

FAILURE TO SCALE

June 2024

elrha



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The findings and recommendations within the report are those of the author's and may not necessarily reflect the position of Elrha.

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About Elrha

We are Elrha. A global organisation that finds solutions to complex humanitarian problems through research and innovation. We are an established actor in the humanitarian community, working in partnership with humanitarian organisations, researchers, innovators, and the private sector to tackle some of the most difficult challenges facing people all over the world.

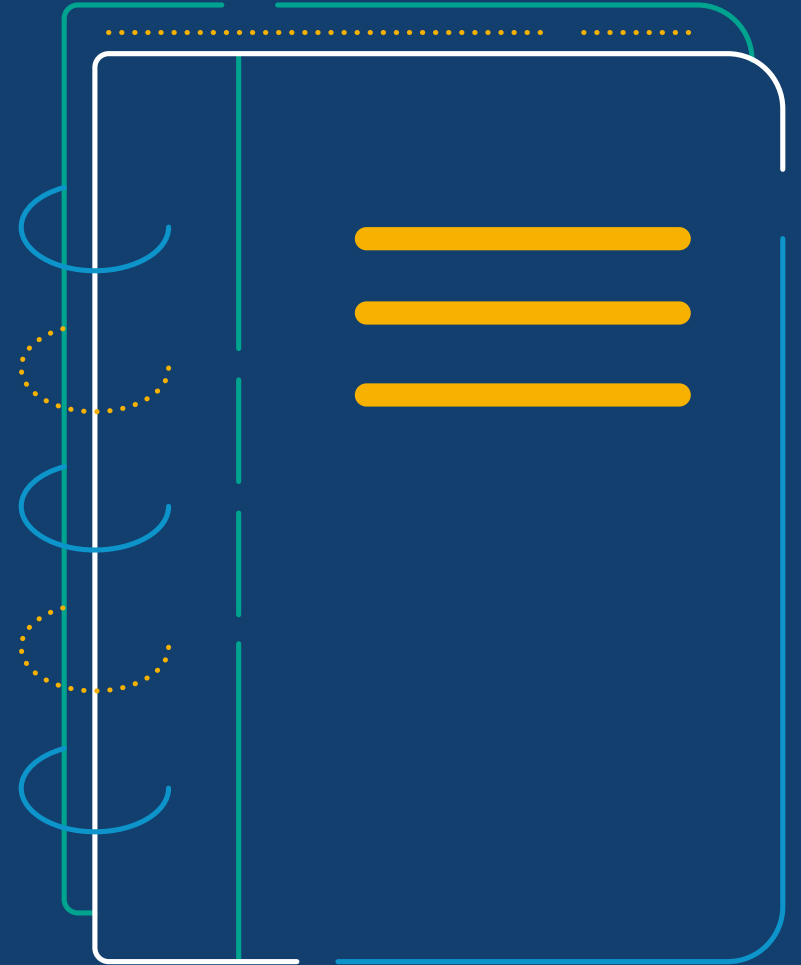
Through our globally recognised programmes, we have supported more than 200 world-class research studies and innovation projects, championing new ideas and different approaches to evidence what works in humanitarian response.

About the Humanitarian Innovation Fund programme (HIF)

The HIF is a globally-recognised programme leading on the development and testing of innovation in the humanitarian system. Established in 2011, it was the first of its kind: an independent, grant-making programme open to the entire humanitarian community. It now leads the way in funding, supporting, and managing innovation at every stage of the innovation process.

The HIF's portfolio of funded projects has informed a more detailed understanding of what successful innovation looks like, and what it can achieve for the humanitarian community. This work is leading the global conversation on innovation in humanitarian response.

GLOSSARY OF TERMS AND ABBREVIATIONS



ADRRN – Asian Disaster Reduction and Response Network – <https://www.adrrn.net/>

CLIP – Community Led Innovation Programme

DEPP Labs – Disaster and Emergencies Preparedness programme

GCC – Grand Challenges Canada – <https://www.grandchallenges.ca>

Host Agencies – Legally registered and compliant organisations, that provide a range of systems, processes, policies and compliance services to 3rd party projects or initiatives with compatible values and objectives but which lack their own registration and compliance capability

Humanitarian Innovation Support Organisations (HISOs) – Organisations with teams or programmes established to provide support to the innovation process and to innovators, often including the provision of funding as well as technical support – e.g. Elrha, GSMA, DRA Grand Challenges Canada

Humanitarian Innovation Adopters – Humanitarian organisations including UN agencies and NGOs with potential to deploy innovations in their humanitarian programmes and activities at scale.

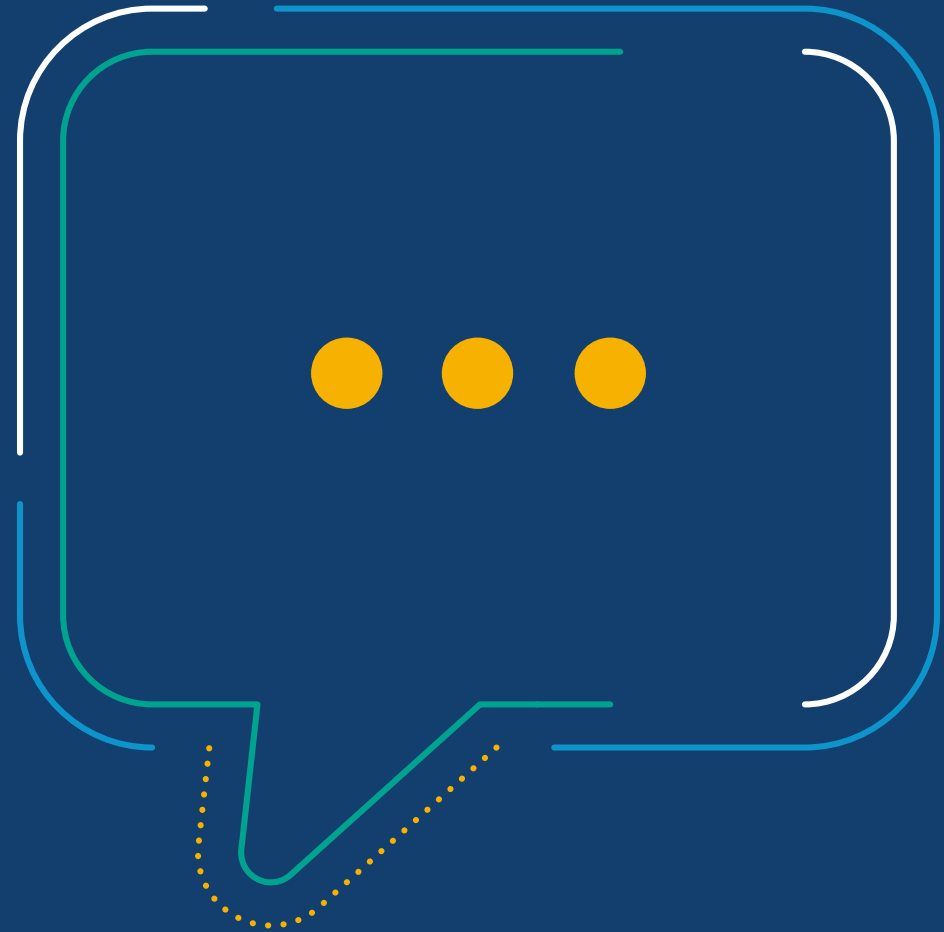
ICRC – International Committee of the Red Cross

Innovative Finance – A collection of different mechanisms including outcome-based funding, impact bonds and credit facilities that can mobilise funding from non-traditional donors including the private sector and private foundations.

