

UNDP Innovation Facility Review

*With the investment of the
Government of Denmark*

December 2020





The Innovation Facility Review

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The Innovation Facility was set up in 2014 with the investment of the Danish Government as UNDP's first corporate mechanism to graft innovation (or 'doing development differently') into the way both UNDP and its partners operate.

The Facility's premise was that providing funding to UNDP teams so they could provide policy makers with new approaches and methodological options for dealing with complex issues would lead to more effective solutions to development challenges.

Leveraging UNDP's global presence, the Innovation Facility sought to experiment with different innovation methods, rapidly learn what works, and catalyze the right partnerships to bring what works to scale.

This document summarizes the results of a forward-looking, developmental review assessing the impacts of the Facility on UNDP's ability to do development differently and to create development impact.

The objective of the review is to provide strategic insights to inform and strengthen the next version of the Facility and its ability to pursue SDGs.

This review is based on 32 interviews with recipient country offices (including leadership and program teams), regional offices, headquarters, and other partners; a desk review of reports and previous evaluations; and survey data from 42 project managers and innovation champions.

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“The Innovation Facility was extremely valuable because it allowed UNDP to start changing itself.”

Regional Innovation Specialist*

*Names have been omitted from quotes in this report to preserve the confidentiality of interviews.



What do we mean by ‘innovation’?

The Innovation Facility was UNDP’s first corporate mechanism to graft innovation (or ‘doing development differently’) into the way both UNDP and its partners operate. The Facility was initially premised on the idea that connecting policy makers with a wide menu of approaches and methodological options for dealing with complex issues was likely to lead to a positive change on the ground.

Having worked on this agenda since 2014, UNDP’s thinking about what innovation is and why it is important has evolved. Given the magnitude of today’s development challenges, it is increasingly clear that large-scale, systemic change is urgently needed.¹ To achieve this, the impact of innovation at UNDP and with government partners must evolve from *tactical* (focusing on approaches such as co-creation, experimentation) to *strategic* (focusing on system dynamics as opposed to ‘solutions,’ moving beyond single point interventions to coherent portfolios that connect different initiatives so they reinforce each other and can add up to systemic change).

¹ [Transformative Climate Finance](#) (World Bank Group, 2020)

² [The Big Stuck: Updated](#) (Lant Pritchett, 2020)

***“Innovation is furnishing the system
with renewal capability.”***

Luca Gatti, Chora Foundation

This evolution is not just a matter of adopting new methods. Developing countries are dealing with greater complexity, interconnectedness, as well as unexpected shocks like COVID-19. They are doing so with institutional capabilities that are the same or less than those they had two decades ago.²

Innovation is renewing systems of people — communities, institutions, nations — so that they are coherent and effective with their purpose. ‘Renewal’ as a view of innovation does not replace other definitions. It highlights a priority: renewing systems is now a central challenge to addressing 21st century development issues such as climate. This renewal capability for the UNDP and its partners is now what we consider to be the central purpose of innovation efforts. Building this capability is the basis of UNDP’s strategic innovation efforts.



Executive Summary

The \$12 million investment into the Innovation Facility has:

142

Supported 142 initiatives in 87 countries with seed-funding and advisory support provided by a dedicated team of innovation specialists. These projects identified and tested over 18 innovative methods across UNDP and led to hundreds of new partnerships.

\$70m*

Produced a diverse set of development impacts globally, directly and by leading to follow-on investments of \$70m. Facility-supported innovations enabled payments to 12,000 Ebola workers and created or strengthened 650 social enterprises.



Seeded new ways of working across UNDP and partners. At UNDP, the Facility led to cross-country and cross-regional collaborations as well as new forms of engagement with the private sector. In partner governments, the Facility led to the development of in-house innovation labs and new ways of designing policy.



Helped reposition UNDP vis-à-vis governments and development partners in a number of countries as a technical partner for doing development differently over and above being a source of funding in fields such as governance and climate change.

*This does not include a further \$140m follow-on investment for the Accelerator Labs, the conceptualization and roll out of which was driven by expertise and team behind the Innovation Facility.

Executive Summary

The Innovation Facility has been a high performing investment when evaluated against the goals that were initially set out, in terms of follow-on investments or returns it has produced and in terms of development impact. **A small number of projects produced outsized returns** exceeding the initial investment in the facility many times over, reminiscent of venture capital funds. Those **returns often took four years or more** to manifest. Beyond its intended benefits, we found evidence that the Facility led to building capabilities and **influencing how government partners work**.

However, a continuation or scale up of the Facility with its present configuration (*with the focus on tactical interventions*) would fall far short of the broader ambition of leveraging innovation to facilitate the transformation change required to meet the SDGs. While the Facility supported an essential “start up” phase for Innovation at UNDP and created significant impact, **the experiment-and-scale strategy for innovation does not appear to produce a sufficiently steep increase in UNDP’s or its partners’ impact to achieve the SDGs**.

However, investments by the Facility have shone light on how innovation can be leveraged for greater development impact.

The **impact of innovation tends to grow “diagonally” across different projects** rather than through the scaling up of individual projects or solutions. That impact was greatest when **innovation projects complemented other projects** in country office portfolios.

The impact of innovation projects grew under specific conditions involving senior leadership support in country offices, strategic and technical support from regional offices, and complementary investments. **Interventions that were replicated from one country to another were almost exclusively initiated by regional offices or headquarters**.

Although a cadre of senior leaders have “stuck their heads out” to support Innovation Facility projects, **incentive systems strongly focused on project delivery have closed the space for innovation** and made senior leadership support for innovation projects at regional and country office levels patchy. Delivery-focused incentives are hampering strategic investments such as those by the Innovation Facility, irrespective of their potential for impact, because they often involve small amounts money. While Facility funding has opened temporary spaces in the organization for innovation, it cannot substitute leadership support.

“In reality, the Innovation Facility has subsidized the innovation function for the entire organization... It’s not scaling and growing big teams... It functioned to spread a virus across the organisation to make the organization more comfortable to try to do things differently.”

Regional Innovation Specialist



Key Recommendations

1

Shift from an experiment-and-scale model of innovation to a system transformation model.

Testing and scaling individual solutions do not appear to be sufficient as the primary strategy to leverage innovation to achieve the SDGs at UNDP with its partners.

To address this, the primary strategy of the Facility should shift from one that is solution-focused — *asking how specific solutions can be scaled up* — to one that focuses on what is needed to create impact — *asking what combination of solutions or what portfolio of interventions is needed to change a socio-economic system*.

This model implies different criteria for selecting investments and a different model for funding and managing them.

We recommend a system transformation model for the Facility to address three challenges. First, individual solutions were seldom capable of addressing challenges with many contributing factors. A system transformation model leverages multiple complementary interventions by design.

Second, resources to scale up individual solutions were frequently lacking. A system transformation model focuses on leveraging larger pools of complementary investments and projects, a necessary step to make meaningful progress towards the SDGs.

Third, a system transformation approach is more coherent with the requests country offices are increasingly receiving from governments, which are more complex and cross-sectoral in nature.

Three essential capability areas for system transformation

Pursuing system transformation efforts will require a set of new organizational capabilities.

