HIF Innovating Wash: Project Health Check

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Contents

Executive Summary

The HIF WASH[i] Project: Project Health Check was commissioned at the start of August 2014 to take place over the period August-September 2014. The purpose of the health check was to,

> *".... provide a basic validity check for the processes and follow up that have taken place to date within the WASH workstream, and make suggestions as to how the next round of challenges could be improved. It will also serve a secondary function in assisting the HIF in shaping the future direction of its grant making and innovation support beyond the WASH workstream."*

The WASH Project was initiated as part of the current round of funding from DFID. The project was designed to add to HIFs "non-directed" innovation of the small and large open grant facilities, with a more "directed" innovation funding and workstream for WASH innovation; a technical area that it was felt needed a push to find new solutions.

In many ways this project is breaking new ground for the Humanitarian sector, and particularly among donors. Taking on both an open innovation programme and a more hands on approach to accelerated innovation are to be applauded. Although the project is behind schedule, with solutions only now reaching the contracting stage, there is enough evidence to give encouragement that this more "directed innovation" approach from the HIF will prove to be beneficial for the WASH sector, and ultimately disaster affected communities. It is also clear that the Secretariat have been effectively learning as they have managed the process. They have made adaptations within the streams, and provided brokering support in the Accelerated Innovation stream.

There are a number of areas that can be further improved within the process and with how the HIF carries out its "directed innovation." The report has four key findings and five recommendation areas (outlined in diagram 1 below).

Diagram 1: Recommendations

Recommendation 1: Better Preparation for Directed Innovation	Recommendation 2: Review Open Innovation Approaches	Recommendation 3: Modify the Accelerated Innovation	Recommendation 4: Innovation Portfolio Management	Recommendation 5: HIF Form to follow Function

The first three recommendations are focused on the HIFs approach towards its "directed innovation" work, while the final two recommendations cover both its "directed innovation" in the form of the Innovating WASH Project and the wider work of the HIF. The report concludes that there is a strong rationale for the HIF to continue carrying out directed innovation work, but that there are changes required for it to increase its effectiveness in this role.

Methodology

The HIF Innovating WASH Health Check is not a full evaluation, nor could it be due to the stage that the project is currently in the project cycle. The methodology looked to gain enough stakeholder input as well as to review the relevant documentation to provide sufficient insight into where the project is, and how it is performing. The process for the health check is highlighted in diagram 1 below.

Diagram 1: WASH Health Check Methodology
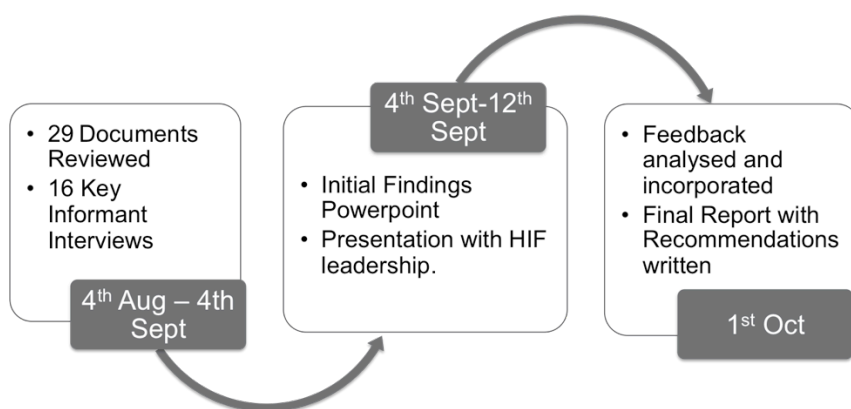
During the process 16 key informant interviews were carried out across a mix of vendors, Technical Working Group members, HIF secretariat, HIF Advisory Board and applicants.

Documents reviewed included, the original WASH project proposal, financial reports, Accelerated Innovation proposals, the GAP analysis and the problem statements.

- 29 Documents Reviewed
- 16 Key Informant Interviews

4th Aug – 4th Sept

4th Sept-12th Sept
- Initial Findings Powerpoint
- Presentation with HIF leadership.

- Feedback analysed and incorporated
- Final Report with Recommendations written

1st Oct

There was a good level of engagement from all of the key stakeholders, and interviewees. The secretariat provided significant support in enabling this review to be carried out and are clearly seeking to find ways of improving the project.

Progress to Date: Are we on Target?

The HIF Wash Project was funded by DFID in the current HIF funding envelope. The project started as a single stream of work to identify the gaps that existed in the humanitarian WASH sector. There were 30 gaps identified that were honed down to 12 gaps. On further analysis these 12 gaps were expanded to 14 problem statements.

Diagram 2: WASH Project Process[ii]

Original Process Plan for WASH Workstream
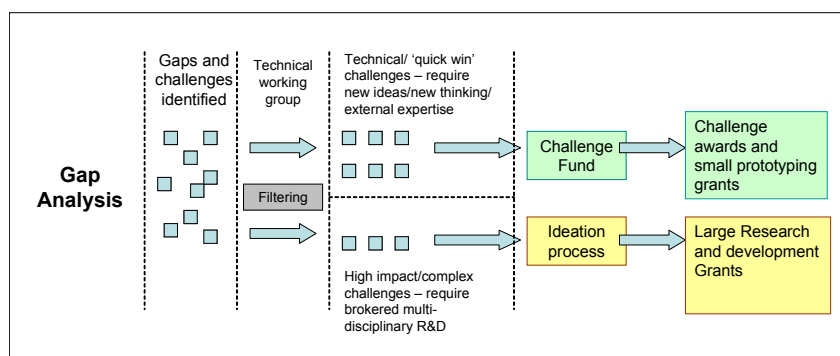
The problems were then ranked to establish which were the most pressing, and which would be appropriate for either an open innovation process or an accelerated innovation process. In the diagram to the left these are termed as a "challenge fund" and an "ideation process."

The project is running well behind its original timeframe. There are a number of reasons for this, which will be discussed below, none of which have been significant in and of themselves, but have cumulatively led to a significant delay. The original timeframe in the proposal to DFID can be seen in Table 1 below.