LMIC – Low- and Middle-Income Countries

CMAM – Community-based Management of Acute Malnutrition

SUMMARY



Achieving impact at scale has been a consistent area of focus for practitioners working on innovation within the humanitarian sector over the last decade. An effective innovation capability is widely seen as necessary if the humanitarian system is to be able to adapt quickly and effectively, to meet changing expectations of its services and approaches, to respond to changes in context and to technological progress.

The collective humanitarian system needs to be ready to meet future demands, from people affected by crisis for its services and to do so in a way that delivers to the standards expected by its users, is relevant, equitable, inclusive and available to all, including the most marginalised.

But, for this to happen, innovations in quality, inclusiveness, capability, technical improvements and new systems approaches need to be deployed at the level of scale and durability necessary to create change.

This paper was initiated due to a perception that established humanitarian innovation structures struggle to effectively support change at scale. It is a temperature check on the extent to which innovations are leading to beneficial change and investigates pathways through which this can happen more effectively.

At the heart of this study was a set of interviews with 23 practitioners with different perspectives and experiences, including people who have taken on the role of innovator, those who are working to support innovators, those with innovation expertise and experience and others from organisations that are trying to adopt innovation. It also included a workshop of practitioners with mixed experience and a review of the relevant literature.

The humanitarian system has a long history of change and adaptation, but the emergence of structured systems and process to support and drive innovation is a recent phenomenon that is less than 15 years old. It is not surprising therefore that emerging from this study was a general sense

that the systems and processes that have been put in place to do this are not yet mature and that further iterations of the models and approaches in use are needed.

We found that across the formal humanitarian system there are a series of critical misalignments that create strong headwinds for people trying to bring about change and innovation. Innovators must battle against these headwinds to make progress. There are steps that innovators can take to improve their chances, but the overwhelming need is to address the underlying misalignments. Doing so would result in a system in which change becomes an endemic, dynamic quality. Failing to do so will lead to declining relevance of the formal humanitarian structures.

Despite the headwinds, this study found innovators that are achieving greater levels of scale. They have a sophisticated understanding of working within the complexity of humanitarian situations and strong personal values to bring about change. The support that is provided to them through the established innovation support structures is highly valued and improvements that have been made in the way that is done are highly appreciated.

Yet, innovators continue to pursue this course at significant personal cost. Many innovations do not make it to scale. Many others that are highly needed don't ever get out of the starting blocks due to inequalities in the system and a poor capability within wider humanitarian structures to hear and respond to the signals of needed innovation coming from those who experience crisis and the people who work most closely with them.



Many innovations that are highly needed don't get started due to inequalities in the system and a poor capability to hear and respond to the signals of needed innovation coming from those who experience crisis and the people who work most closely with them.

This situation is exacerbated by conflicting and weak incentives for established humanitarian organisations to change. The funding that is currently available to support scaling processes is not large enough to achieve scale consistently and collaboration is fragmented and inefficient. The lack of resources and collaboration can lead to limited engagement with the full complexity of the context and current evidence requirements are not equipping innovators to learn about the breadth of issues they need to cover to make progress.

At present innovation support structures borrow heavily from established humanitarian ways of working – its policies, procedures and structures. To be better at driving scale, the innovation sub sector needs the freedom to evolve its own ways of working, to develop its own mechanisms and financial instruments in response to the use-cases it supports. It needs increasingly predictable and consistent support services, disaggregated to a greater degree according to the specific needs of innovators at different parts of the scaling journey. Critically, it needs to develop responses to innovator wellbeing needs and to develop mechanisms to ensure that innovators can cover their full costs and build strong teams and organisations in response to scaling needs.

This report found that a critical function of the innovation support sub sector will be finding ways to attract new financial resources, which will include working with different types of funders and investors to understand what will bring them to the table, including investigating appropriate innovative finance mechanisms.

It also emerged from this study that working through networks, especially those at local and national level will be increasingly important as will be scaling up the ability to support more significant numbers of local and national innovators and to support them consistently through the scaling journey.

The report includes overview level findings and then detailed findings divided into 10 themes. Under each theme is a short set of recommendations. Most of the recommendations relate to addressing or managing the underlying misalignments that were identified. In the literature review that was undertaken for this study, it was noted that a number of these recommendations have been made previously, some several times and some in greater detail than there is scope for in this report. The evidence from talking to practitioners is that despite these prior recommendations, moving innovation to scale seems to be as challenging as ever.

The challenge for innovation practitioners is that many of the barriers to scale are interlinked and mutually reinforcing. Pursuing the recommendations independently may have limited impact or may not be possible without other recommendations also being addressed and without the involvement of other parties. The report concludes therefore with a proposal on the strategy to pursue to take a coherent and feasible approach to addressing the recommendations.

SUMMARY RECOMMENDATIONS

1 Hearing the signals of innovation needs and diversifying participation in the innovation sector

The humanitarian innovation sector needs to build mechanisms that are increasingly effective at **hearing and responding to innovation signals** from people affected by crisis and those who work most closely with them.

Support for innovation within the sector should increasingly be provided to contextually **based innovators** as the mainstream response to innovation needs.

Increasingly, adoption support should be provided with and through **networks especially those at local and national level**.

2 Augmenting Collaboration Mechanisms

The sector needs to build multi-level collaboration mechanisms that enable a **dynamic innovation environment**, which centre the people who experience crisis and emergencies.

3 Diversifying funding and funding instruments

Innovation support practices should develop more mechanisms, including **innovation specific funding / investment instruments** that are designed specifically for the innovation use case (rather than borrowing from traditional humanitarian practice).

Funders and innovation supporters should ensure that their evidence requirements are agile enough to encourage design iteration and enable innovators to learn about the **full range of challenges they face**, especially those relating to scaling and sustainability strategy.