This has implications for processes and incentive systems at UNDP, for how organizational change is supported, and for the structure of the innovation team. This also has implications for UNDP's engagement with the governments and investors, whose structural characteristics and projectized approaches mirror those of many development organizations.

Pursuing system transformation will require a measure of organizational renewal and collaboration with partners that is characterized by long-term commitment to system transformation and work in contexts of radical uncertainty. The remaining recommendations focus on three capability areas to enable the multi-year system transformation work that will be needed to address the 2030 agenda.

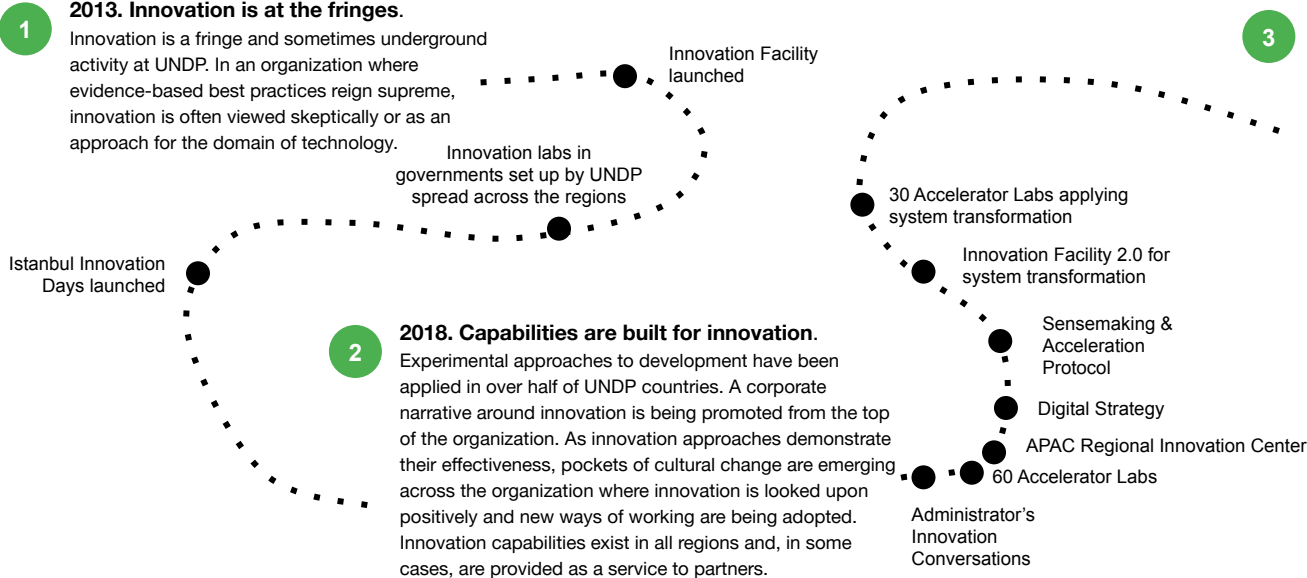
- I. **The ability to harness the “diagonal” effects of innovation.** This requires better linking UNDP's innovation team so that it becomes a truly global team, designing innovation initiatives so their assets and capabilities can be repurposed for other initiatives, and applying a portfolio (rather than project) approach to innovation.
- II. **The ability to make long-term commitments to pursuing strategic challenges.** This requires organizational incentive systems be rebalanced to encourage strategic investments in portfolios (in addition to project delivery) and it requires new modalities to sustain multi-year initiatives.
- III. **The ability to renew the organization.** This requires investing in change at the country level and building “capability pipelines” to identify and build newly-needed capabilities into UNDP to facilitate transformation with and for its partners.



Towards system transformation

Rising up to the 2030 agenda requires that UNDP and its partners continually renew themselves — capabilities, networks, processes, and ways of working — to match the size and speed of today's challenges. While not initially intended this way, the Innovation Facility has become an essential platform for organizational renewal, particularly in building new capabilities and networks.

In its next phase, the Facility will need to leverage these assets towards transforming socio-economic systems in order to accelerate progress against the 2030 agenda. This requires addressing deep, systemic, global issues such as climate change and outdated governance mechanisms.



I. The ability to harness the “diagonal” effects of innovation

2

Expand and formally link up the innovation function that has emerged in regional offices and headquarters.

A loose network of innovation specialists has emerged with the support of the Facility. This network has played an essential role in making innovation facility investments effective by providing technical expertise and strategically positioning innovation within country offices. This network has also been essential to joining up different innovation initiatives to harness the “diagonal” impacts of innovation across the organization.

However, this function and its ability to harness innovation from one country for the benefit of another are fragile. As a loose network, the joining up of initiatives is driven by personal relationships and individual personalities.*

*A new BPPS Director (Aug 2019) has begun reinforcing the corporate innovation function and team, coherence among corporate initiatives, and integration with the core of UNDP's work.

The Facility's focus on funding projects and spreading that funding across many country offices led it to provide funding to country offices that were not ready. The goal of creating development impact would likely have been better served by further investing in technical and strategic support for projects in country offices with favorable conditions.

Expanding the regional innovation function is necessary to match regional capacity with country office needs. Some regions do not have a dedicated innovation specialist and others have seen a considerable increase in demand for support, with Accelerator Labs utilizing as much as 0.5 or 1 full-time equivalent of regionally-based innovation advisors.

Formally linking up this function would involve ensuring that the function operates as one team with common success measures so that it can play a greater role in joining up and replicating innovations between regions. This would also imply making the most of transformation initiatives such as the Accelerator Labs and the Digital Strategy by creating more coherence between these initiatives and UNDP's innovation ambitions.

I. The ability to harness the “diagonal” effects of innovation

3

Design and manage innovations for repurposing and as a portfolio.

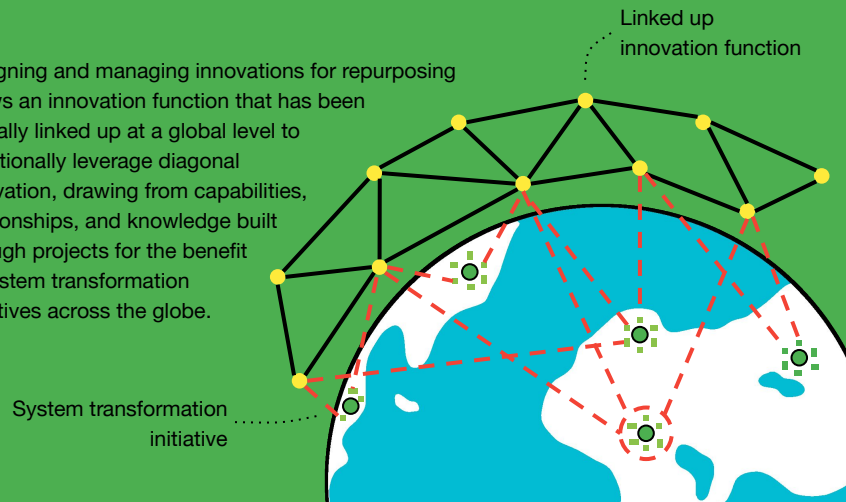
While many innovations do not produce their intended impact, innovation impact is spreading “diagonally” — from one project to another. Harnessing this diagonal impact more intentionally requires new ways of designing and managing innovation investments.