Table 1: Original Logframe for DFID funding for the WASH project

OUTPUT 2	Output Indicator 1.1		Baseline	Milestone end 2013	Milestone end 2015	Target (end 2015)
Targeted research and development resources and innovative partnership brokering are created through the HIF to address current and long-standing challenges in the humanitarian WASH sector	No. of solutions to WASH challenges sourced through market place challenge funding	Planned	1 WASH challenge fund ongoing	Minimum of 6 challneges run and awards given	Minimum of 6 solutons futher developed/pro toyped with implementing partners/privat e sector producers	minimum of 3 WASH solutions ready for further scale-up
		Achieved				
			Source			
			Pilot phase (Jan -Sept 2011)			
	Output Indicator 1.2		Baseline	Milestone end 2013	Milestone 2013	Target (end 2013)
	No. of soltutions to major WASH challenges developed through large multi-partner R&D programmes	Planned	0 in pilot phase	minimum of 3 large R&D grants allocated allocated	minimum of 3 large R&D grants allocated allocated	minimum of 6 large R&D programmes invietsigating solutions to WASH challenges funded
		Achieved				
			Source			
			Pilot phase (Jan -Sept 2011)			

After the original logframe was proposed, the number of challenges in output 1.2 (termed AI, Accelerated Innovation) was reduced from six to four. Discussions were held with DFID to extend the project timeframes, but there has still been significant slippage due to:

1. A change in the HIF manager in this period
2. Using a distributed capacity for significant tasks (the Technical Working Group)
3. Overly ambitious timeframes, particularly in the AI stream, between ideation and proposals.
4. Under-resourcing the management of the process
5. Some vendor delays

This report will make recommendations that address the issues 2 to 5. The delays have meant that by the end of August 2014 there were two Open Innovation, and three Accelerated Innovation grants at contracting stage. Overall budget expenditure as of the end of August 2014 is 22% against target. Contract commitments that have been signed and negotiated take this figure closer to 60%. The solutions currently in the contracting process range from testing an existing solution with a minor tweak, to a more ambitious experimental innovation. A more detailed view of current progress against budget and outputs can be found in Annex 1 below.

With the project significantly behind the original schedule, the remainder of the report will focus on where improvements can be made to enhance the project moving forward, and for future Accelerated Innovation and Open Innovation challenges.

Finding 1: The Preparatory Work

Gap Analysis and Challenges

The Gap Analysis document was a key piece of work for this project. The development of the document involved significant consultation within the humanitarian wash sector. *"A total of 909 people were consulted across around 40 countries, involving individual practitioners and approximately 45 different organizations, spanning donors, the UN system and international and national NGOs."*[iii] This created a document that provided a useful framing for the development of the WASH challenges, and also ensured strong "buy in" from the sector. A number of interviewees had cited the document as being helpful in guiding their own organisations WASH strategies, and in providing a reference document for discussion with donors.

The report was the foundational document for the WASH challenges. However, this document was not sufficient to provide a deeper analysis of the problems that were taken forward to the open and accelerated innovation processes. This has arguably led to a number of weaker proposals being submitted. This issue is addressed in recommendation 1.

Technical Working Group

The TWG (Technical Working Group) is led by Andy Bastable of Oxfam and comprises of a number of sector specialists from within the industry and some academics. Andy is clearly respected within the group and the sector. The group were well engaged at the start of the process, but this engagement has become patchy. There is an inner group developing who have the time and inclination to continue to engage in the work of the project. The group is coordinated by Andy without dedicated administrative or more junior support. This means that not only is the group stretched by their other commitments, but Andy also appears to be stretched to cover the fluctuating demands of his work for Oxfam and the role he plays for HIF.

The outcome of this is that there have been delays in garnering feedback on aspects of the work, such as some of the proposals. Some other questions that came up from working group members were the potential conflict of interests that could be perceived in Andy having a twin-hatted role, with Oxfam and the HIF. Questions were raised on both sides of this, on one side regarding Oxfam potentially having access to information that gives them an unfair advantage with WASH proposals. Whilst on the other side, questions were asked regarding whether Oxfam would be penalised to ensure that they were not appearing to be favoured by the HIF.

The group themselves had a good representation of skills and experience, but as with any group, there were still limitations to this. For example the latrine lighting challenge produced ideas around solar lighting, but there wasn't any solar lighting expertise within the working group. This has been addressed with some of the other challenges, such as the Solid Waste Management challenge, where expertise was brought in for the review where the TWG lacked the necessary expertise.

The use of the TWG as part of the WASH project raises questions regarding its primary function. Is its primary function to ensure rigour in the development of challenges, or is it to ensure acceptance of, and "buy in," to innovations that are developed through the WASH project? Is it to get collective wisdom to judge the best ideas, or is it a cost saving exercise? It is probably a mix of all of these factors, but there are significant transaction costs to this approach, which is the time it adds to the process and the varying degrees of engagement from members.

What does success look like?

There has been substantial work carried out with a number of applicants to establish the M&E metrics for their proposals. These are proposal specific and follow a traditional development/humanitarian approach in many ways.

In carrying out the review, it appears that there has been little documentation on the measures of success for this project. For the open grant facilities there is a clear measure of success at the pass/fail level of the innovations funded, with an agreed acceptable failure rate. However, there doesn't appear to be any documentation regarding such a rate for the WASH workstream. This has led to some confusion amongst stakeholders as to what the level of risk should be in deciding upon proposals that have been submitted. It also means that there is a lack of understanding of what would constitute success and value for money for this project. Strengthening the whole approach to M&E and performance metrics around this area[iv] would be useful. A potential way of structuring this is outlined in recommendation 6.

The other issue in identifying the problem statements has been getting the right level of specification, particularly for the open innovation challenges. There is a balance between what one of the stakeholders termed "performance specifications," (i.e. what is the end outcome that is sought), vis-à-vis "input specifications" (being prescriptive on how the performance specifications are to be met). Greater thought is required to how the specifications are designed for the challenges. This is linked to the level of analysis pre-challenge.