Humanitarian innovation support organisations should aspire to build more **diverse networks of funders** and investigate opportunities for the deployment of **innovative financing mechanisms**.

4 Enhancing existing adoption pathways and approaches

Established humanitarian organisations should create more explicit and streamlined pathways, processes and incentives for deploying innovations into their programmes, taking a more **investment focussed approach** to support innovators independence and future sustainability.

5 Improving support mechanisms

The innovation support sector should improve the mechanisms that enable innovators to meet their full costs and that respond to **innovator wellbeing needs**.

Innovation support organisations should aspire to provide **longer-term, accompanying support** to innovators with increasingly disaggregated services in response to changing needs through the scaling journey, ensuring that innovators have the time and resources to engage with the complexity of their scaling environment from early in their innovation journey.

INTRODUCTION



This report has been produced for Elrha and the Humanitarian Innovation Fund (HIF) in response to the perception that established humanitarian innovation structures struggle to effectively support innovations which lead to beneficial change at scale.

Within the call for proposals for this study, the Humanitarian Innovation Fund identifies that, “We have accompanied over 140 innovations on their journey of innovation, adaption and delivery. We have supported innovators as they explored and researched the problems they had identified and provided resources and expert support as they developed and tested prototypes. And finally, for those who have made it to pilot and proven their innovation to be effective, we have created opportunities to tackle some of the most intransigent barriers as identified in our Too Tough to Scale (Elrha, 2018) report. Since this was published, we have funded an Evidence Challenge and two adoption challenges, explored humanitarian procurement processes (Gray, et al., 2021) and tactics for adoption (Taylor & Salmon, 2022), and spotlighted and championed transformative innovations. However, for those who successfully gather the evidence and prove their innovation successful there still seems to be an abyss between innovation pilots and impact at scale.

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As innovation becomes more exposed to the complexity of the humanitarian system with the will and influence of other actors playing a larger role, the diagnosis [for failure] becomes more challenging and the evidence more difficult to capture. With the quasi-nature (Harford, et al., 2004) of the humanitarian

market, ever more acute and rapid onset demand, supply mechanisms which are opaque and funding opportunities being influenced by the ever-changing political landscape, innovators of well-evidenced and potentially impactful interventions are left to follow as many pathways to scale as possible in the hope that one will lead to success. But when they fail, is that their failure or a failure of humanitarian systems?

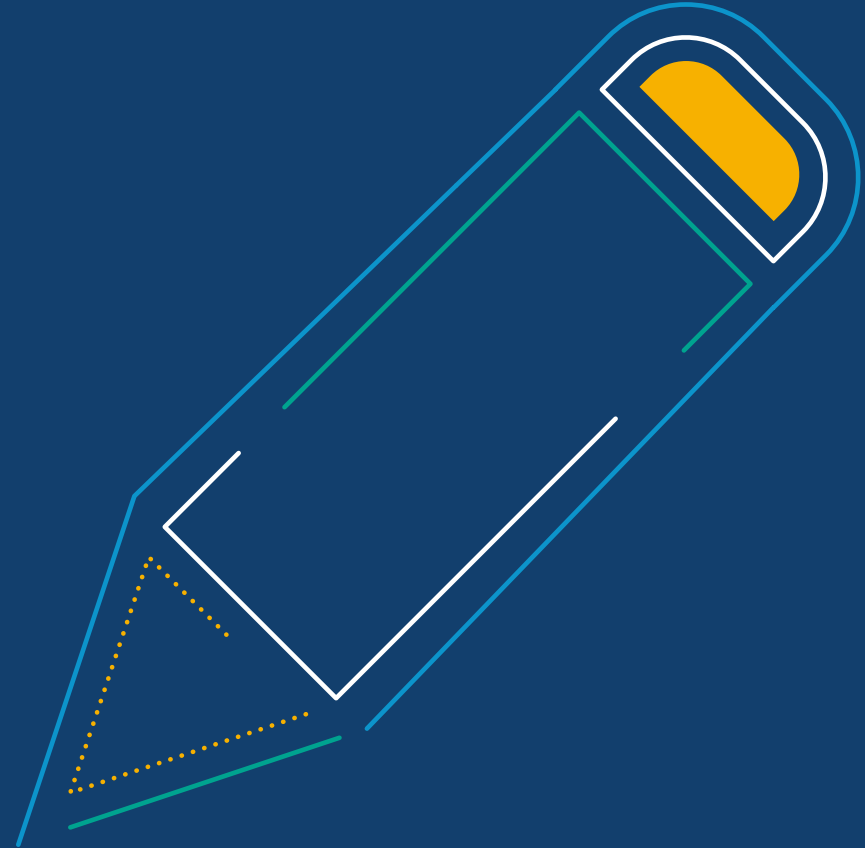
With humanitarian needs rising and funding for aid not able to keep up, we need to tackle these points of failure. For innovations to have impact at scale this has never been more essential.

But when they fail, is that their failure or a failure of humanitarian systems?

The purpose of this report is to investigate whether the perceived difficulty of achieving impact scale is accurate and if so, to identify the factors that contribute to this, drawing on the experience of innovation practitioners, including those who are innovators, those who support innovators and those who are trying to deploy innovations in their humanitarian practice. The report also aspires to develop implementable recommendations in response to the key findings.

Overall, the ambition behind this report is to support the evolution of practices within the Humanitarian Innovation Fund, to develop and deploy more effective scaling support approaches and, to contribute to the wider debate on these issues within the humanitarian sector.

METHODOLOGY





1 A literature review of relevant publications.

The review included 46 publications which included formal research papers, reports, articles from journals, blogs and books.

An initial set of publications were identified through online searches for publications which referenced innovation and scaling within the fields of humanitarian or international development work, including searches of humanitarian journals and on-line databases. Existing literature reviews in relation to humanitarian innovation were reviewed and an AI search engine (consensus.AI) was also used to identify additional papers on those two issues that didn't appear in the standard search engines. A 'snowball search' was then used, including footnotes and bibliographies from key papers as well as referrals from interviews with key informants. The initial set of publications that were selected were predominantly limited to those that referenced the humanitarian and development sectors. The publications identified through the snowball search included publications from the wider social sector and some general innovation publications. Issues of relevance to humanitarian innovation scaling from the source material were recorded and categorized into different themes.



2 Key informant interviews.

23 interviews were conducted using a semi-structured format using a framework of guiding questions, developed to probe the underlying issues relating to innovation scaling challenges, including issues emerging from the literature review. An initial set of interviewees were selected to include a range of innovators from a variety of countries and contexts, including those based in crisis contexts, representatives of humanitarian and non-humanitarian innovation support organisations, independent innovation experts and innovation adoption organisations. The findings of the interviews were anonymised. Commonly occurring themes from the interviews were identified and the overall findings were grouped under those themes. Additional interviewees were then selected with specific expertise in some of the emerging themes to provide additional insights in some of the key areas. Interviewees had experience working with multiple organisations and funders within the humanitarian innovation architecture and so the findings of this report are not specific to Elrha but have wider sectoral implications.