At the design stage, this implies designing interventions so they are “multipurpose”; serving both a short-term need and as a strategic stepping stone towards a larger intended impact.

At the management stage, this implies actively identifying and repurposing capabilities, relationships, and knowledge across the innovation portfolio, leveraging these assets from one project to another.

System transformation already supposes a portfolio of complementary interventions. That many different solutions may need to be tried to find what works reinforces the need to design and manage multiple interventions that learn from each other and are a part of a portfolio, rather than a single project.

Designing and managing innovations for repurposing allows an innovation function that has been formally linked up at a global level to intentionally leverage diagonal innovation, drawing from capabilities, relationships, and knowledge built through projects for the benefit of system transformation initiatives across the globe.



II. The ability to back long-term strategic commitments

4

Rebalance organizational incentives systems by rewarding strategic investments.

UNDP's incentive system is heavily focused on project delivery, which locks the organization into short-termism and closes the space for making small but strategic investments.

Moving innovation from pockets of good practice to mainstream, aligning senior leadership support in country and regional offices around innovation, and pursuing long-term strategic initiatives will require rebalancing organizational incentive systems to recognize the significance of strategic investments, such as those made in innovation.

5

Introduce new modalities for dynamic, long-term management and financing of portfolios of interventions.

With a five-year term, the Innovation Facility had the staying power to fund a portfolio of experiments in innovation — and some time, albeit short, to see the results of its investments. The Facility and country projects it funded worked within the existing constraints of project management modalities to organically grow and manage constantly shifting portfolios of interventions.

As a part of the pivot to system transformation, UNDP should introduce new modalities for investing in and dynamically managing portfolios (as opposed to individual projects) that are a better fit with the type of long-term, systemic policy issues it is working on. This allows UNDP to build long-term relationships and commitments with partners and to shift investments in the portfolio depending on the needs of the system transformation initiative.

While teams across many countries have an urgent need for this type of modality, UNDP Serbia and Malawi are currently designing how this modality might operate in the areas of governance, climate, and depopulation.

III. The ability to renew the organization

6

Develop “capability pipelines” in all regions to continuously renew UNDP’s offerings to partners.

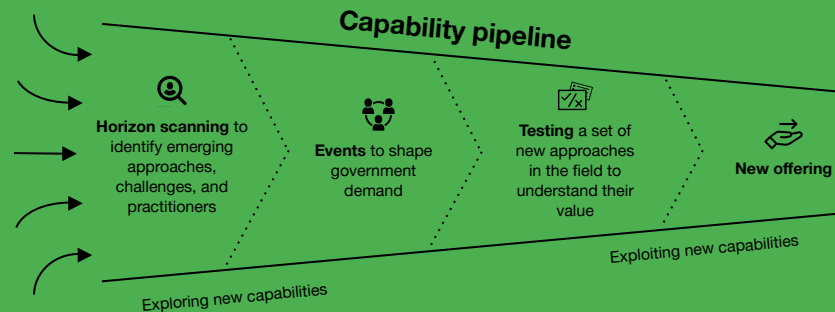
Through “capability pipelines,” the Facility has helped UNDP renew its offerings to better support government partners. These pipelines came in the form of R&D initiatives such as the Istanbul Innovation Days and #NextGenGovernance in the Asia Pacific.

The pipelines consist of a set of activities that start with innovation teams scanning the horizon for emerging trends and challenges, entirely new development approaches, and practitioners to support new offerings. Practitioners and government officials are brought together at events that help identify major areas where they need to collaboratively accelerate their learning. The events are followed by the testing of new development approaches in the field and learning about the emerging trends. Where further government interest has been validated, the approaches were translated into new offerings.

This approach has successfully created several offerings for doing development differently.

Despite their significance for UNDP’s renewal, capability pipelines do not exist in every region and are not an explicit part of UNDP’s approach to innovation.

We recommend developing and maintaining these pipelines at a regional level because pipelines at the national level are not likely to be able to horizon scan and source capabilities sufficiently broadly, and a global pipeline may be too distant from country offices to contribute to shaping government demand and embedding capabilities in country offices.



III. The ability to renew the organization

7

Adopt differentiated investment strategies based on country offices' innovation readiness.

Favorable conditions in country offices were essential to the success of innovations. However, they were not universally present when the Facility made investments.

In the Country Office Journey, we introduce five phases in a country office's innovation readiness. While some country offices may be ready to take on system transformation initiatives, country offices earlier in their journey may need a cluster of smaller innovation projects that can produce tangible success cases to coalesce support for innovation amongst staff. Demonstrable senior leadership support for innovation should be a prerequisite for receiving Facility investments including creating and nurturing the space and time for teams to pursue developing and deploying new capabilities for transformational change.

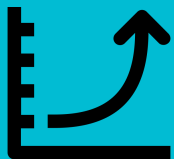
Findings

Findings from the Innovation Facility review fall into three categories:

- 17 Creating development impact
- 32 Building new offerings for partners
- 47 Enabling UNDP's renewal

Creating development impact

- 18 Investments by the Facility showed venture capital-like returns.
- 20 Most innovation scaled diagonally, not up.
- 23 Private sector or non-government involvement enabled scale up.
- 25 Innovation Facility investments had the greatest near-term development impact when they were add-ons to existing projects.
- 28 Innovation Facility projects brought new methods and ways of working that impacted how government worked.
- 30 The Facility's ability to provide smart money greatly amplified its impact.



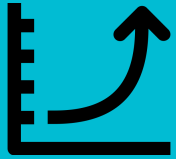
Investments by the Facility showed venture capital-like returns.

The Facility has effectively achieved its key outputs. It has identified and tested 18 innovative approaches across 142 initiatives, triggered the development of a wide range of knowledge products¹ and 150 blog posts over the last two years of the Facility, and led to specific process improvements at UNDP.

A small number of projects produced outsized returns exceeding the initial \$12m investment in the facility many times over. This is reminiscent of venture capital funds, where the returns on two of 10 investments cover the costs of the remaining eight. While the majority of the experiments supported by the Facility did not have considerable direct development impacts, just 9 projects are responsible for generating follow-on investments of \$70m in development projects. This does not include a further \$140m follow-on investment for the Accelerator Labs, an initiative developed with capabilities built through the Facility's support.

UNDP country offices that successfully leveraged Facility funding into significantly larger investments did not do so at the prototype stage. Instead, they used prototypes to demonstrate to partners their ability to create impact through innovative approaches in development or by building in-house capabilities such as labs that attracted follow-on funding.

¹ [Good Practice Guide on Scaling Innovation](#) (IDIA, 2017), [Measuring the Impact of Innovation](#) (IDIA, 2017), [A Guide to Data Innovation for Development - From idea to proof-of-concept](#) (UNDP, 2016), [Behavioural Insights at the United Nations – Achieving Agenda 2030](#) (UNDP, 2016), [Growing government innovation labs: an insider's guide](#) (UNDP, 2017), [Hacker's Toolkit](#) (UNDP, 2017), [The Future is Decentralised](#) (UNDP, 2018)



Investments by the Facility showed venture capital-like returns.