Finding 2: Open Innovation

The Open Innovation channel is designed to find a pool of solution providers for the more straightforward challenges that emerged from the gap analysis and problem statements. The rationale behind using this approach was for simpler problem areas to find solutions that had more achievable requirements, using a wider net to search. This has led to a significant number of applications being received for the challenges. The solution funnel for each challenge is shown in table 2 below.

Table 2. Open Innovation Challenges solution funnel

Challenge	Number of People (project rooms) who worked on the challenge	Number of Solutions Submitted	Number of Solutions Chosen
Latrine Lighting	855	120	2
Solid Waste Management	575	51	0 (To date)
Space Saving Jerry Can (open for another month)	305	7	0

It would appear that the vendor, Innocentive was the preferred choice of DFID as the open innovation providers. Although a number of not-for-profit and donor organisations have used Innocentive, and they have attracted a reasonable number of solutions to the challenges so far, there is an issue with their primary operating model. This model enables organisations and businesses to purchase the intellectual property from a problem solver. An approach that is not suitable for how the HIF currently functions, as it is not designed as an entity for turning ideas and solutions into viable products and services.

Another key concern that emerged during the research for this paper was that the current vendors OI model does not allow collaboration. They are the moderator of the solutions, and only provide information on the successful applicants. This means that the system is open to applicants, but closed to collaboration. This approach therefore does not deliver on HIFs goal of fostering collaboration.

The learning from the first two challenges has been taken on board by the HIF and led to a different approach for the current open challenge, where the challenge is to produce a number of working prototypes. However, this approach will need to be scrutinised carefully as there are potential issues with it, in terms of the likelihood of getting sufficient proposed solutions. Physically making a product takes more time and resources than thinking through a theoretical or design solution and submitting it as a paper. The wherewithal to physically make a product and the resources and physical assets required, mean that the number of applications is likely to decrease. This may be a boon in ensuring some self-selection. However, requiring physical products means that solvers will

be weighing up the opportunity cost of investing finances, time and other resources into producing a product for quite a small prize, without any forward purchasing commitments is a barrier. People enter challenges for a variety of reasons, and solving humanitarian and development challenges are often done for a sense of personally contributing to humanity. However, the personal investment in producing a physical product could reduce the likelihood of finding those ideas. When the applications are received for this challenge, it will be worth bearing these factors in mind. They should also be judged on the challenge entrants willingness, capability and capacity to produce the winning design at scale.

The final concern regarding the OI approach is that by targeting more achievable solutions, a number of the best submissions have been existing products that just require a small tweak (if any) to achieve the specifications laid out in the challenge. This has meant that the OI challenges have in some instances been closer to a procurement methodology than innovation methodology.

Finding 3: Accelerated Innovation

The Accelerated Innovation stream within the WASH project has some promising solutions and collaborations currently in train. A number of the assumptions in building this challenge have been validated, while some others have not. The vendors chosen for the work were Viadynamics, who worked with the Secretariat to design the workshop. Due to a number of factors the workshop ended up being two-days, rather than the original five days. A third day was set aside to explore the issues of community participation in WASH. The decision was also taken to run with two challenges at the one event. The first challenge was a toilet challenge called "defecate with dignity" while the second was on hand washing. The reflections of all the stakeholders interviewed were that running two challenges together was a mistake. This has subsequently been borne out by the fact that only one of the challenges has led to fundable proposals.

The toilet challenge had the right mix of participants from a variety of backgrounds. This enabled good ideation and collaboration between a number of participants on potential solutions. The result of this has been the submission of 6 proposals, with three deemed strong enough to fund. The hand washing challenge was the opposite of this. The participants were more homogeneous, further behind in fully understanding the problem space, and struggled to think outside of their current paradigm. This led to confusion in what was being asked for and ultimately to fewer and weaker proposals, none of which were deemed to be of sufficient strength to fund.

The participants' view of the ideation workshop was varied depending on which challenge they worked on, and their previous exposure to ideation processes. Although the ideas from the toilet challenge groups were not "paradigm shifting" they were ones that took the participants into new solution spaces. As noted above, the hand-washing group felt more frustrated by the process. They found the third day on community participation in WASH more helpful. This was a workshop that delved deeper into the problem space and addressed framing issues regarding "hardware" and "software" as well as some definitional concerns the group had stumbled on in the previous days. Participants in both groups who had not been involved in an ideation process before generally found the whole process more useful that those who had.

Partnership Brokering

Attempting to combine ideation with partnership brokering was overly ambitious. On first analysis this could be blamed upon squeezing the workshop into two days. However, there is a deeper issue, which is that the people participating in the ideation session are generally not those who would have the decision making power on collaboration or moving forward with a proposal. Brokering actually occurred after the workshop. Although there was a budget set aside for consortiums to develop proposals, this was not fully understood or utilised by applicants. The Secretariat took the initiative to push forward brokering post event and after the initial application stage. In particular they suggested that two similar consortia work together. They facilitated this to happen, both financially, and through facilitative support. The parties involved appreciated this, and it was key to them developing a successful joint bid. That said, this produced extra strain on the secretariat and slowed the process

down. Two things of note regarding the consortium brokering are firstly, limited "pure" private sector engagement and secondly, that the collaborating agencies were already in varying degrees of partnership with each other. Diagram's 3 and 4 below illustrate this.

Diagram 3: Social Enterprise Faecal Sludge Management
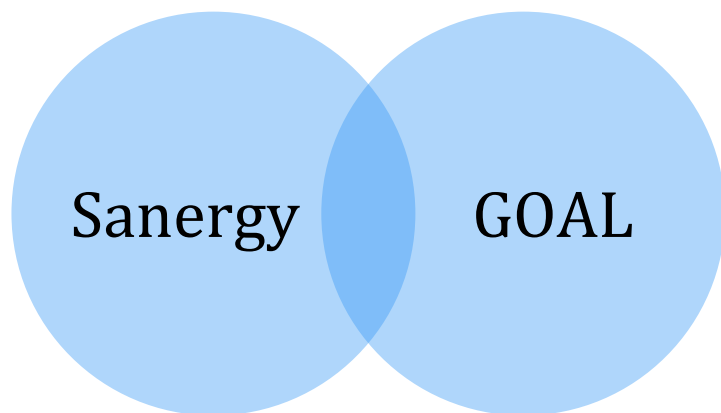
The Social Enterprise Faecal Sludge Management partnership was an existing relationship between Sanergy, as social enterprise in Nairobi and GOAL Kenya. They had an existing partnership working on a similar product in slums in Kenya. Although invited independently to the ideation workshop, their previous working relationship provided the basis for joint working on a new proposal.

