The purpose of this roundtable is to enhance the shared understanding and knowledge of DAC members of the development innovation landscape, share the work of the DAC and the International Development Innovation Alliance (IDIA), and position the DAC for future success on development innovation.

The DAC Roundtable on Development Innovation follows the DAC High Level Meeting of October 30-31, 2017. The HLM Communiqué states in paragraph 7:

“Innovation is an essential enabler for both improved development co-operation practices and quick and effective responses to development co-operation challenges. We intend to gather evidence, facilitate and encourage the sharing of good practices and experiences, foster platforms on innovative policies, tools and practices so that DAC members can increase their knowledge and implement innovative programming that delivers humanitarian and development impact in ways that are better than existing approaches. In order to do so, we intend to embrace a broad view of innovation including finance and technologies as well as new policies, partnerships, business models, practices, approaches, behavioural insights and methods of development co-operation across all sectors, and consider means to identify and promote development innovation.”

The roundtable is therefore timely as it will allow discussion on many of the above topics on Development Innovation.

Innovation: A means to an end, and the new normal

Over the next 30 years, the global community has an extraordinary opportunity to eradicate extreme poverty. That will not be easy, given a global context where: two billion more people will be added to today’s 7.3 billion; 90% of humanity will live in low and middle income countries; and crucial new disruptive influences and demands on natural resources and human capital will need to be confronted. The ongoing need to innovate will become the new normal as we seek new solutions to adapt to these influences and complex development challenges.

Development innovation includes new financing models and technologies as well as new policies, partnerships, business models, practices, approaches, behavioural insights and methods of development co-operation across all sectors that offer more effective solutions to the poor and most vulnerable in tackling development challenges and delivering development results. Development innovation recognizes the value of existing methods but strives to propose improvements to achieve better results and greater impact.

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1 International Development Innovation Alliance (IDIA), A Call for Innovation in International Development, 2015.
Our world has already been transformed by the life-saving and life-improving innovations of entrepreneurs, over many years, who saw where inadequate practices were slowing progress, and who took action to create more effective approaches. With the progress in addressing many of today’s development challenges still lagging far behind our aspirations, finding and supporting innovative solutions in a more efficient manner has become a priority for the international development community in order to enable billions of people to overcome poverty (IDIA).

Re-thinking and re-tooling

Many DAC members have offered a strong political commitment to innovate and spur development innovation. The concept of innovation is now stimulating new partnerships and approaches that have the potential to significantly accelerate the speed and efficiency of international development. Evidence from DAC peer reviews, and other sources, suggests that providers have, however, struggled to effectively incentivise and scale development innovation within and outside their structures. Innovation is about integrating disciplines and policy areas, embedding cross-cutting issues, identifying policy levers and understanding externalities of actions. Embracing calculated risks and adaptation are also important features of innovation. In practice, this represents a culture change within each of our organizations in order to promote collaboration and openness (instead of silo-minded programming) towards integrated and coherent policies, while maintaining a strategic focus to avoid spreading resources too thin.

Unlocking the potential and fulfilling the promise of development innovation will require more concerted effort. In particular, the development co-operation community will need to:

a) Develop a common understanding as to what constitutes innovation for development. Such an understanding needs to be built on an evidence base around the need and demand for development innovation, on evidence for how different kinds of innovation are best adapted to different stages of development, and on consultation with a broad set of partners in development.

b) Train our organizations to innovate in the practice and delivery of development co-operation, build an innovation-fit culture, learn from good practices and our peers’ experiences, develop new expertise, incentives and risk appetite. It requires us to equip staff with tools to take risk, be flexible and innovate.

c) Connect a broader range of ‘communities’, notably to tap into citizen-driven innovations and citizen engagement; the innovation ecosystems in emerging and developing countries; and the skills of innovators, researchers and private sector in a range of spheres that are not necessarily development-related (science, technology, research and development).

d) Develop measuring and tracking tools to improve the consistency, comparability and transparency of ODA reporting which in turn fosters data gathering for learning and identifying good practices.

e) Invest in scaling development innovation for maximum impact, moving from incubating and testing, to proof of development returns and financing the scaling-up.
The OECD has a wealth of knowledge and networks from which to draw in each of these areas, across a range of sectors and working with a broad range of partners. The DAC’s priorities and ways of working already offer the potential to further the agenda. For example:

- **The DAC networks** and hosted platforms provide a unique space for pursuing policy innovations, especially in sectors and cross-cutting areas that ensure that no one is left behind by global development efforts.

- **DAC peer processes** can promote benchmarking of, and learning from, good practice in innovating development co-operation.