Examples include:

- 01** \$150,000 worth of investments with the Egypt country office was followed by another \$2 million in investment by private sector partners on youth employment and other areas.
- 02** An \$80,000 investment in the Youth Co:Lab led to another \$29 million in follow-on investments by partners.
- 03** A \$60,500 investment into a biodiversity mapping prototyping was followed by another \$500k in investment by partners.
- 04** An \$90,000 investment in Istanbul Innovation Days over 2 year period led to \$8 million in investments from a government partner and a development bank.



Most innovation scaled diagonally, not up.

The Innovation Facility was designed to provide funding for experiments or prototypes and, when successful, scaling up those experiments to cover a larger group of stakeholders. While this generated returns, the vast majority of the value created by the Facility did not fit this logic. Returns from projects scaling up were overshadowed by the returns from projects “scaling diagonally.”

Scaling diagonally meant that capabilities, relationships, or knowledge developed in one projects often wound up being applied to — and creating an impact through — a different project elsewhere in the organisation or through partners. Most notably, investments in social innovation labs (collaboration with governments) in Armenia, Georgia, North Macedonia, Moldova, and Sri Lanka were the basis for UNDP’s Accelerator Labs network. The Accelerator Labs network was designed as part of work conducted by the Istanbul Innovation Days, which was also supported by the Facility.

Projects had a greater tendency to scale diagonally rather than up because many innovation projects relied primarily on government to scale and, in the time it took to scale a project, champions moved on or the partner government faced disruptions.



Livelihoods. *“The project ... was dropped because of the revolution in [country]. However, because of the success with Zen Telecom, there was an opportunity for UNDP to develop an innovation tool to provide data to inform the government’s messaging strategy during the transition phase. This [also] eventually led to more work with Switzerland, Norway, and the World Bank’s core task force of data innovation.”*

Recipient, Asia-Pacific*

Future & Foresight. *“The NextGenGov from last year is a result of Istanbul Innovation Days. It has always had a big influence in the way that the organization does business and who it works with.”*

Regional Innovation Specialist*

Governance. *“The project was supposed to be scaled up in 3 different states [in] the first phase [but it] was dropped because of the revolution.”*

Recipient, Arab States*

*Names have been omitted from quotes in this report to preserve the confidentiality of interviews.

On UNDP Egypt's Innovation Lab: "I was struck by the ingenuity of these young developers and their creative solutions, from an app helping people locate pharmacies for urgent medical care to a service providing Syrian refugees with local information and resources. Seeing their work was a powerful reminder of the role each of us can play in having impact in our local communities."

**Satya Nadella
CEO, Microsoft**



Private sector or non-government involvement enabled scale up.

Private sector and non-government partnerships played a crucial role in all Innovation Facility projects that scaled up in our study.

While government partnerships were always involved in projects that scaled up, it was the private sector or non-government actors that either funded the scale-up of innovations or adopted the innovations themselves and scaled them up.

The resources required to enable scaling up projects were often significantly larger than the Innovation Facility's typical \$60-100k investment. The UN Biodiversity Lab scaled up its prototype with a \$500k investment from a private foundation. The Malawi Challenge Fund raised \$26m from private sector investors.

“Because we partnered with the GEF project we made the best use of the Innovation Facility funding... we were like an add-on... We made our work relevant to the project of the Sixth National Report, the existing infrastructure... because we deepened and strengthened their offer [on climate].”

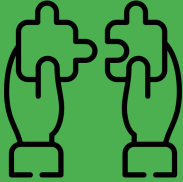
Recipient, Headquarters



Innovation Facility investments had the greatest near-term development impact when they were add-ons to existing projects.

By introducing innovation elements into larger projects, these initiatives benefited from pre-existing relationships with government and implementation partners as well as amplified the impact of larger pools of resources. However, these collaborations were the hardest to set up. Innovation champions approaching other teams needed to identify a genuine need that was not being fulfilled through conventional approaches and have the credibility to address it using new approaches.

Youth and gender teams were often early collaborators on innovation projects not just because they were like-minded, but also because they tended to be small teams that lacked resources and collaborators internally. Large and well-funded teams were less likely to be involved with the Innovation Facility.



“The key is that we didn’t create that initiative from scratch. We already had a request from the government to support them on testing how our alternative conflict resolutions could work in a better way.”

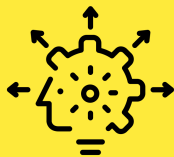
Recipient, Latin America & the Caribbean

“Look at the outputs of an existing project. Don’t go to the outcome level yet... Where can innovation possibly help in those outputs? ... It was embedded within a project, which was a good exit strategy.”

Recipient, Arab States

“By bringing civil servants and citizens into the same room as equals, we enabled them to solve problems together ... Working with UNDP on setting up the ServiceLab has provided a new impetus to public sector innovation in Georgia. Innovation is not just about solutions. It’s about how we approach governance.”

Nana Tsiklauri
Director, Strategic Projects & Reforms Department
Public Service Development Agency Ministry of Justice of Georgia



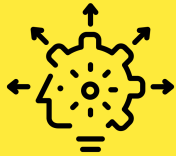
Innovation Facility projects brought new methods and ways of working that impacted how government worked.

Some projects led to the adoption of new ways of working in government. This happened primarily through two avenues: through institutional changes, such as government-housed innovation labs, and through learning-by-doing journeys for civil servants.

Through the Facility's support, UNDP became the first UN agency to build innovation labs within governments. Many of these labs focused on strengthening public service delivery.

A second avenue for change involved running learning-by-doing journeys for government officials, where policymakers would learn innovation approaches by applying them to a project.

While this shows the potential for UNDP to shift government's ways of working, these impacts were observed in a small proportion of projects supported by the Facility.



“It helped us reposition with the Ministry of Economy because, from this project... they created a small unit in the ministry for behavioral insights.”

Recipient, Latin America & the Caribbean

“When we did this innovation camp with the youth and gender [teams and] they would come up with the solution... We brought the senior government officials from the National Council of Women... they started buying this innovation and they wanted to build their own innovation lab.”

Recipient, Arab States

“In the Budget Department, we had a lady from there who was able to completely change the filing system into a digital one. She used a lot of tools that we exposed her to to get the buy-in from colleagues from her superiors using human-centered design, understanding their needs, what the gaps were.”

Recipient, Asia-Pacific



The Facility's ability to provide smart money greatly amplified its impact.

Recipients highlighted that the Facility was important for reasons beyond the money it provided. The Facility recommended high-quality technical expertise in areas where country offices would have found them challenging to source and evaluate and spotted opportunities for country offices to connect and learn from each other.

Small amounts of money with minimal conditions were well-suited for projects that ventured into new areas for UNDP and, on several occasions, allowed projects to adjust course when new information was discovered or when the context changed.



"The Innovation Facility does not only bring funding. It brings a lot of networks and intelligence and capacities and human resources or experts."

Recipient, Arab States

"The Innovation Facility has been very supportive to [country office] innovation needs, requests and challenges. In particular, [regional innovation specialist] has played an instrumental role in motivating the country office and its senior management towards adopting innovation across its portfolios by her guidance, continued follow up, support to resource and partner mobilization as well as providing learning and networking opportunities to staff members and government partners. She is an equal contributor."