Diagram 4: Perpetuloo Partnership

The Perpetuloo consortium is comprised of two different groups that HIF facilitated to come together after submitting similar proposals. HIF carried out good facilitation support to this, but it was enabled by the fact that both of the initial proposals came from organisations within existing partnerships, and that Andy Bastable and Waste had working relationships to bridge both groups.
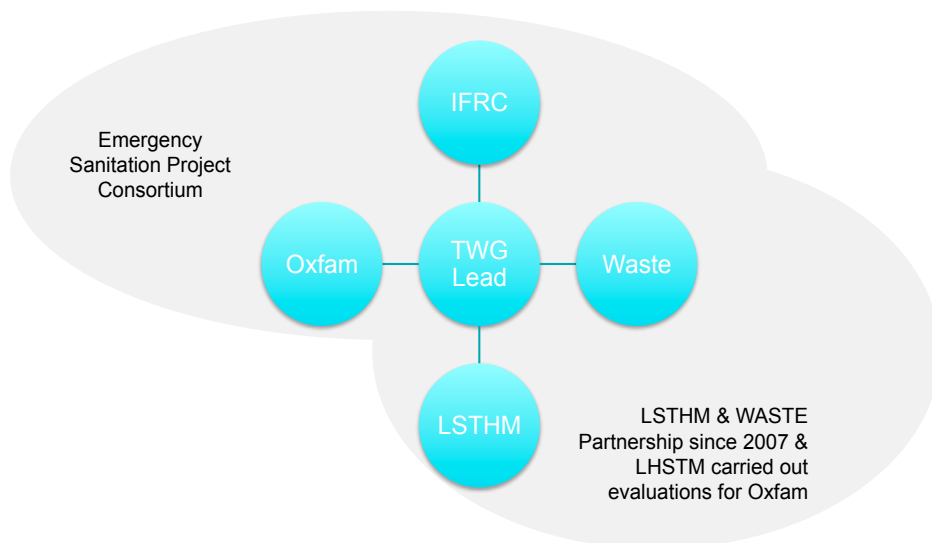
What is noticeable, and commented on by the event participants, is that the WASH sector participants are collaborating well with each other, and that this process has supported that further. It is clear therefore that although it is early days still for the Accelerated Innovation process, it has developed some innovative potential solutions and coalesced a number of partnerships to build and test them. Recommendations on how the process can be improved are outlined in recommendation 3 below.

Finding 4: HIF Capacity and Capability

Embarking on a "directed innovation" journey is something that is new in this sector and was new to HIF. What has become clear is that the demands of running such a process efficiently and effectively requires further development to the HIF's modus operandi and capacity.

The HIF relies on a distributed capacity model with a lean secretariat. This distributed capacity comes in the form of the Advisory Board, the Grants Panel and for the WASH project the Technical Working Group. Using this model has benefits such as crowdsourcing humanitarian, innovation and technical expertise. It also theoretically stimulates the innovation diffusion process for products and services funded by the HIF, and on the surface reduces financial costs. However it brings with it significant transaction costs that is negatively impacting the quality, effectiveness and efficiency of some of the HIFs work. The diagrams below outline how the strain on the Secretariat increases when it goes beyond the grant administration of the non-directed open grants to a more directed innovation management approach.
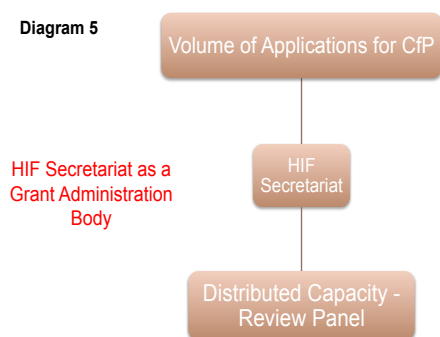
Diagram 5

Volume of Applications for CfP

HIF Secretariat as a Grant Administration Body

HIF Secretariat

Distributed Capacity - Review Panel

Diagram 6

Open Innovation Applications

HIF secretariat as Open Innovation Challenge Commissioner

HIF Secretariat

Distributed Capacity - Tech Working Group

OI Vendor

Diagram 7

Potential Collaborators

Ideation Facilitators

HIF Secretariat

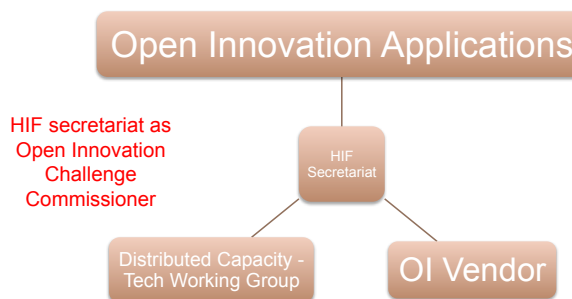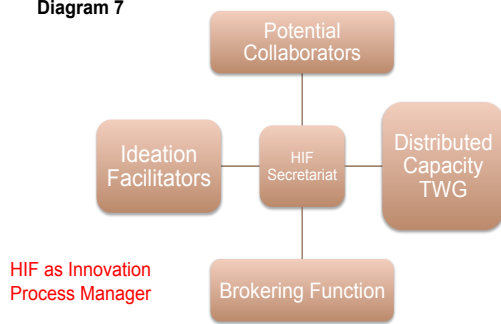Distributed Capacity TWG

HIF as Innovation Process Manager

Brokering Function

Diagram's 5, 6 and 7 clearly show how the complexity and workload that the secretariat has to cope with increases across the three main modalities of working. The delays in the project are caused primarily by this increase in the complexity and workload for the Secretariat. It is managing a distributed capacity and outsourced model, without the provision of sufficient resources to do so optimally. Options for dealing with this are outlined in Recommendation 5.