3 A three-hour virtual workshop with participants that included a mixture of innovators and innovation support practitioners.

In part one of the workshop, the initial findings from the first two stages of the research were explored in more detail, with practitioners adding their own experience and perspectives. Participants were split into facilitated small groups, with each group exploring pairs of themes that emerged from the initial research. Due to limitations on the number of groups, not all the themes could be explored in the workshop. The following pairs of themes were selected using a poll of participants preferences for discussion in the workshop: funding and incentives, collaboration and complexity, risk and evidence. Future opportunities to review the remaining theme pairs (support services and pathways to scale, personal costs and equity, diversity and inclusion) will be pursued in other forums.

In part two of the workshop initial recommendations were developed for each of the same theme pairs with participants working in the same facilitated small groups. The combined findings of these three work stages are presented in this report

The aim of the research is to support the development of future practice, especially for the Humanitarian Innovation Fund, other humanitarian innovation support organisations, donors and practitioners and to contribute to the general debate within the sector on how to improve the efficiency and utility of scaling practices in the sector. It is anticipated that the findings will also be used in future events, including supporting round tables and discussions.

OVERVIEW LEVEL FINDINGS



Participants in the research for this report felt that significantly greater scaling of humanitarian innovation remains critical and urgent to address the persistent gap between recorded levels of humanitarian need and the global capability to provide humanitarian services. All participants observed that the humanitarian sector, while improving, still faces significant challenges to integrate new approaches into their work and to adapt and change in general.

The 2022 State of the Humanitarian System report noted a ‘cascade of crises’, sometimes referred to as a ‘polycrisis’, resulting in growing humanitarian need (Obrecht, et al., 2022), with those in need of humanitarian assistance rising by 120% between 2018 and 2024, reaching a total of 300 million people by the end of that period (UN OCHA, 2024).

The rise is attributed to, amongst other things, increasing conflict, economic factors (especially resulting from the consequences of COVID-19 and the war in Ukraine) and climate change (UN OCHA, 2024). Crises increasingly have global and interlinked impacts resulting in a changing picture of vulnerability in which crises can no longer be seen as independent and unrelated events. The 2022 IPCC report found that climate change is significantly contributing to and compounding humanitarian crises including increasing displacement as a result of weather related crises, and increasing levels of food insecurity and malnutrition (IPCC, 2022), (Obrecht, et al., 2022).

The number of displaced people grew every year in the period from 2014 – 2023 to a total of 117.3 million by 2023 (UNHCR, 2023). As the impacts of climate change are projected to increase in the coming years, in addition to the multitude of ongoing and potential new crises, the humanitarian system needs to have strategies in place to enable it to meet potential continuing increases in need.

At the same time, there is a growing understanding of the need for the increasing quality of humanitarian assistance and calls for significant reform of the humanitarianism to address systemic issues including the need for the de-colonisation of humanitarian aid, to address racism within the sector and to eliminate the power imbalances between aid organisations and crisis affected populations (Obrecht, et al., 2022).

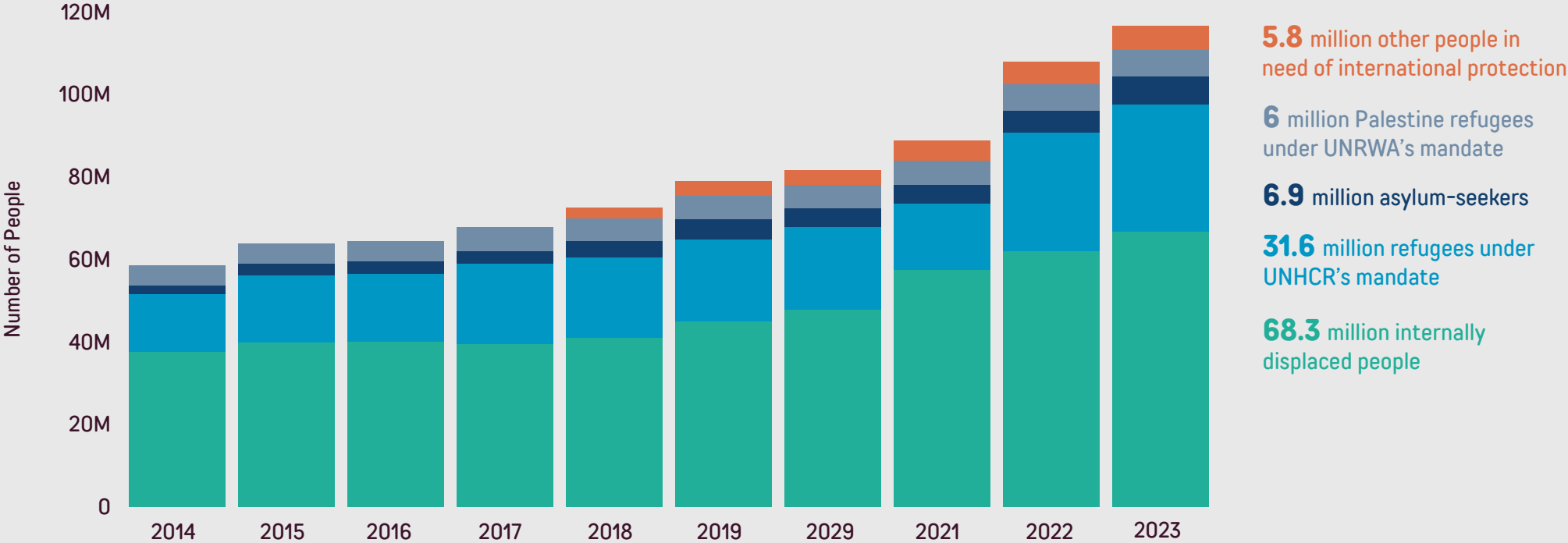
In the face of these challenges, innovation at scale, is held up as one of the tools through which the multiple demands for change on humanitarian assistance can be met. (Rush, et al., 2021), (Betts & Bloom, 2014). Some observers though, have questioned whether innovation led by humanitarians as currently configured, is equipped and able to safely change humanitarianism (Scott-Smith, 2015), (Sandvik, 2017).

In response to the need for a more systematic, rigorous and safe approach to innovation, a structured humanitarian innovation sub-sector has started to emerge. An assessment of progress in respect of humanitarian innovation was conducted for the 2022 State of the Humanitarian System report (Komuhangi, et al., 2022), (Obrecht, et al., 2022) concluding that whilst progress is being made, major barriers remain which significantly limit the potential for progress. Within the sub sector are a variety of humanitarian innovation support organisations (HISOs) that are dedicated to supporting humanitarian innovation. These organisations are not immune to the systemic problems that the wider sector needs to address, and they experience similar constraints including low funding levels and the need to innovate their own inherited processes and support mechanisms.