Recipient, Arab States

Building new offerings for partners

- 33 In several countries, the Innovation Facility helped reposition UNDP in the eyes of government as a partner for addressing complex, frontier social and environmental challenges.
- 36 The Facility produced new development offerings through “capability pipelines” that connect multi-disciplinary practitioners with UNDP and government stakeholders to test development approaches before translating them into offerings.
- 37 Facility funding acted as a low risk “proving ground” for innovation which, when successful, led government and country office teams to invest in innovation.
- 40 The Innovation Facility had the most lasting impact on country offices where entrepreneurial staff built external demand for innovation and aligned multiple funding sources to form a new service line.
- 41 Service lines succeeded when built around “well-packaged” services whose value could easily be grasped within and outside the country office.
- 42 Timelines for projects founded on new ways of working needed to allow for building new partnerships, aligning internal stakeholders, and weathering disruptions in government.
- 45 The Innovation Facility built capabilities and a loose innovation function in regional and country offices that accelerated innovation beyond the Facility.



In several countries, the Innovation Facility helped reposition UNDP in the eyes of government as a partner for addressing complex, frontier social and environmental challenges.

UNDP is recognised for providing a set of foundational services to governments, such as procurement. However, as countries graduate to higher levels of income and the demand for these traditional services declines, some country offices find this positioning unhelpful and undifferentiated in the development market. Facility funding has served as R&D, allowing country offices to invest in the provision of new kinds of services.

Facility projects also acted as demonstrations to governments that UNDP had capabilities for addressing complex social and economic challenges. This opened the door for relationships with governments that are less transactional and more grounded in collaboratively tackling complex social and environmental challenges.

Innovation was also an entry point with many governments because it acted as a “catch-all” for challenges that government found difficult to classify into one of its existing areas of work.



“Their view of UNDP has changed because of the way we operate. Because we move things quite fast and because of the new sort of thinking that comes in. [Government] has been very pleased with that... UNDP has been seen traditionally as a donor who comes in with funds, who implements projects and after the project leader is done, [then] moves out... Now they take more ownership of sort of what's done. We've been able to change the perception of UNDP as more a development partner and not necessarily as a donor.”

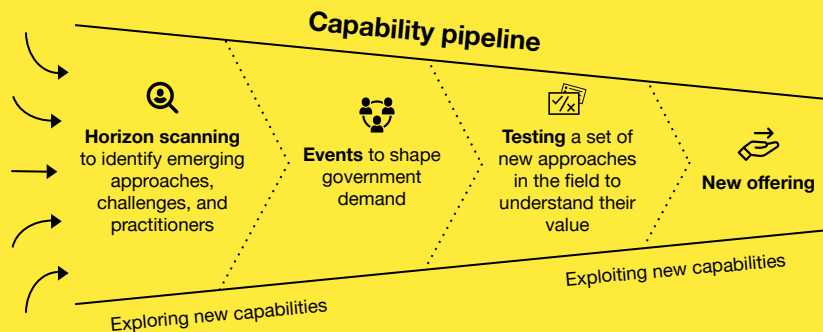
Recipient, Asia-Pacific

“You end up as a trusted agent that can supply these data layers... And that's really valuable for countries. What they're telling us is we've never had the ability to be able to work across silos... they tell us, ‘look, we've never been able to communicate with the Ministry of Agriculture.’ Suddenly, we've created a portal that doesn't require GIS... And that function is really important for governments, because it gets biodiversity out of the ghetto of planning which it finds itself in right now.”

Recipient, Headquarters

“When you start an innovative initiative, very often, this is very uncertain. There is no authority or credibility in this conversation with the government... You need some resources not always available in the office to run pilots... [with these pilots] suddenly we had the credibility to talk about innovation.”

Regional Innovation Specialist



The Facility produced new development offerings through “capability pipelines” that connect multi-disciplinary practitioners with UNDP and government stakeholders to test development approaches before translating them into offerings.

Platforms such as Istanbul Innovation Days, NextGenGov, and Youth Co:Lab play an important role in UNDP’s infrastructure for delivering innovation. While these programs have the outward appearance of being events, they are part of a broader “capability pipeline” that allowed UNDP to formulate new offerings, accelerate learning about emerging trends, shape government demand, and connect with a broad network of practitioners beyond UNDP who make providing new offerings possible. This approach has led to new offerings ranging from alternative finance for cities to crowdfunding and innovation labs.

The events are preceded by horizon scanning that identifies emerging development challenges, development approaches, and practitioners for the events.

The events themselves are used to validate and build government interest in new development approaches.

The events are followed by engagements where country offices work with governments to experiment with new development approaches. These engagements help build in-house capabilities and help validate government interest.

Areas that are validated by further government demand are translated into offerings.



Facility funding acted as a low risk “proving ground” for innovation which, when successful, led government and country office teams to invest in innovation.

The Facility provided funds that allowed UNDP to explore new and innovative development approaches to bring to partner governments as part of “capability pipelines” through individual country offices. Having experience applying these approaches provided UNDP with the credibility necessary to propose them to governments.

Once a particular approach came to be seen as valuable and the credibility of the innovation champion elevated, other teams in the country office had a greater propensity to approach innovation champions for their services and pay for them with their own budgets.

