. “If they tap into new and more diverse networks led by people with lived experiences or involvement in different areas, they can actually connect with candidates beyond the normal pool.”

From racial injustice to equitable access to healthcare, the challenges of 2020 have highlighted the need for organisations to take stock of their practices and focus in on their Diversity & Inclusion strategies. Doing so will not only improve their bottom line but leverage their power and influence to build more inclusive societies. As we head into 2021, Dr Rosanna Duncan, Chief Diversity Officer at Palladium, anticipates a few key trends we can expect to see and how this tumultuous year may affect organisations and their practices moving forward.

MORE DIVERSE HIRING...AND LESS ‘TOKENISM’

As the Black Lives Matter movement shone light on continued inequalities, many organisations are moving towards more diverse hiring practices. And while we know that creating true diversity of thought across an organisation can add

ABOUT THE EXPERT

As Chief Diversity Officer and Sustainable Business lead, Rosanna draws upon a 20+ year record of multi-sector achievement that includes embedding D&I contractor requirements into Europe’s largest infrastructure project, High Speed Rail (HS2). Underpinning her experience are a PhD and membership of the Chartered Institute of Personnel and Development (CIPD), as well as a significant body of research and internationally published work on a range of D&I-related topics.

Here to Stay: 4 Impact Investing Trends to Watch

BY
Katharina Cavano
Senior Editor, Palladium



“There’s a wider understanding among many impact investors that gender is material to COVID-19 recovery efforts.”

In 2020, the [Global Impact Investing Network](#) reported that the impact investing market accounts for USD 715 billion in assets under management globally. Impact investing is here to stay.

Despite COVID-19’s economic implications, impact investors [remained cautiously optimistic through 2020](#), and experts from [Palladium Impact Capital](#) (formerly Enclude) and Bamboo Capital Partners, Palladium’s Asset Management business, share their insights into the key trends they see unfolding in the sector in 2021.

1. CONTINUED FOCUS ON GENDER

As many impact investors build gender-lens investing into their strategies, Palladium Impact Capital’s Kelly Roberts-Robbins predicts a broader view of gender beyond women and girls to include men, the LGBTQI community, and intersectional identities.

“We expect increasing commitments to funds with an explicit gender lens or where gender is a core area of focus,” she notes. “There’s a wider understanding among many impact investors that gender is material to COVID-19 recovery efforts, which will most likely motivate mainstreaming gender into existing vehicles and pandemic recovery initiatives.”

2. PUSH FOR THE ENVIRONMENT

Similar to gender, where climate focus was once niche in the impact investing sector, there is now a wider and growing range of strategies focussed on climate and environmental investing, especially in areas such as land use and conservation.

“Corporations have had an interest in sustainability for some time, both in response to customer demands and with a view to securing more resilient supply chains,” says Steven van Weede, head of Palladium Impact Capital. “We anticipate

more announcements of partnerships between corporations, local communities, and impact capital to drive sustainability.”

Bamboo Capital Partners’ CEO Jean-Philippe de Schrevel views the shift to a focus on climate as an inevitability of the many social movements of the day. “The field of impact investing will continue its mainstreaming due to the combination of powerful and irreversible forces: younger generations acutely conscious of the environmental crisis and pushing for more purposeful investments.”

3. TECHNOLOGY CREATING INCLUSIVITY

As technology brings the world closer together, Florian Kemmerich of Bamboo Capital Partners notes that it’s also creating a more inclusive market for impact investing. Where some may see a digital divide, he sees digital inclusion.

“Impact investing is entering a dynamic growth phase of digital inclusion, which is aligning with socioeconomic development, last mile connectivity, and digital transformation. This is where true innovation happens,” he says.

According to Kemmerich, digitisation will provide impact investors with more chances to support opportunities that they normally wouldn’t be able to access.

“We are focussing our investments on access and affordability of goods and services for the low-income population,” Kemmerich continues. “Thanks to digitisation, we are able to access those markets and new opportunities. Technology is leapfrogging over economic inclusion to support hugely underserved markets and the digitisation of assets will help us invest more transparently and efficiently and democratise impact investing.”

“Technology is leapfrogging over economic inclusion to support hugely underserved markets.”

4. INSTITUTIONAL INVESTMENT

As traditional financial institutions receive pressure from their clients and beneficiaries to make impact investing more accessible to private investors, van Weede expects there will be a shift to more meaningful engagement in impact from institutional investors.

“We are not suggesting that 2021 is the year when the floodgates of institutional capital will open, but we do anticipate that there will be an acceleration of the ultimate owners of the capital wanting to be a bigger part of the solution,” he notes.

He adds that providing that access to private investors will be achieved through larger investment vehicles and by making use of listed markets.

