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ideas to impact.

# **INNOVATION PRIZES**

## **HOW CAN IT BE APPLIED IN WASH?**

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*AfricaSan, Dakar, 26<sup>th</sup> May 2015*



# Ideas to Impact: an action-research on innovation prizes for development

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## □ Ideas to Impact

✓ 5 year programme funded by DFID led by IMC

## □ Objective: incentivise innovation in energy, climate change adaptation and WASH

✓ Innovations that will trigger sustainable changes at scale for the poorest

✓ 5 prizes to be launched in 2015

## □ Trémolet Consulting is leading the WASH theme

✓ Identify problem areas within the sector

✓ Identify whether an innovation prize could contribute to finding a solution

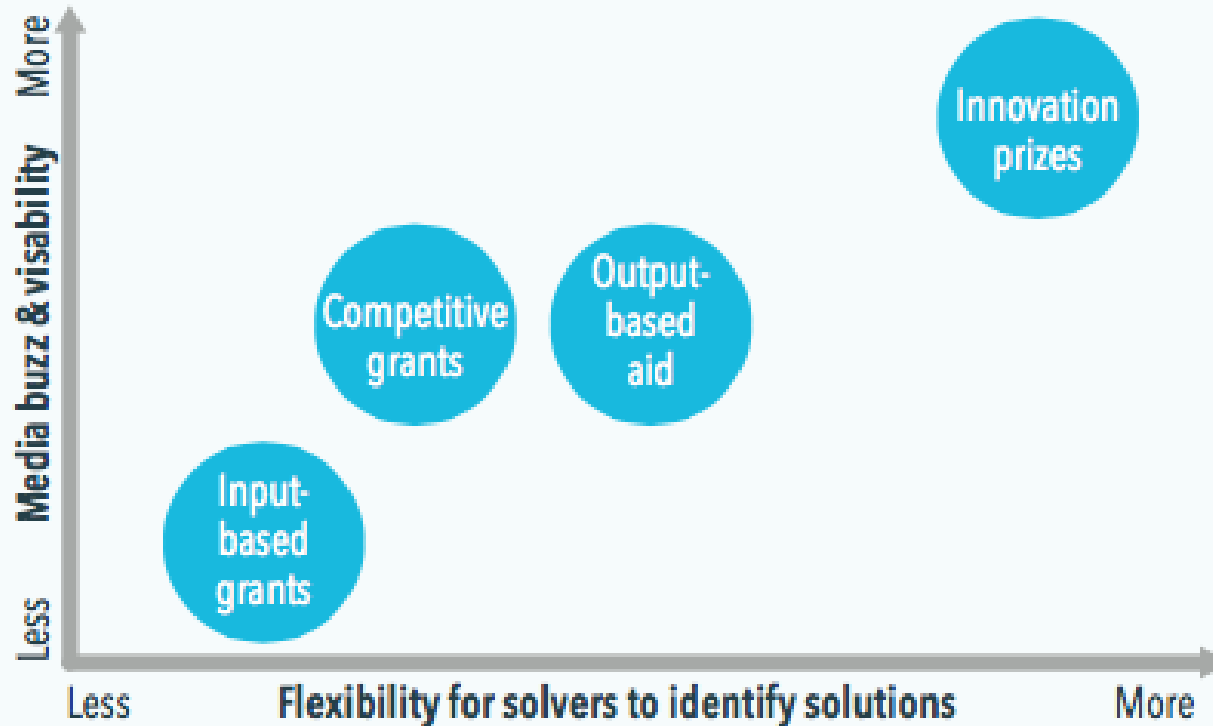
# What is an innovation prize?

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- **A financial incentive that induces change through competition**
  - ✓ Solvers compete against one another to meet a set of specified criteria, which if met, entitles them to a financial reward
- **Not a recognition award**
  - ✓ Aim to induce innovation rather than reward good performance ex-post
  - ✓ Bring forward new solutions
- **Innovation is not necessarily technological**
  - ✓ New practice, adoption of improved products/services, new business model that can scale-up technologies

# Innovation prizes vs. other forms of financing

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- ✓ Extreme form of RBF: only the best solution is rewarded
- ✓ Greater risk shifted onto applicants: high probability of not being rewarded
- ✓ Full flexibility in determining the solution

# Advantages/disadvantages

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## Potential advantages

### For the prize sponsor

- Can define an overall policy objective without predefining an approach
- Pay on results
- Stimulate Investment
- Raise awareness (through media buzz etc)

### For Applicants/ solvers

- Increased flexibility (encourage outside the box ideas)
- Monetary Benefits (possible transformative effects and can be quick channel to small amounts of finance)
- Open new market for solvers
- Non-monetary benefits (Media, branding...)

## Potential disadvantages

- Administrative costs (Screening large number of applicants)
- Embarrassment if no award is made
- Duplication of efforts (Costs to beneficiaries and support networks)
- Pre-financing needed
- Displacement of economic activity (Prize can draw attention away from core business functions)
- Significant risk

# Innovation prizes and development

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## □ Long history of innovation prizes to solve critical scientific issues

- ✓ 1714: Longitude Prize launched by British Government to measure longitude whilst at sea
- ✓ Napoleon's food preservation prize in the 1800s: invention of cans



## □ Innovation prizes only recently used for “development challenges” and WASH

- ✓ Vaccine Innovation Award (Gates Foundation) – prizes awarded in 2012/2013
- ✓ Africa Prize for Engineering Innovation: reward scalable engineering solutions
- ✓ Reinvent the Toilet Challenge (Gates Foundation)