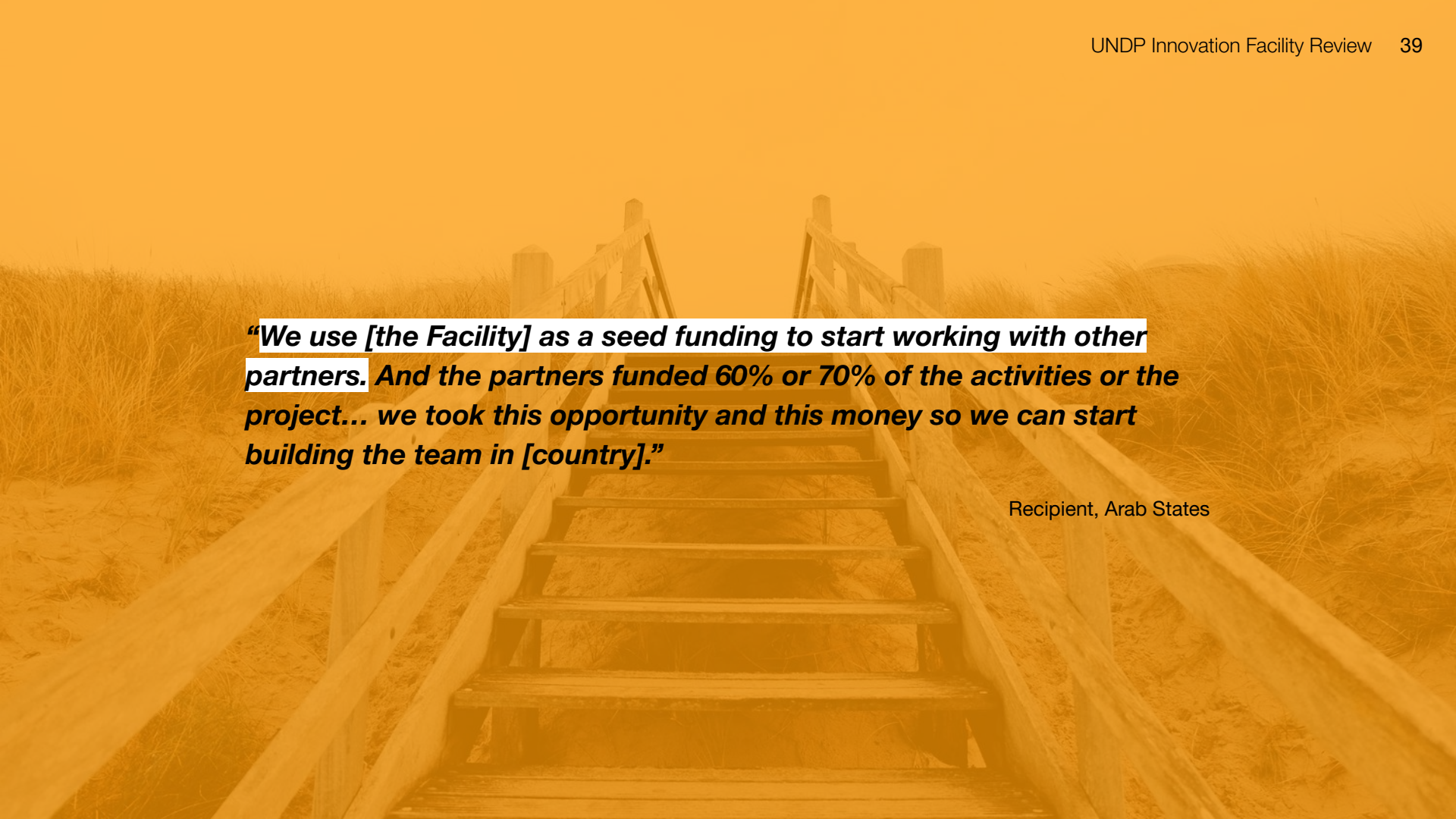


“The energy innovation lab has become a useful, much demanded service provider. Other projects ... have costs in their budgets when they need to have a behavioural intervention designed or when they need data and a team of data scientists to work on something [from the lab].”

Resident Representative, Eastern Europe & Central Asia

“Nobody's going to give you a transformation of a region based on the fact that you've done a behavioural insights experiment, for example. But [by] the fact that we've run different types of experiments and proof of concepts in different parts of the world UNDP is very well positioned... The seed funding that was provided was ... crucial in testing tools and methodologies in different countries.”

Regional Innovation Specialist

A photograph of a wooden staircase leading up a grassy dune. The sky is hazy and the overall tone is warm and orange. The text is overlaid on the middle of the image.

“We use [the Facility] as a seed funding to start working with other partners. And the partners funded 60% or 70% of the activities or the project... we took this opportunity and this money so we can start building the team in [country].”

Recipient, Arab States



The Innovation Facility had the most lasting impact on country offices where entrepreneurial staff built external demand for innovation and aligned multiple funding sources to form a new service line.

Entrepreneurial staff would use an initial project supported by the Facility as seed funding to bring on board more funders and to generate demand from government.

Multiple and often small sources of funding would be cobbled together to run several projects applying the same methodology, such as behavioural insights, design thinking, or social innovation camps.

This led to the creation of in-house capabilities and sometimes entire teams around these new service lines. Capabilities were transferred from consultants to staff and, in some cases, from staff in one country to staff in other countries.

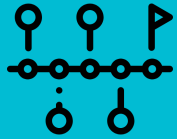
While some of these “intrapreneurs” were able to generate bottom-up buy-in for innovation within their country offices, many created buy-in outside-in by generating demand for innovation from government, to which the country office would respond to.



Service lines succeeded when built around “well-packaged” services whose value could easily be grasped within and outside the country office.

As an approach, “innovation” was often poorly understood and had ill-defined benefits for country staff and government partners alike. Services that had a clear start and well-defined outcomes, such as behavioural insights projects, social innovation camps and Labs, or challenge prizes, were at the core of the service lines. These services could be easily understood, offered tangible benefits, and therefore be more easily commissioned by internal and external clients.

In contrast, we did not identify successful service lines developed around design thinking, which is less determinate in its length of engagement and outcomes.

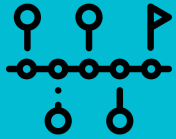


Timelines for projects founded on new ways of working needed to allow for building new partnerships, aligning internal stakeholders, and weathering disruptions in government.

The Facility created space to test new approaches to development in an organization heavily focused on project delivery.

However, the Facility's 6 to 8-month project timeline was often too short for all the work needed beyond the experiment. Many experiments required building new external relationships or aligning operational stakeholders at UNDP around new ways of working or partnerships.

While UNDP formed the relationships with mid-level bureaucrats necessary to enable the continuity and scaling up of innovation projects through disruptions in government, project timelines were often too short for UNDP to weather these disruptions.



"I think us branching out and going beyond our usual parameters into finance and innovation and bringing on actors that we don't always work with, typically are not the first kind of people that we go to, I think that's being recognized."

Recipient, Headquarters

"The teams at treasury... it took about a year only for the clarification of the legal aspects of the partnership. For a project that is supposed to last 0.5 years, that was a disaster."

Regional Innovation Specialist

"So we took a lot of time trying to get this brilliant input. [It took a] long time ... to get this [partnership with government], about three to four months."

Recipient, Africa

“Before the Facility, there was no one at UNDP with ‘innovation’ in their title. It essentially created those roles or made them official.”

Innovation Advisor



The Innovation Facility built capabilities and a loose innovation function in regional and country offices that accelerated innovation beyond the Facility.

The Facility's investments developed a network of innovation champions, confidence in using new approaches such as big data and behavioural insights, and capabilities at the country and regional level. These champions contributed their new expertise to existing projects and initiated new innovation projects beyond the Facility.

Innovation Facility investments also helped constitute an innovation function at UNDP. This function has taken the form of a loose, interregional network of innovation specialists. The function has played an important role in joining up innovation activities across countries and spurring new ones. Notably, it has been crucial to the roll-out of the Accelerator Labs, powering the recruitment of Accelerator Lab teams, providing crucial guidance to those teams once they started, and supporting their integration into the work of Country Offices.

Progress in building this function is fragile because it has not been formally linked up and is driven by individual personalities*.

*A new BPPS Director (Aug 2019) has begun reinforcing the corporate innovation function and team, coherence among corporate initiatives and integration with the core of UNDP's work.



“Capabilities spreading in UNDP because staff move from one office to another ... From the Egypt Innovation Lab, I moved to Somalia and was asked to help to start building the innovation for development portfolio in Somalia. So it's like a multiplier effect. You started with something very small with the Innovation Facility and then it grows ... instead of bringing consultants... we bring people on detailed assignments.”