117.3 MILLION

FORCIBLY DISPLACED WORLDWIDE

at the end of 2023 as a result of persecution, conflict, violence, human rights violations or events seriously disturbing public order



Despite these challenges, innovations have scaled in the sector with some notable successes over the last 30 years. Humanitarians have consistently recognized the need for better practices and despite constraints, many have been driven to bring about changes such as the Sphere Minimum Standards and the Core Humanitarian Standards, significantly increased use of cash and voucher assistance (CVA) and digital data gathering, progressive improvements in the area of accountability to affected people, the use of mechanisms such as anticipatory action and many examples of programmatic improvements such as community management of acute malnutrition (CMAM), home based care and other sectoral improvements in areas such as WASH, Education and Health. The humanitarian system has innovated itself, such as with the increased use of pooled funds, which ‘collectively have made a significant contribution towards localisation’ (Featherstone & Mowjee, 2020). Of course, many of these innovations face structural or implementation challenges and need openness, agility and further iteration to address them.

The emergence of a structured humanitarian innovation support sub-sector replete with humanitarian innovation support organisations (HISOs) is a recent phenomenon. The Humanitarian Innovation Fund (HIF) was founded in 2011, whilst the first literature that focussed specifically on humanitarian innovation was published 15 years ago in 2009 (Ramalingam, et al., 2009). Not unexpectedly, therefore, this is a subsector that is still building the specialist skills, processes and structures that it needs to be effective. Innovation at scale is also not a quick win, with the oft cited example of the use of cash and voucher assistance taking 30 years to become a mainstream

response (Rush, et al., 2021). However, progress towards scaling was noted in many of the projects reviewed in the Elrha evaluation (Greenaway, et al., 2023) with those that had received the longest support showing the greatest progress.

Scale is not something which has a uniform definition – at least amongst the practitioners involved in this study. Instead, most of the practitioners understood scale as needing to be contextually defined and as relative to the size of the problem space. Some elements were widely recognized as contributing to scale – such as when an innovation moves beyond one organization or geography and an innovation that hasn’t done at least one of these things is less likely to be viewed as having scaled. Other definitions of scale from practitioners included innovations that replace or change sector norms. Such a changing of norms may require multiple innovations or attempts at innovation, some of which individually fail to achieve scale, but contribute to the body of knowledge, to the recognition of the problem and acceptance of possible solutions. Indeed, some failure may even be a necessity in the process of change. Obrecht and Warner refer to innovations that ‘fail’, but contribute to the body of learning and evidence as ‘good failures’ (Obrecht & Warner, 2016). However, in the current system, innovators are unlikely to experience ‘good failures’ as positive experiences with a widespread recognition amongst interviewees that the wellbeing of humanitarian innovators is put at risk by their experience of the current system.



Scale is not something which has a uniform definition – at least amongst the practitioners involved in this study. Instead, most of the practitioners understood scale as needing to be contextually defined and as relative to the size of the problem space.



The overwhelming sense from this study is the need for an innovation sector that is better aligned to make change happen. The sector needs to become more attuned to those ‘key signals’ about innovation needs and to develop more sophisticated practices to support innovators and networks from crisis contexts.

Impact and sustainability are also understood as key components of humanitarian scale. An innovation that doesn’t create greater value than already exists for those who experience the problem it is designed to address, cannot be said to have meaningfully scaled. In the humanitarian world, a scaled innovation is generally expected to reach the most marginalised and the most vulnerable. Scale therefore cannot be defined solely quantitatively, such as in terms of numbers reached, but in the absence of better data, numbers reached has sometimes become an imperfect and perhaps unhelpful measure of scale in practice.

Rush et al. observe of humanitarian innovation approaches that “Recipients of aid are rarely involved, and there are few examples of innovation processes incorporating the perspectives of aid-receiving [people]”. (Rush, et al., 2021)

They also note that, “Signals about innovation needs and opportunities typically come from frontline workers, national counterparts, and end-users.... In the humanitarian sector there is engagement with national and local actors due to operational necessity, however, the learning from such efforts is often limited by the attitudes, and processes embedded within the sector.” (Rush, et al., 2021).

Unless existing humanitarian structures become much better at hearing these signals and incorporating end users in the response to them, humanitarian innovation will continue to struggle to effectively focus on the problems that matter.

The general picture that emerges from the practitioners in this study is of a humanitarian innovation sub-sector that is yet to

reach maturity in respect of its ability to support meaningful, safe, impact at scale. We find an innovation environment that is fragmented, which does not provide the dynamic set of aligned interests and incentives needed for innovation to thrive.

The overwhelming sense from this study is the need for an innovation sector that is better aligned to make change happen. The sector needs to become more attuned to those ‘key signals’ about innovation needs and to develop more sophisticated practices to support innovators and networks from crisis contexts. It needs a greater diversity and sophistication of its scaling instruments, tools and approaches, larger overall investment and a greater alignment of incentives to more reliably translate early-stage innovation into durable impact at scale. It needs to find ways to free itself from the legacy constraints and systemic problems of the overall humanitarian sector and to move beyond its current ways of working.

These are not steps that can be approached independently. They need to be addressed with a coherent and strategic approach.

The following report, divided into the themes that emerged from the research, provides theme-based recommendations that could support the innovation sub-sector in the journey towards the next iteration of itself. At the end of the report is an initial set of suggestions for how to sequence and respond to these recommendations collectively, rather than individually, which is likely to be one of the keys to bringing about effective change.

THEME

1

FINANCE AND FUNDING

The need for greater amounts and different types of funding and finance was the single most frequent issue raised by practitioners in the interviews for this research.

Many practitioners reported a ‘funding cliff edge’ somewhere between piloting and scale and that funding beyond pilot stage remains limited, hard to access and unpredictable. This corresponds with ALNAP’s survey of a group of major humanitarian innovation funders which found that 81% of grants were for prototyping or piloting and 9% were for scaling¹ (Komuhangi, et al., 2022)

From what we know of the levels of investment in humanitarian research and development (R and D), it is highly likely that humanitarian innovation focused investment remains low or very low in comparison to the commercial sector. Elrha’s funding flows analysis (Issa, et al., 2022), for the Global Prioritisation Exercise (Issa, et al., 2024) estimated, with relatively high levels of uncertainty due to reporting issues, that total funding going into all humanitarian research and innovation increased from 0.12% of total humanitarian spending in 2017 to 0.26% in 2021². Even if all of this funding

was innovation specific (as opposed to research on issues not directly related to innovation) it would still be at the bottom end of all the commercial sectors reviewed by Deloitte in their report for the World Humanitarian Summit (WHS) (Deloitte, 2015) and similar work by the OECD (Galindo-Rueda & Verger, 2016).