Recommendation 1: Directed Innovation Preparation Improvements

The findings in this report highlighted that although the gap analysis and problem selection were useful, there were a couple of steps missing. Diagram 8 below shows a proposed improvement to the process flow. **Diagram 8**

Gap Analysis & Problem Selection (existing) → In Depth Problem Analysis → Innovation Process Mechanism Decision → Problem Briefing Materials → Launch Challenge, CfP or brokered solution

In Depth Problem Analysis

The new stages in the process come after the initial gap analysis and problem selection stages. Selecting the key problems that the HIF wants to work on then provides a more targeted focus to research and analysis of:

- The problems causes and symptoms
- Current research and development around the problem and potential solution providers
- Searching for potential solutions in periphery industries/sectors (e.g. development).
- The solution history; what has worked but failed to diffuse, as well as reasons for technical failures in the past.
- The design brief and specifications.

The resources required to do this effectively accentuate the need to only carry this process out on problems that have gone through a first stage selection process. This work is crucial to ensure that the best solutions with the greatest possible chances of success are identified and supported.

Innovation Process Mechanism Decision[v]

The in depth analysis in the previous stage means the HIF will be in a much better place to understand what the best mechanism is for producing a solution. It is at this stage that the HIF would identify what this mechanism is. Options include launching challenges (including which type of challenge), putting out a targeted open call for proposals, asking targeted organisations and businesses for proposals in a closed call, brokering a partnership or even advocating for a policy or implementation change within the ecosystem to support a solution.

Problem & Mechanism Briefing Materials

It is critical to ensure that for high quality potential solutions to emerge that two types of briefing are provided to innovators. The first is the material created by the in depth problem analysis work. Depending on the mechanism being used, these materials may well need to be tweaked and finessed to make them accessible to the widest possible audience of potential solvers. The second type of briefing is about the innovation mechanism itself; outlining clearly what the eligibility criteria, entry process, stages and gates are.

Recommendation 2: Open Innovation Approach

The current open innovation vendors approach is sub-optimal for the HIFs requirements. Although it has produced a significant number of ideas, there have been few that have been worth funding. The lack of opportunities to collaborate in the process and the dominant model of IP purchase make this a weak channel for the HIF.

It would be beneficial for the HIF to augment its current learning's with a better understanding of models and vendors for this type of mechanism. An example of a more collaborative engagement of the "crowd" in an open innovation process is OpenIDEO's methodology. DFID are currently using this vendor and approach for its Amplify programme.[vi] It may well be worth exploring commissioning a joint review with Donors, UN and NGOs on shared experience and learning in order to inform better practice in commissioning and using open innovation processes. In lieu of such a review the following guidance has emerged from this health check:

1. An Open Innovation approach should not be carried out in the stead of deeper search of the solution landscape for potential existing solutions, as outlined in recommendation 1.
2. There should be strong justification based upon the problem analysis process outlined in recommendation 1 for using an Open Innovation process.
3. The HIF should not design Open Innovation challenges that purchase IP (as the Secretariat has now recognised).
4. An Open Innovation methodology should be chosen that enables collaboration, even if it is only from "the crowd" rather than more formal partnerships.
5. An open tendering process should be used to choose a vendor for any future Open Innovation challenges to ensure they are the best mechanism.
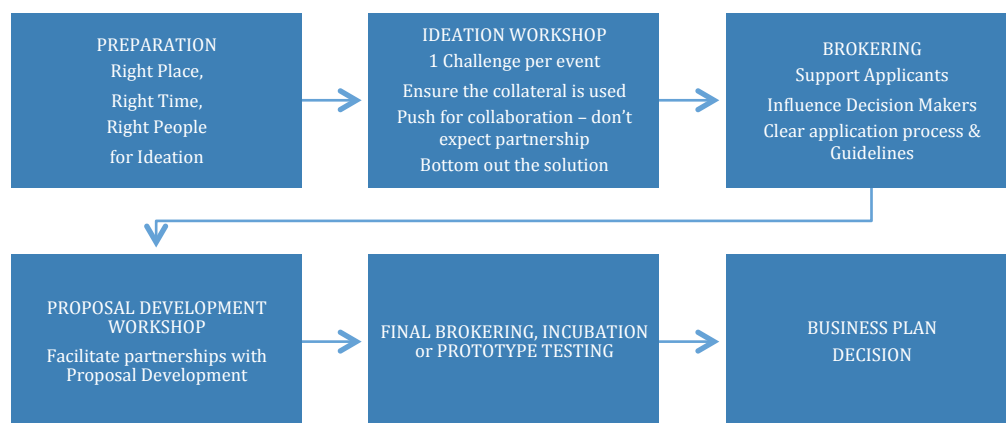
Recommendation 3: Accelerated Innovation Improvements

As noted above, there are successful proposals that have been submitted by collaborations brokered through the Accelerated Innovation process. However, there are a number of factors that could significantly improve running a process like this in the future. The recommended process changes are shown in Diagram 9 below.

Diagram 9: Accelerated Innovation Process

Preparation

The Secretariat has identified and understood that the right people, time and place are needed to deliver good ideation. Some of this was in place for the ideation workshop, but some aspects were missing. A focus on getting this right will need to be maintained.

PREPARATION Right Place, Right Time, Right People for Ideation	IDEATION WORKSHOP 1 Challenge per event Ensure the collateral is used Push for collaboration – don't expect partnership Bottom out the solution	BROKERING Support Applicants Influence Decision Makers Clear application process & Guidelines
PROPOSAL DEVELOPMENT WORKSHOP Facilitate partnerships with Proposal Development	FINAL BROKERING, INCUBATION or PROTOTYPE TESTING	BUSINESS PLAN DECISION

Ideation Workshop and Brokering

Learning from this event is that only one challenge is focused on in the workshop is crucial. The workshop should be focused on bottoming out the problem and the potential solutions. Although collaboration and networking should be encouraged at the event, partnerships should not be expected to be developed at this time. The workshop should produce potential solution designs with potential partners. Brokering should occur after this event. The brokering of good partnerships is a difficult and time heavy process. Adequate time and resources should be given to this. With the right support and documentation, this will enable workshop participants to lobby within their own organisations for resources to be devoted to partnering and developing a proposal.