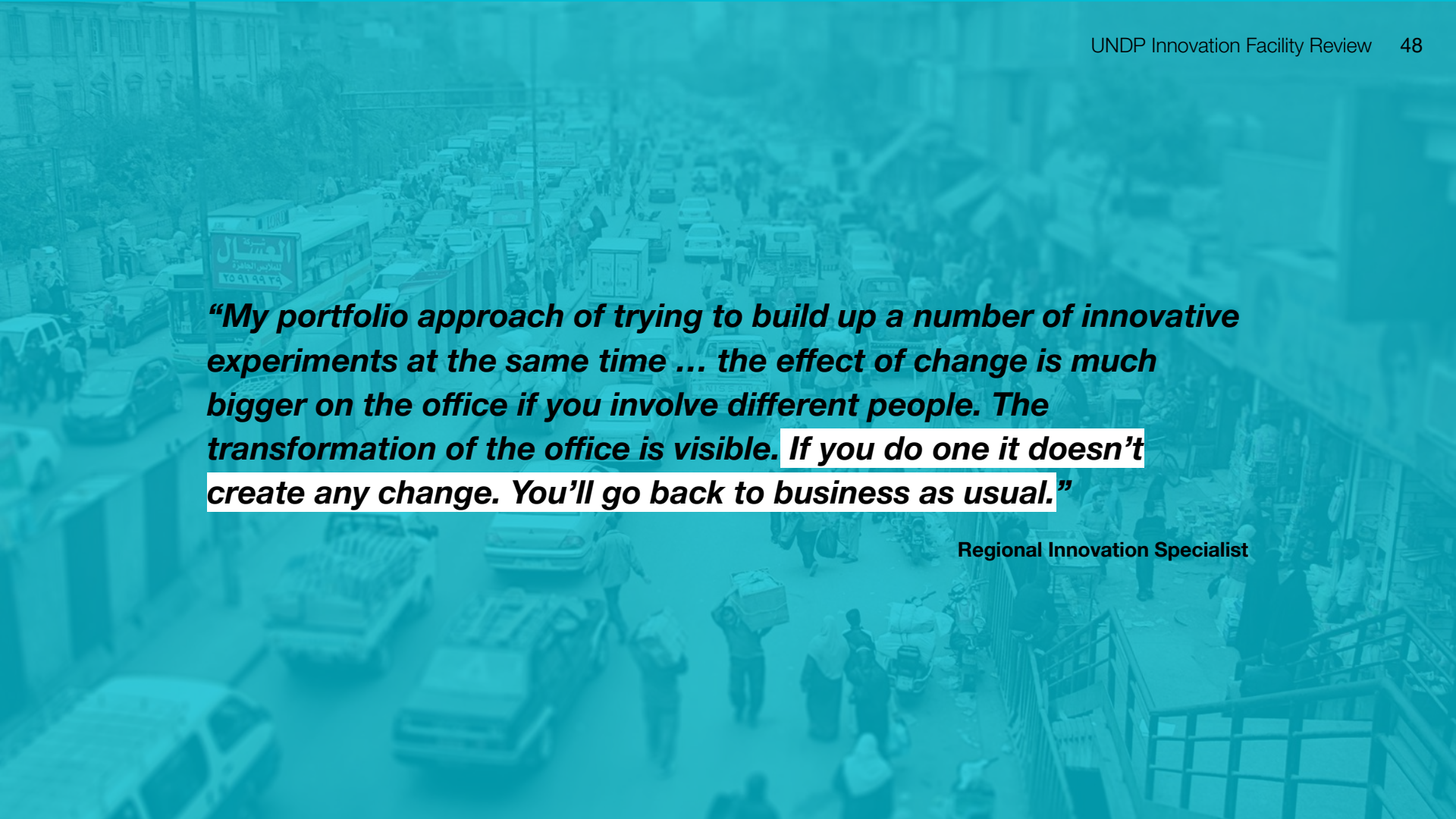
Recipient, Arab States

“I joined the Accelerator Lab because [Facility-supported project] invited me to apply... All this was new to us and we wanted someone to be our coach and our mentor... The Regional Innovation Centre came in to back us up.”

Accelerator Lab Team Member, Asia-Pacific

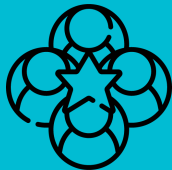
Enabling UNDP's renewal

- 49 Facility investments improved the culture of innovation in country offices where multiple innovation projects were conducted in quick succession and collaboratively with other teams.
- 53 Innovation Facility investments did not have an appreciable impact on the country office until senior leadership was on board.
- 57 Organisational incentive systems overly focused on delivery have led to patchy senior leadership support for innovation.
- 58 Country office leaders felt they needed cover from HQ and regional office leadership to pursue innovation, dampening the effects of the Facility, particularly in its early years.
- 60 Country office colleagues captained innovation projects but regional innovation focal points often co-piloted them, assisting with take-off.



“My portfolio approach of trying to build up a number of innovative experiments at the same time ... the effect of change is much bigger on the office if you involve different people. The transformation of the office is visible. If you do one it doesn’t create any change. You’ll go back to business as usual.”

Regional Innovation Specialist

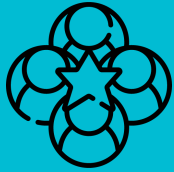


Facility investments improved the culture of innovation in country offices where multiple innovation projects were conducted in quick succession and collaboratively with other teams.

When the Innovation Facility was introduced in 2014, many people at the country office level were strongly sceptical of the role of innovation in development.

The country offices that were most successful in shifting attitudes towards innovation were those where multiple innovation projects were introduced simultaneously or over a short period of time.

Out of three innovation projects, one might be considered successful by country office colleagues. In countries where only one project had been introduced at a time, it was likely that the project would not be considered successful and therefore would not contribute to shifting opinions about innovation. When these projects collaborated with multiple teams across the country office, it broadened their impact.



“We don’t have one lab. We basically have three. They have a logic of their own and they’re interacting... we’ve just kind of stretched it across different parts of the country office... The lab has become the centerpiece of our social economic development portfolio.”

Resident Representative, Europe & Central Asia

“No one was believing in the innovation and even our reputation within the country office was this team is coming to play all the day because we started with gamification and games for development... so we started with the program officer of the Human Development Report. We work with her... and now she's starting to believe in this... then we started also with the woman for the gender portfolio and we started injecting also this within the gender portfolio.”

Recipient, Arab States

Changes in attitudes towards innovation were frequently accompanied by changes in attitude towards working with the private sector.

“I think we have, at least now in office, I see there is a little bit of a different perspective on private sector. Because for many years ... [there was] this understanding that private sector is a partner only if they can provide us with funding... I think we are more and more seeing private sectors as ... a partner who really has knowledge and access to data, the new types of data.”

Recipient, Eastern Europe & Central Asia

Country offices also reported new ways of working, including multidisciplinary approaches to project design and increased cross-country collaboration.

“To be very honest, previously, when they were designing a project, it would be one or two people sitting down writing the project proposal using the conventional interventions. Whereas now when we are facilitating these sessions we bring in a lot of different other stakeholders into the table at the project design stage, be it the government counterparts, or other strategic development partners.”

Recipient, Asia-Pacific

“Senior management makes a very conscious effort. You don't just have innovation meetings, you have innovation people in regular meetings.”

Resident Representative, Eastern Europe & Central Asia



Innovation Facility investments did not have an appreciable impact on the country office until senior leadership was on board.

We found that five senior leadership behaviours played a crucial role in elevating the work backed by the Facility:

- 01 Prompting people.** Continuously asking the teams carrying out work at the core of UNDP's work how they might be doing things differently.
- 02 Identifying opportunities.** Using their overview of the portfolio and understanding of government to identify specific opportunities or entry points for innovation.
- 03 Providing a seat.** Making a conscious effort to ensure that innovation champions are included in the meetings of relevant teams and nudging colleagues to support innovation initiatives
- 04 Bridging with operations and the rest of the organization.** Finding ways to make new ways of working consistent with UNDP's rules and regulations and leveraging multiple organizational initiatives.
- 05 Establishing credibility.** Communicating the strategic relevance of innovation to country office colleagues and governments, increasing the credibility of innovation champions.