The underlying increasing trend over this time (which coincided with the post WHS period in which innovation received heightened attention), should be welcomed. But, with the still low overall levels of investment it should not be a surprise that a lack of funding remains a critical choke point for the scaling of humanitarian innovation. As Komuhangi et al observe, “imagine what they could be achieving with the financing and organisational investments levels that are seen in other industries” (Komuhangi, et al., 2022).

The humanitarian environment is very complex, given the often volatile, insecure and politically complex operating environments, the rapid onset of new crises, the short-term, transitory nature of operations and funding in some contexts and the so called ‘quasi-market’ (Harford, et al., 2004) situation in which the problem holders, primarily those who experience crises and emergencies, are rarely the source of funds for humanitarian services and whose voices can all too frequently go unheeded. Innovators consistently cite the need to address and engage with these different elements of complexity as a requirement which increases the cost and time required for scaling innovation.

Innovators also reported that when they were able to access funding, other restrictions on the use of funds limited its effectiveness. Duration was one of the major restrictions with almost all interviewees reporting that funding time periods were too short, with commensurate pressure to achieve scale too rapidly. Others reported that demands on spending meant that few funds were available for business-critical functions including business development, marketing and communications.

Most funded innovators³ received their funding in the form of grants, the traditional funding instrument of the humanitarian sector, and reported that challenges relating to the administration of grants placed limitations on their work. This included delays during the due diligence and contracting phase which reduced overall implementation time and reporting requirements which could be duplicative or unnecessary. Some grant requirements from some funders, such as the need to find co-funding or the need to use some amount of own-funds to cover up-front cash flow creates further restrictions. Grants can be challenging to access for some prospective recipients depending on how their organisations are registered (for example if they are registered as a private company) – even if the form of registration is appropriate for their innovation and revenue model. The use of funding windows further limits the ability of funders to be reactive to innovation needs and for innovators to access timely support.

¹ The same report found that 31% of innovation projects funded over the last decade still existed. Without even including the ones that did close due to a lack of funding, this represents a lot of potential competition for relatively few grants.

² These figures are likely to contain significant errors, with significant sources of under and over reporting in relation to innovation specific funding allocations.

³ Innovators interviewed for this study were funded from multiple sources including Elrha. The findings cover multiple funders practice, not just Elrha

Conversely, some innovators reported that some funding providers are striving to be as flexible and agile as possible in the deployment of funding and this flexibility, along with practices which focus on building trust and delegated decision making are seen as likely to increase the effectiveness of innovation spend. However, the implementation of these approaches can often feel like ‘workarounds’ rather than reform at present.

Grand Challenges Canada, a humanitarian innovation support organisation has recently launched an Innovation Adoption Strategy (Grand Challenges Canada, 2023) which is now in its early implementation phase, with a focus on matching innovators with the needs of some of the largest agencies and networks in the humanitarian sector. The emergence of programmes like this will create new opportunities for innovators whose chosen pathway to scale focuses on adoption of innovations which are aligned with the needs of large agencies. Other opportunities, such as Elrha’s Journey to Scale and Adopting Innovations in High Severity Settings offerings have similarly created initial scaling opportunities for some organisations.

Yet, such opportunities remain limited and on their own are unlikely to fill the significant support gaps identified by innovators. Equally, almost all innovators reported significant difficulty to access ‘non-traditional’ funding sources such as social or impact investment. Innovators reported that in this funding segment, expectations of financial return were prohibitively high, as were expectations of market size.

Innovators also found that procurement demand from large humanitarian agencies was so opaque that it was problematic to project future demand for new products and therefore to forecast revenues with enough certainty for these types of funders.

Some of the innovators involved in this study had been successful at accessing funding through foundations, with one participant referencing the combination of foundation funding with institutional donor funding as a good blend that allowed both types of funders to balance their risk appetites, taking on different components or stages of the funding. However, another respondent noted that there is a limited pool of foundations willing to support innovations that work at a system change level.

Comparing the humanitarian world with the commercial innovation sector, Deloitte (Deloitte, 2015) found that the venture capital industry expected 10% – 20% of their investments to be ‘real winners’. Several humanitarian innovation support practitioners interviewed for this study estimated the percentage of their investments that have gone on to achieve significant scale as being quite a lot lower than this benchmark⁴. Structures for supporting commercial scale-up have developed to significant levels of sophistication, with different types of funding and wider support including different types of expertise, being provided to start-ups over multiple funding rounds tailored to the specific stage of the innovation journey. Humanitarian scaling support is yet to develop this level of granular response to scaling needs.



Comparing the humanitarian world with the commercial innovation sector, Deloitte (Deloitte, 2015) found that the venture capital industry expected 10% – 20% of their investments to be ‘real winners’. Several humanitarian innovation support practitioners interviewed for this study estimated the percentage of their investments that have gone on to achieve significant scale as being quite a lot lower than this benchmark.

⁴ This would require further study as there is no clear definition of either ‘real winners’ or ‘significant scale’ making them hard to compare.

And, where a successful commercial start-up would normally access increasing funding amounts as it progressed through its scaling journey, some humanitarian innovators found the opposite to be true with the humanitarian sector unable to meet the funding requirements of more mature innovations such as Frontline SMS (McDonald, 2021).

Other interviewees noted that increasing funding for humanitarian innovation by reducing funding for humanitarian assistance to vulnerable people would be obviously problematic. To address this, new sources of funding are needed alongside new funding instruments that can capitalize on the future value creation potential of innovation. This could be a use-case for the wider use of innovative finance mechanisms which are being explored more broadly in humanitarian and development contexts. Innovative finance tools are being routinely tested by organisations including Save the Children and the ICRC (Parker, 2019) and many others, to mobilise funding from ‘non-traditional’ sources including the private sector and private foundations.

In 2022, ALNAP found that, “many of those involved in promoting investments in innovation in the run up to the WHS hoped that it would help address the major shortfalls in humanitarian spending by fostering new financing models, including from private sector partners, or by making innovations financially ‘sustainable’.

However, there have been few examples of this happening, and the majority of humanitarian innovators still look to traditional humanitarian funding mechanisms.” (Komuhangi, et al., 2022). Bridging the gap to mobilise innovative financing will need more dedicated support if it is to be successful and requires further investigation to understand the barriers and potential in practice. However, this is more likely to be successful if undertaken at the level of an organisation like the HIF rather than expecting innovators to bridge this gap on their own. Some organisations, such as Lever for Change, have been successful at mobilising considerable sums of money that were previously ‘sitting on the sidelines’.