- The Global Outlook on **Financing for Development** will provide a platform for DAC members to think innovatively about how to maximise synergies and manage trade-offs that support integrated financing and policy pathways in line with the ambitions of development innovation.

- In line with the focus on outreach and inclusivity, development innovation offers the DAC an opportunity to promote positive engagement with countries beyond the DAC membership and other stakeholders, including the growing number of foundations, networks, alliances and hubs that have development innovation as their raison d’être.

At the same time, we are not starting from zero. For example, the International Development Innovation Alliance has collated valuable insights in the areas of understanding the language of innovation, developing models and organising for innovation, and scaling and measuring the impact of innovation (see **IDIA**). DAC members could usefully consider these insights in their own contexts, and share experiences through DAC platforms and networks such as bringing learning on innovation to the Global Partnership for Effective Development Cooperation in particular on risk and impact measurement.

The meeting includes three panel discussions:

**Panel 1) Organizational tools for innovation**

DAC members seek to catalyse development innovation in different ways: i) equip staff with tools to take risk, be flexible and innovate; ii) institutional arrangements including accelerators, hubs, incubators, iii) targeting science and technology-related sectors conducive to commercialization such as aspects of the agriculture, health and renewable energy sectors, and iv) the use of innovative funding modalities including grand challenges and innovation ventures.

Much of the international debate to date has focused on the substance of innovation and less on the tools that facilitate its uptake. Therefore, understanding what enables and what hinders innovation and which tools have proven to be successful, both within systems, and in the broader development co-operation arena, will be critical to advance the agenda.

**Questions for discussion:**

- How can we foster a culture of innovation in our organisations?
- Which tools and mechanisms have proven to be successful in promoting innovation (e.g.: project design, management, partnerships, monitoring and evaluation (M&E) for donors)? How can innovations be spotted, tested, financed, and scaled-up?
• How can we usefully link innovators (e.g. in the South or from the private sector) with development practitioners?
• How can DAC members share experiences on innovation? Do certain DAC members have a specific comparative advantage, e.g. in sectors, mechanisms, approaches or partnerships that foster innovation?

Panel 2) Innovative finance for development

The discussion will address innovative ways of financing for development impact, including bringing concepts to scale and mobilize private sector finance to increase impact. Innovative financing for development involves financing models that diverge from traditional structures. It is framed around using public funds to mobilize private actors that are willing and able to make investments in international development projects and/or objectives that require more resources and/or flexibility than traditional donors can provide.

The scale of requisite financing and the inherent complexity of the SDG framework reflect the pressing need to strengthen innovative partnerships tailored to diverse development contexts. DAC members play a longstanding role in global efforts to leverage the respective resources, capacities and expertise of private sector actors to take new projects to scale, including through innovative financial modalities. New “labs”, partnerships and alliances are also emerging as centres of innovation to bring together coalitions of like-minded development actors to fund and test-run new platforms for development. There is opportunity to further examine how innovative finance can best reach and benefit the poor and most vulnerable, including to provide opportunities for women’s entrepreneurship and access to new sources of financing.

Given the role that technology plays in mediating a range of economic communities and mechanisms, and the role local private sector plays in creating sustainable economic growth and scaling innovation, this conversation can also look at how we might most effectively finance innovation in developing countries. Financing innovation in developing countries requires an integrated approach building on efficient and coherent policies that strengthen enabling and regulatory frameworks and build capacity across sectors in developing countries.

Questions for discussion:
• Which innovative partnerships and financing approaches have helped to take new projects to scale and maximise development impact, and how have they succeeded in doing so?
• How can DAC members best provide development co-operation and financing in support of innovation ecosystems in developing countries? What is the role of projects in support of knowledge sharing, and building local research and development capacity?
• How can the OECD-DAC best support members in these areas?

Panel 3) Measuring & tracking development innovation

Participants will discuss the role of measuring and tracking development innovation to foster data gathering which in turns will help identify good practices and learn from them. A necessary first step would be to find a common definition on what is considered innovation in the development co-operation context, which will help facilitate shared understanding. A second step would be to identify the sources of data and information from which to draw. This would help in quantifying the comparative advantage of innovative solutions against existing practices as clear measuring and tracking of innovation will help to
quantify our “return on innovation”. This would require development providers’ to report on their innovative activities and results, as well as through established DAC learning processes (for example during peer review or special reviews).

Questions for discussion:

• How can development innovation be identified, measured and tracked over time?
• How is your organization planning to report on funding for innovation within the context of tracking the SDGs?
• How can we better demonstrate development results from innovation?
• How can the OECD-DAC best support members in this area?