Despite the toll COVID-19 took on global economies in 2020, the team is hopeful moving into 2021 that the road to recovery to a post-pandemic impact investing world will see investors doubling down on the impact and target groups they were already focussed on, with renewed purpose and vigour. [eP](#)

How Infrastructure Will Adapt for a More Sustainable Future

BY
Brad Richardson
Head of Palladium Infrastructure



What this means for the future of high-rise buildings and large office spaces remains to be seen, but we're going to need to creatively repurpose those spaces for post-pandemic life.

“We’re going to need to creatively repurpose high-rise buildings and large office spaces for post-pandemic life.”

CONCLUSION

The time is ripe for governments to think about building for the next generation. There are plenty of infrastructure-minded projects that can be done to stimulate the economy and create a lasting legacy for the future. Look to Australia who in 2005 through 2015 built 10 billion-dollar hospitals, boosting both the economy and their healthcare system across the country.

In the coming weeks and months, governments will need to ask themselves what they can and will do post-COVID-19 that won't necessarily create debt, but will create a more sustainable lifestyle for the future of their citizens. The pandemic has created a pivotal opportunity for nations to invest in infrastructure to build back better both at home and in the developing world. [↗](#)

ABOUT THE AUTHOR

Brad brings 25 years of experience in the construction industry with a focus on consulting project management. As Head of Palladium Infrastructure, he is responsible for the hard infrastructure outputs of investment programs, whether through disaster response, strengthening projects, or economic development. He has been engaged by all levels of Government, is deeply committed to sustainability, and is known for driving high performing teams and clients toward common goals.

COVID-19 has disrupted the development of infrastructure across the globe, which will have repercussions for years to come. From hospital systems to communities' ability to withstand environmental crises, infrastructure will be a key component of our efforts to 'build back better' post-pandemic. But doing so will require a shift in government priorities and perhaps even more importantly, spending.

While governments have stimulated national economies in the midst of the COVID-19 crisis through relief efforts and support for their unemployed populations, there will need to be a shift, albeit a difficult one, to stimulate economies by investing in built assets. Infrastructure spending is one of the best ways to recover an economy and boost jobs.

As we look towards 2021, I see two trends emerging in order for the infrastructure sector to adapt for sustainability and to support national economies: a push to localise infrastructure in order to mitigate sovereign risk, and a pivot to meet the needs of a post-pandemic world.

LOCALISING TO MITIGATE RISK

Many countries will take the lessons learned from COVID-19 related shutdowns and movement restrictions, and shift focus from external development and manufacturing to 'internal'. As the world shut down, many countries found themselves floundering as they discovered outdated or lacking infrastructure that could no longer support the needs of a grounded population at home.

But the need to focus on localised infrastructure is two-fold.

Firstly, the shock of COVID-19 has put the need for many countries to bolster their own national infrastructure into sharp focus. We can expect a huge push as countries beef up roads, education facilities, hospitals, and all those things that make individual economies stronger.

Secondly, countries will be eager to mitigate their sovereign risk. For countries like Australia, this shift is already occurring as large pharmaceutical corporations are moving their factories from China to India.

“We can expect a huge push as countries beef up roads, education facilities, hospitals, and all those things that make individual economies stronger.”

Many countries with stable governments will seek to bolster relationships with nations with whom they already trade.

As national governments start to focus more at home, countries will shift to local manufacturing and solutions and improve connectivity, with railways and highways progressing in leaps and bounds. And as governments demonstrate their willingness to spend and stimulate their economies, the private sector will follow suit.

PIVOTING TO A POST-PANDEMIC WORLD

We know by now that the world may never be the same and that our new 'normal' may look a bit different than the one we left in early 2020. But as our daily lives adapt, so must the infrastructure that supports us.

For many countries, including my home of Australia, the tourism industry has taken a significant hit. It may never return to the days of yore, but hotel infrastructure will certainly slow down alongside international travel.

On the other hand, the direction that offices are moving with remote working is clear. Nearly overnight we've jumped 10 years in the take-up of virtual meetings. Now that many organisations know and understand that business-as-usual can continue from a remote standpoint, there will be a massive shift in what modern corporations look like. Not only are these organisations still getting the job done, but they're saving money on both large and small line items.

About The Catalyst

The Catalyst is Palladium's online publication, delivering news, perspectives, and in-depth reports from the front lines of our global work. Many of the stories are written by Palladium employees and partners, sharing their experiences and expertise as they work to solve the world's greatest challenges.

The Catalyst aims to inspire, educate, and embolden all readers, from experts in international development and C-Suite executives, to impact investors and community leaders.

About Palladium

Palladium is a global impact firm, working at the intersection of social impact and commercial growth. For over 50 years, we've been helping our clients to see the world as interconnected – by formulating strategies, building partnerships, mobilising capital, and implementing programs that have a lasting social and financial impact. We simply call this "positive impact".

We work with corporations, governments, investors, communities, and civil society. With a global network operating in over 90 countries, Palladium is in the business of making the world a better place.

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