3 key insights for funders supporting innovation

How can funders support innovation? The International Development Innovation Alliance has some insight. Photo by: Pixabay

The International Development Innovation Alliance, which describes itself as an informal platform for knowledge exchange around development innovation, recently made insights from working groups more widely available in a series of reports.

“When we set ourselves up with the Sustainable Development Goals, there was a strong recognition among all development actors that innovation would be a key channel through which to achieve them,” said Thomas Feeny, program director at Results for Development, a nonprofit organization that manages the IDIA.

Are innovation labs delivering on their promise?

There are a growing number of innovation labs across the development sector. Many of them are focused on implementing the SDGs. But what can these organizations do to harness their transformative ideas and reach their intended goals?

The heads of innovation from major international development organizations — including the U.S. Agency for International Development, the Rockefeller Foundation and the World Bank — came together to form the IDIA in 2015. They hoped that innovation would accelerate the path toward achieving the SDGs, compared to the failure to reach the Millennium Development Goals they replaced.

“We all need to work in different ways going forward,” said Feeny. “These problems are highly complicated. We’re not looking for iPhones to fix development problems.
This is much more about innovative ways of working, innovative practices, models, policies — really quite a broad spectrum.”

With these three new reports, IDIA is aiming to build the evidence base for the role of innovation in international development. Here are three key insights.

Why is innovation taking off in the global development sector? And what are we learning from these experiments? Via YouTube

1. Best practices in funding development innovation are emerging

Donors are increasingly working to support breakthrough solutions to some of the challenges they want to address, either independently or through coalitions such as the Global Innovation Fund. But while their work can accelerate the path from idea to project, it can also create damaging gaps in financing between awards and projects, depending on when and how that support moves from an innovation lab or challenge fund to support from the mothership, as the IDIA reports note.

The reports outline eight good practices for development innovation funders; these practices are also useful for anyone in global health, international development or humanitarian response interested in accessing funding for innovation for the SDGs.

The reports advise funders to:

1. Understand the development problem and alternative options for delivering impact

2. Co-create a vision of scale for the development problem with the innovator
3. Support the innovator in assessing appropriate pathways for scaling and sustaining the innovation

4. Assess the scalability and sustainability of an innovation both before support and then throughout the scaling journey by analyzing the likely influencing factors that will enable or constrain the scaling process

5. Consider which funder instruments and potential roles may be appropriate at different stages

6. Explore which internal and external partners to work with at different stages

7. Plan for the most impactful sequencing of support along the scaling pathway

8. Measure the progress and impact of the scaling process and apply the learning

Funders should consider their role beyond capital, the reports explain, including advisory, convening and brokering roles in which they can assist during the scaling process. The authors add that funders should take an iterative versus linear process of innovation, always learning from emerging best practices.

2. Overcoming the language barrier is key

One of the challenges facing funders who support development innovation is the lack of common language. For example, the practice of testing the potential viability of a concept by piloting it in a developing country context is variously referred to as “proof of concept” by the Bill & Melinda Gate Foundation and USAID; “pilot” by the Global Innovation Fund; “seed” by the World Bank; and “futures/ventures” by UNICEF.

The IDIA reports break down the innovation support of its members across proof of concept, transition to scale, and scaling, noting the terms that funders use to describe their objectives at each of those stages.
In a series of reports, IDIA outlines common terminology innovation funders use to define the investment stages of scaling.

3. There is value in measuring and sharing the impact of innovation efforts

As a general rule, organizations in this sector take an individualistic approach to the scaling process, rather than sharing lessons about the processes that enable scale, the reports suggest. They highlight the “Every Woman Every Child Innovation Marketplace” as an exception to this.

“The Rockefeller Foundation and Results for Development have been working in the innovation space a long time together, and we came to the conclusion: wouldn’t it be great if all of these different innovation labs had a platform that would allow for stronger communication, collaboration, alignment, lessons learned, and exchange?” said Feeny.

“They have all faced and are facing similar challenges,” he continued. For example, “what kind of innovation are we pursuing? How do we integrate it with our broader agency operations? And how do we articulate the value of it when we’re positioning it against something like the SDGs?”
The IDIA encourages funders to measure the impact of their own innovation efforts, in addition to the individual innovations they support.

One particularly useful case study looks at how Grand Challenges Canada — a nonprofit funded by the Canadian government — assesses the potential impact of the innovations it supports. Traditionally, innovation funders measure impact by looking at inputs or outputs, rather than outcomes such as lives saved or improved. Grand Challenges Canada starts with IDIA’s high-level architecture for measuring the impact of innovation, then takes a series of steps to determine impacts that have occurred or are on track to occur, distinguishing between actual, expected and projected impacts. It compares projected impacts to the funds invested in that innovation to get a sense of value for money.

For IDIA, lives saved and improved is the ultimate measure of success, and they further break that down into indicators such as impact on beneficiaries, as well as scale and sustainability, the authors write.

“We’re not interested in innovation as an end in itself. It is very much a means to tackling challenges within current systems where innovation can actually make a big difference to delivering a service more effectively or providing more impactful support,” Feeny told Devex. “Our interest in IDIA — and it’s shared by all the members — is very much an interest in innovation as a means to an end, but we also need to understand what that end looks like and what role innovation can and should play to improve those systems.”

Meanwhile, the evidence base on best practices for scaling development innovation is still immature. One reason for this is that only a small number of innovations have successfully scaled in the development sector, the IDIA notes. But it is also a consequence of the fact that most of the innovations that do scale are analyzed by the impact they had, rather than the factors that led to their success. This is a trend that the reports aim to reverse.

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