If the ambition for humanitarian innovation to bridge the existing gaps in humanitarian service provision is to be met, then existing funding will need to be freed from the constraints of traditional funding mechanisms and models so that it can be used more effectively, and new sources of funding will be required to supplement existing resources.



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RECOMMENDATIONS – FUNDING

Differentiated Support

Humanitarian innovation support organisations (HISOs) should aim to develop more consistent and predictable scaling support offerings (both financial and non-financial) that are increasingly differentiated for different stages in the scaling journey which can be more responsive to the unique circumstances and needs of individual innovations.

Funding for critical organisational functions

Funders and HISOs should aim to ensure that funding scope and quantity provided to innovators enables them to invest in organisational development, marketing and communications.

Reactive Funding

HISOs should investigate the viability of reactive innovation funding opportunities that are not limited to specific time-bound windows, that can address gaps or opportunities as they emerge.

Alternative Funding Instruments

HISOs and their hosting organisations should develop and deploy alternative funding instruments which have the potential to be less restrictive than typical grants and / or develop innovation specific grant formats, policies and procedures tailored to the agile requirements of innovation.

Innovative Finance

Research and explore the potential of innovative finance mechanisms to attract new sources for funding for humanitarian innovation. Review the current restrictions to the use of these instruments and explore ways to resolve the barriers to enable non-traditional funders to invest in the future value creation potential of humanitarian innovation.

Trust based, flexible approaches

Continue to build on existing good funding practices in encouraging flexibility, trust-based approaches and delegation of decision making within administration of financial support

2

OPPORTUNITIES FOR PARTICIPATION AND INCLUSION

Participants in this study emphasised the significant barriers faced by members of crisis affected communities to access opportunities to initiate and scale innovations or to feed into and influence their development and sustainability.

As recently as 2021, Rush et al wrote that “recipients of aid are rarely involved [in the innovation process], and there are few examples of innovation processes incorporating the perspectives of aid-receiving”.

⋮ *“These roles are critical for raising awareness of needs and for triggering search and discovery processes” (Rush, et al., 2021)*

They also note that “Signals about innovation needs and opportunities typically come from frontline workers, national counterparts, and end-users. These roles are critical for raising awareness of needs and for triggering search and discovery processes.... however, the learning from such efforts is often limited by the attitudes and processes embedded within the sector.” (Rush, et al., 2021).

Participants noted that the intentionality needed to effectively incorporate community informed / community led innovation is largely absent from the sector. This can be observed, for example, in the detail of processes and events. Convenings frequently involve travel which is expensive or may require visas which are prohibitive to obtain. Language used in documents and meeting can be exclusionary and navigating the sector’s structures and jargon may be all but impossible for those from outside the system.

Participants in this research highlighted that participating in the innovation process involved significant financial and other personal costs (Personal Costs) and that successful innovators were often those who were able to cultivate successful relationships within the humanitarian sector. In the report ‘more than just luck’ it was observed that “the initial seeds for many innovation processes were found in coffee shops, conference and workshop lunch breaks or office hallways” (Obrecht & Warner, 2016). But, those with strong experience and understanding of the problems requiring innovative solutions may find it prohibitive to bear the financial costs necessary to stay (or even start) this course and may not be able to be present in the coffee shops, conferences and workshops, to cultivate the necessary relationships across the humanitarian sector.

In respect of who receives funding to pursue innovations, In 2022, ALNAP reported that 36% of innovation grants from across the funds they surveyed for the ‘Assessing the Promise of Innovation for Improving Humanitarian Innovation’ report went to local and national organizations, but that they were “most likely to be funded for small scale prototyping grants.” (Komuhangi, et al., 2022)

The HIF evaluation in 2023 identified a number of barriers in the application process, including language and timeframes, concluding that “This data demonstrates that many LMIC actors see the HIF as a viable funding source and dedicate time and resources to funding applications, but various barriers mean funding is not as accessible to them” (Greenaway, et al., 2023).

A concerted effort to identify and address such barriers is needed so that support can be more effectively provided, especially to locally based innovators.

If the signals about innovation needs are not routinely heard and responded to in the innovation process, with a strong role for the recipients of aid in the development of solutions, then the innovations supported by the system will have a reduced potential to correspond to the primary needs of their intended users. For innovations to scale, a basic requirement is that they solve the problem experienced by the problem holder and provide solutions that fit their expectations and needs. This necessitates the development of improved mechanisms to ensure that the signals from people affected by crisis and those who work with them are heard and responded to.

⋮ *Attention should be paid to how the innovation ecosystem can be made more open to new and excluded actors: end-users, scientists, private sector operators, and non-traditional partners. (Rush, et al., 2021)*

The sector should aspire to significantly increase the number of innovation funding recipients that are based in the context where crises occur supporting them through the journey to scale as well as in piloting and prototyping. Interviewees reflected that this requires significantly greater intentionality and empathy to create realistic pathways for community and local leadership of innovation and for consistent and meaningful community participation in innovation as a mainstream response to humanitarian challenges.

Several other factors emerged as contributing to the potential for exclusion of access to innovative solutions. One was the risk of innovators or funders setting innovation targets based on the number of people reached which, when combined with innovators limited access to resources, can create unintended incentives to focus on the lowest cost recipients rather than the most marginalised. Participants noted that this was contrary to funders' objectives, but in practice could be felt as an implicit pressure. As a result, more explicit targets for reaching the most marginalised with innovative solutions are sometimes required.

A similar challenge was noted in respect of the strategic choice of many innovators to focus on 'adoption' by large agencies as their pathway to scale (Pathways to Scale). Adoption by the larger agencies (UN and INGOs) in the humanitarian system is seen one of the few realistic routes to scale by innovators because of the potential size of their demand or the credibility that such uptake would provide. But, many adopting agencies are experiencing their own difficulties, and are being challenged by many, to re-imagine their role in a locally-led humanitarian system.

In Time to Let Go, it was noted that "The sector's power dynamics, culture, financing and incentive structures create compelling reasons to remain closed and centralised and averse to innovation, learning and transformation" (Bennett, 2016). There is a real danger that adopted innovations inherit these difficulties from their adopter. Interviewees also noted that local innovators may lose their independence and may lose control of their ideas, financial sustainability or IP when they are adopted.

Providing more support for innovations to be adopted through local and national networks could act as one counterbalance to some of these pressures. As is noted in later chapters, it is also felt that there is a strong need to re-think adoption pathways such that local innovators can maintain independence and control of their innovative approaches whilst still benefiting from the support of the potential 'adopter'.



The sector should aspire to significantly increase the number of innovation funding recipients that are based in the context where crises occur supporting them through the journey to scale as well as in piloting and prototyping.