Proposal Development

To ensure a more efficient proposal development process, applicants would be supported to come together and develop a proposal in a facilitated workshop environment. In this way the team can both work face to face but also get guidance and support from the HIF. It would be preferable if those assessing proposals were part of this process. The ideal would be to reach a decision on the initial proposal by the end of this workshop. A good system to adopt is to only allow one opportunity for questions to be asked and answered. The decision makers must then make a yes or no decision. This can be countercultural for not-for-profit organisations, but it speeds up the process significantly. Once the initial proposal has been agreed to, then a decision will be made regarding the next steps.

Final Brokering, Prototyping or Incubation

The next stage would be one of three options:

- Final Brokering – Where the solution is well developed and the teams just require some additional support.
- Prototyping – Where the solution needs further development, but the teams require minimum support to do so, provide finances for prototyping.
- Incubation – Provide the potential solution partnerships with resources and support to develop their solution if both their capacity and the product/service require strengthening. This may be beyond the scope of HIFs strategy, but it is something that should be seriously considered.

These three options will clearly require different levels of financial and no-financial resources, as well as significantly different timescales to be applied to them.

Business Plan Decision

The final stage would be to decide whether or not to invest in a large grant for the proposed solution. Such an investment would require a strong business case to be developed around the initial proposal. Each business case would have it's own performance metrics. These metrics would then be the indicators for measuring success of the innovation at the output level. The M&E of the innovation is addressed in recommendation 5 below. Stage gates should be used to measure progress against the plan and towards the end outcome, to ensure that failures and learnings are identified as early as possible.

Recommendation 4: Portfolio Management & Ecosystem Influencing

The HIF is now running what this author is terming as "directed" and "non-directed" innovation workstreams. However, these streams have not yet been linked together as a portfolio. It is recommended that time and resources are put towards building this capability. Diagram 10 below illustrates this.

Diagram 10: HIF Portfolio Management
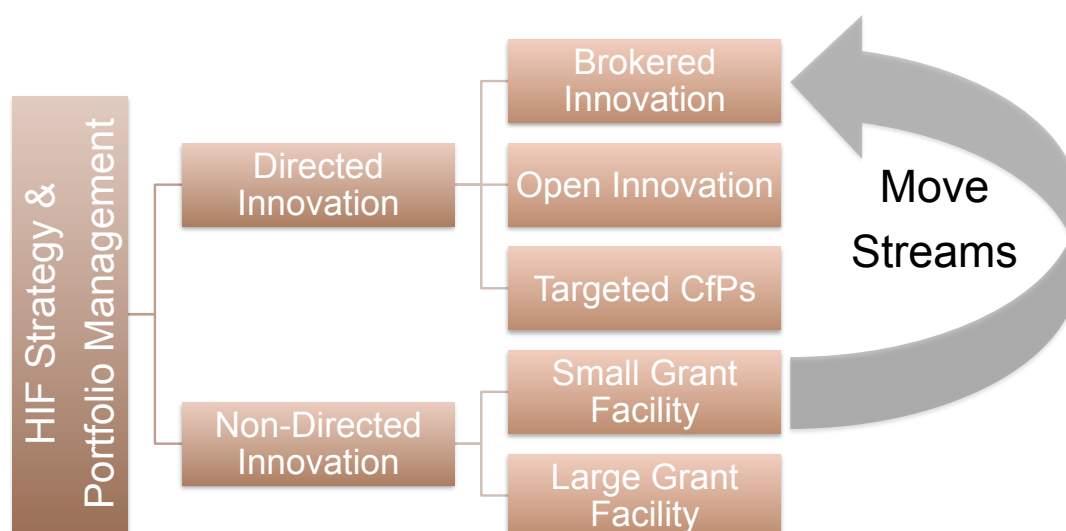
The HIF Secretariat should dedicate time and skills towards managing its work as an innovation portfolio. Problems and solution searches that are in one stream, may well need to be moved into another stream, as that is a more appropriate mechanism. For example, ideas from the open small grant facility that were rejected due to a lack of confidence in the team behind it, could be moved into a brokered facilitation mechanism to be paired up with an organisation or business that has the requisite skills to make the idea become a successful reality.

This capability could also be used to fulfil two other functions in the industry. The first would be to provide a search and brokering function that identifies wicked problems in the Humanitarian sector and convene actors inside and outside the humanitarian system who, if brought together, may be able to provide a solution. This builds upon the approach taken with the WASH project. The second is to influence the industry by raising awareness and positing solutions to systemic barriers to the scaling and diffusion of innovations that HIF funds. This would not move the HIF into funding the scaling of innovations it has funded, rather, influence the creation of an enabling environment for the innovations to scale up within.

Recommendation 5: HIF Capability & Capacity

The first four recommendations all point to a strategic question for the HIF, which is whether or not it has the capacity and capability to deliver effective innovation management successfully. The evidence so far is that it has the brand, some of the staff and learning to be in the right position to carry out this function. However it requires an increase in its capacity and capability to carry out this role efficiently and effectively.

This is a question of strategy for the HIF. From a funding perspective, and from a mapping of the environment perspective[vii], it is an opportune time for the HIF to decide where it is going strategically. A more hands on role in shaping the humanitarian innovation ecosystem, continuing to manage "directed innovation" workstreams and consequently carry out effective portfolio management should be a strategic focus for the HIF.

Diagram 11
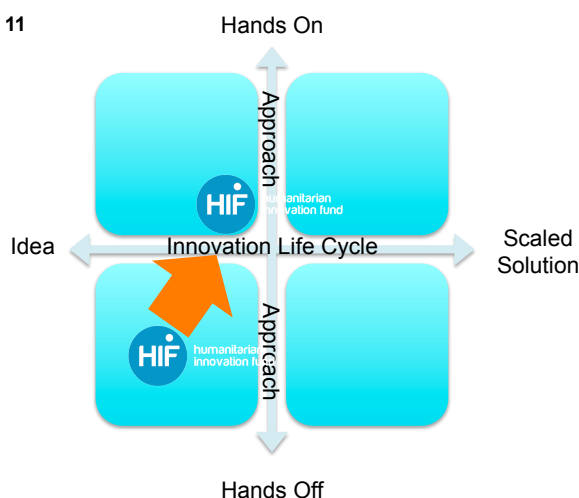
The HIF has already started this move with the WASH Project. It has moved from the bottom left hand quadrant of funding earlier stage innovations with a hands off approach through the open grant facilities. To slightly later stage innovations with a more hands on approach with the WASH project.