“We lost the opportunity [to] join the initiative that five other country offices were part of because the management [had] no understanding of what innovation is and how it works.”

Recipient, Eastern Europe & Central Asia

“The resident representative gave it a lot of relevance and that helped, that helped to change the mood of the office.”

Recipient, Latin America & the Caribbean



The Country Office Journey

Country offices had different levels of maturity when it came to innovation, suggesting different strategies for investing in innovation. We found that country offices could be classified in five stages of their innovation journey.

Isolated.

An individual is championing innovation in the country office with limited senior leadership support and interest from colleagues.

Opportunistic.

An individual innovation champion has found opportunities to work with other teams or government without senior leadership support. These teams or partners have joined on the basis of previous successes by the champion or their own interest in innovation.

Entrepreneurial.

A country office champion has tied together several small investments to start building a service line or a team. These services are provided to external partners and senior leadership in government. As the service line begins to see successes, views of country office colleagues on innovation begin shifting.

Strategic.

Senior leadership is actively supporting innovation by steering it towards opportunities where it can service key priorities of government or complement existing programs. Senior leadership is also shaping requests from government to open up opportunities to do things differently.

Transformative.

Senior leadership is leveraging innovation as an amplifier and a “glue” connecting multiple teams and projects to create impact within the country office and beyond. This implies collaborative partnerships with government and non-government parties, who are bringing their own resources and projects to the table.

“We’re pressured by country office senior management to deliver 100% on annual working plan activities. For innovation to take root at CO field level, a different emphasis on how we allocate our time is necessary.”

Recipient



Organisational incentive systems overly focused on delivery have led to patchy senior leadership support for innovation.

While a cadre of senior leaders have “stuck their heads out” to support innovation facility projects, incentive systems strongly focused on spending targets have made senior leadership support for innovation projects at regional and country office levels patchy. This hampers smaller and more catalytic investments such as those by the innovation facility irrespective of their potential for impact.

The Innovation Facility invested in a number of country offices where senior leadership was not actively supportive of innovation. Facility investments could easily go unnoticed by senior management or be dismissed as non-strategic given their small size relative to the rest of the country office portfolio.

In country offices where senior leadership was not actively supportive of innovation, innovation champions would find themselves isolated and hobbled by operational challenges as they attempted to carry out unorthodox projects.



Country office leaders felt they needed cover from HQ and regional office leadership to pursue innovation, dampening the effects of the Facility, particularly in its early years.

Innovation projects involved risk, many people in country offices were skeptical of innovation, and the Innovation Facility did not provide significant legitimacy to the innovation agenda across the organization.

The legitimacy of the innovation agenda across UNDP was significantly accelerated through regular webinars with the Administrator featuring innovation projects.

However, persistent disconnects between headquarters and regional office messaging on the innovation agenda created uncertainty.



"The corporate innovation team didn't interact with the pillar on governance, on inclusive growth, etc... The regional teams were only getting instructions from their regional bosses not their corporate bosses."

Regional Innovation Specialist

"The fact that you have the coverage of HQ enables you to push the boundaries as senior management, much more than you could otherwise. Because otherwise, it looks like you're going out on a limb yourself personally... Country offices can always do so much but the coverage of that messaging coming from headquarters is super important. And so the fact that the administrator held these innovation calls, and this was profiled to be one of the examples really, really helps."

Resident Representative, Africa



Country office colleagues captained innovation projects but regional innovation focal points often co-piloted them, assisting with take-off.

Experience with innovation was often limited at the country office level and the Facility did not have the ability to provide high-touch support for the wide array of projects it funded. Regional innovation focal points who were closer-to-home often stepped in to provide much-needed experience with innovation approaches, channeled reliable technical expertise to projects when it was difficult to identify, and even helped spark new projects.

The Europe and Central Asia as well as the Arab States, which both have dedicated innovation focal points in the region, account for a disproportionate number of the Facility's success cases. Fewer success cases were found in Africa and Latin America, which did not have dedicated innovation focal points throughout the Facility's lifespan. Asia Pacific has championed the application of systemic change approaches in country offices.



"The regional innovation lead ... was one of the very supportive innovation advisors in the region... as a huge advocacy that took place within the country office."

Recipient, Arab States

"The waste management team was led by a management team here under the leadership of the region's specialist."

Recipient, Asia-Pacific

"The other [important thing] is really closely working with Bangkok regional hubs. So the Youth CoLab team in Bangkok Regional Hub was hugely helpful, and especially in the beginning when there was a lot of enthusiasm, but not knowledge of how to engage on [innovation in the country office]. What were the first steps? So they were really great and helped the team carve out a niche and helped explain what we could do and the kinds of things that had been done in other countries."

Resident Representative, Asia-Pacific

Innovation Facility 2.0



10 Years to transform socio-economic systems

The Innovation Facility has been the cornerstone in UNDP's pivot towards system transformation over the past year. While the Facility has supported the development of a protocol supporting system transformation efforts in 7 countries, there has been a number of organizational spin-offs. The new 30 Accelerator Labs will be rolled out in part building on this methodology. Malawi and Mongolia are applying it for transforming governance systems and managing climate-driven development transitions.

UNDP is leveraging a variety of different innovation activities and resources to complement the Facility's investment in building system transformation capabilities and building capabilities of donors (DFID, Sitra, SIDA, USAID) in this field. Over the next ten years, we plan to build this capability systematically across the organization and within our partners that can facilitate transformation in 100+ countries addressing frontier issues such as climate change and governance.

UNDP's system transformation approach is underpinned by several principles that the organization will seek to test out and design into repurposable protocols. To date, the team has developed two: Protocol for Portfolio Sensemaking & Acceleration and Protocol for System Orientation. In the coming period, the team will work on a protocol for designing and dynamically managing portfolios.

October 2019
Innovation Facility
2.0 for system
transformation

Sensemaking &
Acceleration
Protocol*

Mongolia CO - transitioning to
new national development
pathways

Europe & CIS region -
high level collaboration
with EC on
transformation in cities

Malawi CO - system
transformation in
governance and climate
portfolios

Support for the Finnish donor SITRA
to run a learning program on portfolio
approaches & system transformation

**7 deep demonstrations
launched***

System Orientation
Protocol

30 Accelerator Labs
applying system
transformation

Asia Pacific Region -
system transformation in
Governance

**Africa Region - system
transformation in cities***

Further initiatives to
support UNDP's
transition to creating
system transformation

202x. The ambition is raised to transform socio-economic systems.

The focus of innovation has gone from running development experiments to facilitating system transformation and offering governments more viable policy options in face of deep systemic issues and transform socio-economic systems. This approach allows leveraging much larger resources beyond innovation budgets with the aim of joining up activities to transform socio-economic systems. The intention is for *innovation* (understood as furnishing the system with renewal capabilities) to be baked into strategic planning and is a competency in every country and regional office.

UNDP Innovation Facility Review

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