# Designing innovation prizes for WASH

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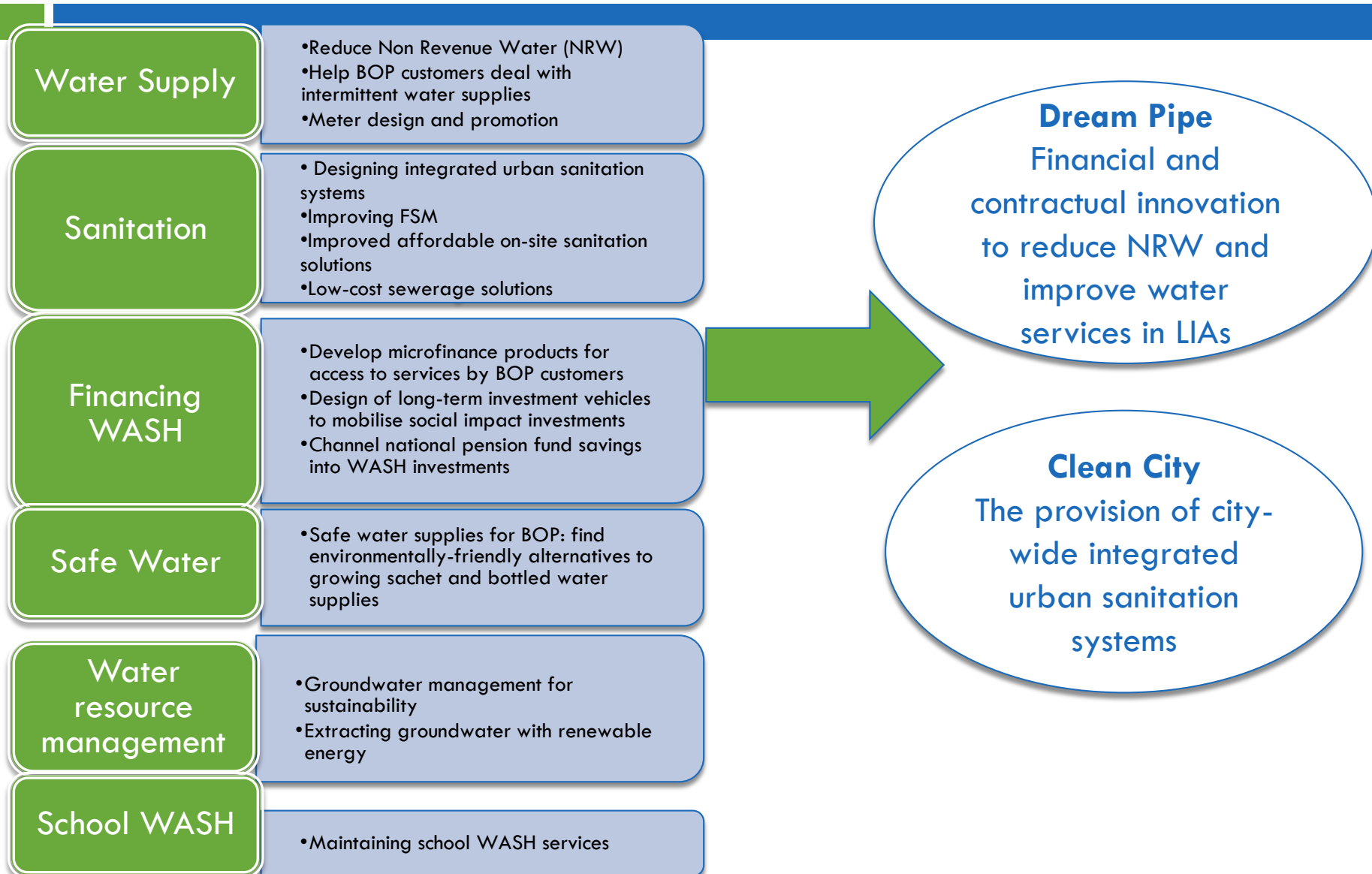
## □ **Criteria for problem identification**

- ✓ If solved, it would have a significant impact on low-income households
- ✓ Market alone did not produce a satisfactory solution
- ✓ “Media buzz” surrounding a prize would be beneficial

## □ **Methodology**

- ✓ Knowledge of WASH sector + literature reviews
- ✓ Evaluation of current government and donor priorities
- ✓ Consultation with thought leaders in the sector

# Prizeable areas in the wash sector





# Emerging lessons from the research

- ❑ **Innovation needed is not necessarily “a shiny new toy”**
- ✓ The solution should include considerations for the scaling-up of the proposed approach
- ✓ Innovation can come from changes in the enabling environment for water and sanitation services
- ❑ **Innovation prizes could be used for extending the service scope of utilities**
- ✓ Developing solutions for low-income that can be adopted by utilities rather than focus primarily on decentralised solutions
- ❑ **Innovation prizes could be considered within a wider programme**
- ✓ To finance that “extra-mile” needed to come up with innovative solutions
- ❑ **Innovation prizes are not a panacea**
- ✓ Need to weigh up the advantages and disadvantages for both sponsors and applicants

# Will the innovation prizes bring improvement at scale?

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- **Each prize will be evaluated based on a purpose-made M&E framework**
- ✓ Evaluate the impact of the prizes
- ✓ Aim to compare with other financing instruments
- **Ideas to Impact emphasises learning and dissemination**
- ✓ 3 sector-specific research papers including WASH were published in April 2015 + an analytical guide for designing a prize for development challenges
- ✓ Further papers to be published during the programme reporting on evaluation findings



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For more information

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