This is a welcome development in the sector, but it has strategic implications for the HIF. An illustration of the strategic direction with WASH can be seen in Diagram 11 (left).

In regards to capacity, the first priority is deciding the rationale and purpose behind outsourcing some of their innovation management and using distributed capacity for other parts. As illustrated in finding 4, there are high transaction costs to this model, which need to be fully acknowledged when deciding which parts of HIFs work should be outsourced or taken on by a distributed capacity function.

The planned recruitment of an Innovation Management Advisor will aid in addressing some of these issues. However, it is evident that to run successful directed challenges more standing capacity (i.e. paid dedicated capacity; either in-house or outsourced) is required to carry out the following functions:

- Technical review for the chosen sectoral area
- Research and DME to support better preparation work for directed innovation
- Partnership brokering and facilitation

Beyond the directed innovation workstream, recommendation 4 suggests that there is a need and a role for the HIF Secretariat to play in delivering effective portfolio management strategic brokering and ecosystem influencing. This will require increased capacity at a senior level with the necessary skills and experience to carry this out. Diagram 12 below illustrates the capability components that the HIF needs to possess in order to effectively deliver more hands on innovation management.

Diagram 12
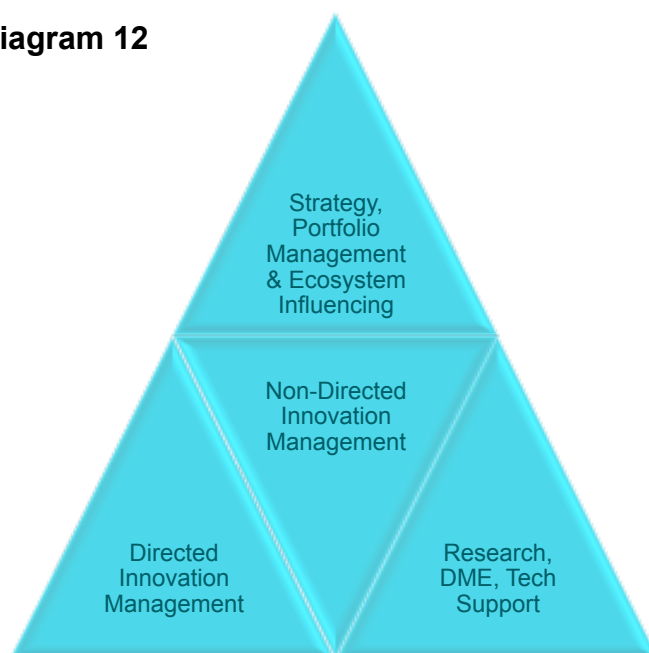
When thinking through the capacity requirements of the HIF, it is salutary to look at NESTA, a larger equivalent in the UK working on social innovation. In the financial year 2012/13 NESTA had an expenditure of just under £25 million. Of this only 41% was spent on grants. Over 45% of their expenditure was actually on ensuring NESTA has sufficient capability to support a portfolio of innovation research and management. This money was used to employ 95 staff, which coupled with core innovation support costs has a budget of £11.4 million. A breakdown of NESTA's finances and headcount can be found in Annex 2.

Performance Metrics and Process Indicators

The measurement of the WASH stream is currently through a logframe with some high-level process indicators that are quantitative process indicators. In reality there should be five levels of M&E/KPIs (Key Performance Indicators) for the HIFs directed innovation work, that are a mix of logframe type metrics and business performance management metrics.

Indicator Level	Primary Indicator Type	To be used on	To measure
Process	Lead	The management of the whole process, to be monitored at stage gates	Assessing the performance HIFs innovation management
Input	Lag	The economy and efficiency of the process to be monitored at stage gates	Assessing parts of the VFM of the approach, as well as monitoring financial performance
Output	Lead	The success/failure of innovations at the end of the funding	The performance of individual innovations against their original business cases
Outcome	Lag	The uptake and usage of the innovation by its target audience during and after funding	The scaling of the innovation
Impact	Lag	Programmes using the innovation	The benefits for disaster affected populations

These metrics ask questions of the HIFs role in supporting innovations to have the best chances of scaling once they have graduated from the HIFs funding. This involves both supporting the innovators to prepare well for this stage, as well as the HIF influencing the ecosystem to ensure that barriers are highlighted and addressed; where potential funders/purchasers for the next stage are aware of the product/services potential, and were the market for the innovation is primed for adoption of the innovation.

Seeking to measure outcome and impact indicators for innovation work will require significant thought by the HIF Secretariat, its Board and Donors. The recommendations in this report regarding portfolio management and the HIFs capacity and capability would go some way to addressing this. The fact is that the HIF is trying to support innovations in an industry that has multiple disincentives for innovation adoption and is in effect a closed market, dominated by incumbents. To increase the outcomes and impact of HIF supported innovations, it will need to be realistic about this. It needs to identify ways of supporting its innovators to navigate that market, as well as influencing the market to be more open to adopting innovations from other organisations, businesses, sectors and industries in ways that go beyond its current small grant facility for diffusion activities.

Conclusions

The HIF Innovating WASH project is a groundbreaking initiative to support innovation, not only in the WASH sector, but also across the Humanitarian Sector. It is carrying out an approach of attempting to get new actors and ideas involved in addressing the most fundamental problems facing WASH. It is clear that the sector requires fresh thinking and collaborations, and the HIF WASH work is seeing some success in supporting this. Although there have been delays, there have also been lessons learnt along the way. These lessons have not only been learnt, but the project has been modified to incorporate them. There have been new ideas and new innovations come through the project that could have significant impact on disaster affected populations.

