

## Summary of DAC Roundtable on Development Innovation for Agenda 2030

Co-hosted by Canada and the Development Assistance Committee (DAC)  
November 21, 2017, Canadian Cultural Centre, Paris

### Purpose of the Roundtable:

Enhance shared understanding and knowledge of DAC members on the development innovation landscape, share the work of the DAC and the International Development Innovation Alliance, and position the DAC for future success on development innovation.

### Summary:

Coming after the October 2017 DAC High Level Meeting (HLM) which endorsed a stronger role for the DAC in promoting development innovation, the Roundtable was an important step in positioning the DAC to work effectively on this theme. Members exchanged experiences on organisational tools for innovation, innovative finance, and measuring and tracking development innovation. Common themes that ran through the roundtable included:

- An inclusive, principles-based definition of innovation for development is preferred (i.e. not just equated to technology or financing)<sup>1</sup>.
- Innovation is not an end in itself, but is about finding better ways to deliver development impact for the poorest and most vulnerable.
- Establishing a collective narrative around the importance of innovation and the need to support new approaches is not straight-forward, but is very much acknowledged as critical for 'agencies of the future' and for meeting the objectives of the 2030 Agenda.
- Demonstrating the value proposition for innovative practices and initiatives in terms of yielding new solutions and greater impact, over traditional development practices and business as usual, is key to success.
- Members are working to accelerate and scale new and innovative finance mechanisms. There is scope for more exchange and collaboration between members.
- Members adopt different organisational models for promoting development innovation (e.g. some mainstream, some create bespoke functions and units).
- Members highlighted the challenge of internal compliance and accountability systems as obstacles to innovation and experimentation, and the corresponding need to try to override bureaucratic constraints and general risk aversion.
- Incentivising, measuring and tracking innovation are key organisational challenges given the lack of a collective approach among donors.
- Because innovation in development co-operation requires doing things differently, it can require staff with different sets of skills and competencies, which may provide an opportunity for talent sharing and training collaboration.
- Synergies are needed between the innovation and the development effectiveness agenda.

The meeting concluded with the following action points:

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<sup>1</sup> The October 2017 HLM Communiqué embraces "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."

- To better support learning by members, strengthen the use of innovation in the course of reforming the DAC peer review instrument.
- To enhance member support for development innovation, explore means of facilitating continued evidence collection and analysis, peer exchange and learning on development innovation.
- Continue work on policy frameworks for innovative finance mechanisms, including blended finance and risk considerations, recognizing the opportunities presented by private sector investment as a pathway for bringing some innovations to scale and financing Agenda 2030.
- Use existing platforms, such as the GPEDC, IDIA and the DAC networks, to reach a broader audience and to enhance collaboration across policy fields.
- Support DAC members with tools and systems for measuring the impact of development innovation investments (building on the work done by IDIA) and to more systematically track development innovation programming inside their development portfolios.

### **Introduction:**

DAC Chair: Innovation is a connective element (“red thread”) that runs through DAC reform and ensures it is fit for purpose. We need new responses to old questions. It’s an issue of mindsets.

DCD Director: We need a common, shared understanding; to learn from experiences making development co-operation innovation-ready; and an inclusive dialogue beyond the membership. We stand ready to work further on innovation as per the October 2017 HLM commitment.

Canada: The aim is to start unpacking innovation: what, how and whom; how to deliver at scale and use local solutions; how to take smart risks in our organisations and test new approaches; we need a critical mass of stakeholders engaged towards innovation and the DAC represent an important community of practice.

### **Organisational tools for innovation:**

The DAC Chair facilitated this conversation. DFID (presentation attached) and UNDP shared their experiences. The common themes were around the need to find the right tools to deliver on the innovation, and to learn and adapt as you go. This requires at a minimum the need to have a grasp on what innovation is happening where, across different business units. It requires new approaches, and new technologies, to challenge existing ones (e.g. rigid programming cycles) – to be more lean and agile. It was suggested that organizations should use existing platforms as much as possible, rather than create new ones.

The culture of any organisation is important in promoting or stifling innovation. Political leadership needs to create a culture that rewards innovation and tolerates some failure. Staffs at different levels need operational support to experiment and implement innovation and to learn by doing. Risks need to be taken (e.g. taking a portfolio approach to risk), and learning from failure encouraged. Organisations

need principles<sup>2</sup>, skills and well tested tools to support the innovation agenda as well as internal horizon scanning and trends analysis to be ahead of the curve.

### **Innovative finance for development:**

Canada facilitated this conversation. USAID and Global Innovation Fund presented. The GIF is a social impact first investor (no financial return target). The common themes were around engaging with the private sector to achieve the 2030 Agenda, where there is a shared value, and lowering the barriers for potential investors. Also looking at new ways of financing (e.g. crowd sourcing) and to look across the range of mechanisms at our disposal. We need to challenge the market to come up with innovative solutions and create pipelines for our DFIs.

The OECD and DCD are well placed to promote collaboration and shared learning around innovative finance mechanisms. We also need to look at the nuts and bolts of legal and procurement associated with these financing mechanisms, and the skills and levels of co-ordination needed in our organisations to make them effective. We need to operationalise, for example, the blended finance principles.

### **Measuring and tracking development innovation:**

The DCD Deputy Director facilitated this conversation. Canada (presentation attached) and DCD presented. The DAC members need metrics to measure the progress and added value of innovative practices and programmes, and IDIA has produced an initial reflection on an approach to measuring the impact of innovation. There is an opportunity for the DAC and its networks to take this work further. At a portfolio level, in the absence of a policy marker on innovation, members are seeking support on how to measure the inputs, the quality and effectiveness (e.g. responding to complexity and systems, leaving no-one behind, ownership, demand etc.), and the impact of their development innovation investments. We could look at the role of different tracking and evaluation methods in moving from pilots, to testing efficacy and effectiveness, to scaling and replication, and to measuring sustainable impact. We could look at improving our results-based management approaches and frameworks to incorporate the innovation agenda, and to learn from it. To support this, a common definition and collective way to track and measure investments in development innovation are needed to establish an evidence base to work from.

The DAC networks and communities of practice can add value here. Peer reviews and peer learning can also facilitate exchange of good practice. We also need real-time opportunities to showcase and reward innovation in the DAC. We need to be agile and proactive.

## **ANNEX 1: AGENDA & BACKGROUND NOTE**

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<sup>2</sup> UNDP has developed the following Principles of Innovation : <http://www.undp.org/content/undp/en/home/ourwork/development-impact/innovation/principles-of-innovation.html>