The HIF needs to continue to evolve to take full advantage of the opportunity it has to further spearhead innovation in the Humanitarian sector. The HIF clearly has the brand recognition and the respect within the humanitarian industry to continue to invest in both WASH through this project and other forms of "directed innovation." However, as the recommendations highlight, there is a need for the HIF to modify its approach to its directed innovation work. It needs to continue to seek to develop its capacity to manage these processes; to more effectively manage its portfolio of projects and to influence the innovation ecosystem it is a significant part of.

There appears to be sufficient vision and aspirations within the HIF Secretariat and Board to pursue this next stage of development. However, for this development to occur, it must clearly be funded and have the necessary capacity and capability to do so. As the comparison to NESTA indicates, effective innovation management cannot be carried out on the cheap. Necessity might be the mother of invention, but cash, capacity and capability are the mothers of proving, implementing and scaling that invention. The HIF has taken a bold and needed step with its Innovating WASH project. With the right support and people, it could mature its approach to the next stage; becoming a more significant enabler for innovations in the humanitarian sector. By doing so it will be a catalyst for improving the lives of innumerable disaster affected people.

Annex 1: Progress of WASH Project

The WASH project performance against its agreed outputs and budget is outlined in the two tables below

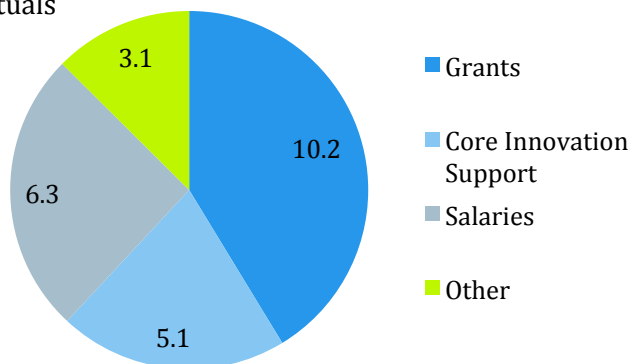**Table 1: Progress towards WASH Project Outputs**

Challenge Type	Scheduled to be completed/ delivered by December 2013	Progress by September 2014
Preparatory Work	Gap Analysis report	Gap Analysis report completed
Secretariat Support & TWG	Process management support & ideation and review	Process management support & ideation and review
Open Innovation	6 WASH challenges run (Innocentive contract is for 4 challenges)	2 Challenges run 1 Challenge launched 2 Applications at contracting stage
Accelerated Innovation	4 large R&D WASH grants funded (6 in original proposal)	3 Applications at contracting stage

Table 2: Budget and Expenditure of WASH project

Workstream	Budget £ (000)	Budgeted Expenditure to date £ (000)	Actual Expenditure to date £ (000)	Current Contract Commitments £ (000)
Preparatory Work	35	24	19	
Secretariat Support & TWG	216	54	51	
Open Innovation	680	286	76	12
Accelerated Innovation	3,060	520	50	336
Total	**3,991**	**881**	**196**	**348**

Annex 2: NESTA as a Comparison

Spend by Category Actuals

Legend:
- Grants
- Core Innovation Support
- Salaries
- Other

Total Spend £24.7 million

Percentage Spend by Category

Legend:
- Grants
- Core Innovation Support
- Salaries
- Other

Legend:
- Policy and Research
- Programmes
- Investment Management
- Skills
- Publications, Events and Communications
- Governance and Corporate Services
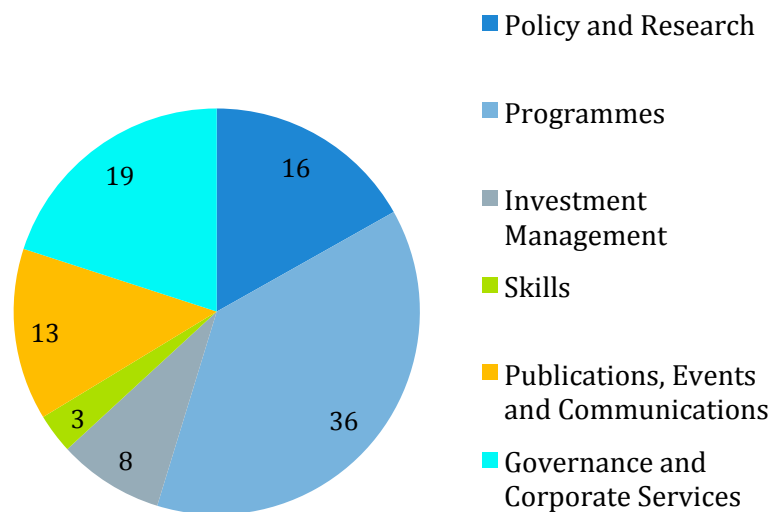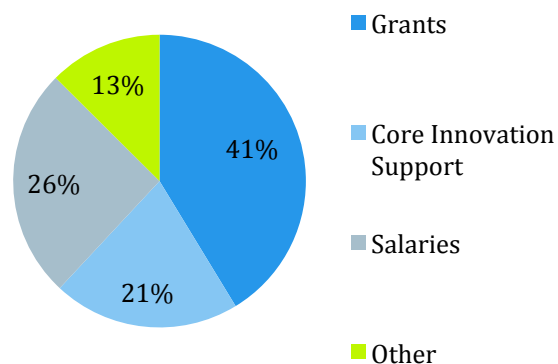
Total Staff: 95

End Notes

[i] WASH stands for Water, Sanitation and Hygiene

[ii] Diagram from the original HIF DFID proposal

[iii] Bastable, A., Russell, L., (2013) *Gap Analysis in Emergency Water, Sanitation and Hygiene Promotion,* HIF

[iv] This may also be the case for the HIFs other areas of work, but they are not within the scope of this health check.

[v] For a good guide on designing a challenge process see NESTA (2014) *Challenge Prizes: A Practice Guide,* Centre for Challenge Prizes http://www.nesta.org.uk/publications/challenge-prizes-practice-guide accessed 19/09/14

[vi] See Amplify https://openideo.com/content/about-amplify accessed 19/09/14

[vii] The current DFID funded ecosystem work, should provide deeper insight into what the HIFs role could and should be, within that ecosystem. For the first phase of the research, see http://r4d.dfid.gov.uk/Output/196762/Default.aspx accessed 21/09/14