RECOMMENDATIONS

Hearing Innovation Signals

The innovation community should co-design, test and deploy new mechanisms so that the signals of innovation requirements from people affected by crisis can be better heard and responded to. This is likely to include mechanisms that work through local networks and communities of practice.

Funding for Local and National Innovators

HISOs and funders should aim to significantly increase the amount of innovation funding opportunities for local and national innovators and ensure they have funding opportunities for scaling beyond pilots and prototypes.

Barriers to Funding

HISOs should identify the barriers in funding application processes that are unnecessarily costly to comply with, especially for those who are locally and contextually based, and revise application processes to addresses those barriers.

Local convening and intentional pathways

The sector should facilitate more convening opportunities for locally based innovators to interact with the humanitarian sector, building the relationships and networks they need on the journey to scale and intentionally creating innovation development pathways that can be realistically followed by those actors.

Support through networks

Look for ways to increasingly channel funding support through networks to support more broad-based adoption of innovations.

Targets for inclusion

Funders or innovators setting targets for their innovation should include targets for reaching the most marginalised.

Re-design adoption pathways

Innovation adopters should re-think their role and approach – finding ways to meaningfully support innovators in the background without taking over their independence, control and approach.

3

COLLABORATION

Collaboration within the humanitarian innovation sector is generally seen as low and the networks and organisations that support innovation are perceived as fragmented. (Rush, et al., 2021).

Following the World Humanitarian Summit in 2016, the Global Alliance for Humanitarian Innovation (GAHI) was created to provide a venue for enhanced collaboration on innovation. The GAHI struggled to find its most effective role and was ultimately wound down but, it was noted in the lesson learning process that followed that, “The underlying challenges in the humanitarian innovation ecosystem are still present and the ecosystem is still in need of a collaborative platform for enhancing the impact of humanitarian innovation.” (KPMG , 2019)

Practitioners have limited appetite for ‘collaboration for collaborations sake’, however, there is a widely felt perspective that targeted, lightweight collaboration would have a high potential to make the innovation process more streamlined and efficient.

Amongst innovators, the lack of collaboration spaces is experienced as a sense of working in relative isolation with limited opportunities for sharing experiences and mutual learning and support. Stakeholders including donors, adoption agencies and innovation support organisations are often perceived as being inward looking rather than problem centric.

This can result in missed opportunities for the emergence of solutions to shared problems and the formation of new cross-sectoral and cross-cultural partnerships. The humanitarian system is perceived as being hard to penetrate for outsiders which makes it hard to develop effective networks.

For people working in innovation support there is also a sense of efforts being disjointed and missed opportunities to work collaboratively to enable more seamless support to innovators. A more joined up approach would enable the design of pathways to scale in which different support agencies play complementary roles and which include coherent communications and outreach to funders on needs, and attention to specific innovations to help them avoid falling through the cracks. Administrative requirements could be harmonised to a greater degree to reduce the burden on innovators.

Within humanitarian organisations, especially those that are the most established, interviewees report that innovation is often seen as being only within the mandate of specialists with innovation in their job title, whilst general organisational processes remain largely balanced towards risk management and conserving the status quo. This separation can lead to unnecessary internal divides within organisations, contradictory requirements for innovators and partners and greater barriers for intrapreneurs seeking to evolve the organisations approaches. Because established organisations currently hold significant power and influence within the humanitarian architecture, it is imperative that they improve mechanisms to collaborate internally, with a shared focus on change objectives which are embedded across different layers of management.



Practitioners have limited appetite for ‘collaboration for collaborations sake’, however, there is a widely felt perspective that targeted, lightweight collaboration would have a high potential to make the innovation process more streamlined and efficient.

The priority areas for collaboration that emerged from this study are:

- **Point of delivery collaboration** – frontline staff, local and national organisations and aid recipients identifying and communicating priority innovation needs. For such a collaboration to work, it would require the development and testing of mechanisms that go beyond traditional needs assessments to identify priority issues for which solutions don't currently exist or don't work well. Approaches to working with crisis affected people to identify such priority innovation needs were tested with some success, for example, in the Jordan based Mahali⁵ Lab.
- **Humanitarian networks** – working together around agreed focus problem areas and emerging solutions, providing innovators with pathways for testing and scale and creating opportunities for innovators to develop connections within the sector.
- **Humanitarian Innovation Support Organisations** – aligning approaches to have complementary roles, ensuring end to end cover without gaps is possible for innovations moving along the scaling pathways. Having more interoperable requirements, policies and procedures. Collectively creating approaches to issues such as exclusion and inequity.

- **Donors** – Collectively addressing systemic barriers, such as addressing disincentives for organisations to adopting innovations and setting new norms on policy barriers such as procurement requirements. Increasingly cooperating at country level to align support to locally established priorities.
- **Humanitarian Innovators** – engaging together in peer-to-peer learning and creating opportunities to develop strategic partnerships to address shared challenges and opportunities.
- **Established Humanitarian Organisations** – Sharing the mandate for progressive change internally, collaborating across teams and departments to align around key change objectives.

A multi-level approach of this type would create an environment in which innovation can thrive, in which there are clearer signals about innovation needs, more joined up funding, harmonised requirements and easier scaling pathways. As these elements are put in place, it becomes increasingly feasible for innovators to respond with appropriate and effective solutions to clearly identified problems.

Elements of this approach are already being implemented, with actors such as the Response Innovation Lab (RIL) taking a multi-actor approach in several humanitarian settings, collaborating with governments, clusters and other key networks and actors. The other elements of this collaboration architecture should be put in place to test it in those locations where some elements already exist, filling the gaps in the architecture where necessary.

Many participants stressed that any new approaches to collaboration should be done in such a way that it remains highly attuned to the innovation signals originating from crisis affected people and from those directly working with them. It needs to centre the problem holders in the process of prioritisation and be transparent, accessible and equitable throughout.

The key recommendation of the post GAHI report was to design a collaboration “powerful enough to do something meaningful”. (KPMG , 2019). For any collaboration approach to be meaningful it needs to be built on problem holders, first responders and local organisations as the primary locus of coordination which other actors in the infrastructure align behind.

⁵ The Mahali lab was operated by the IRC in Jordan. See <https://mahali.rescue.org/en/>

RECOMMENDATIONS

.....
Collaboration opportunities and budget

HISOs to facilitate collaboration and learning opportunities between innovators where appropriate (virtual spaces, learning and exchange visits etc.) and confirm that funding allocations for innovators include adequate provision for time spent on collaboration from early in the innovation cycle

.....
Working through existing networks

Explore options to engage existing humanitarian networks in crisis locations to have greater involvement in supporting and deploying innovations and providing networks for innovators to tap into

.....
Donor Collaboration

Create lightweight collaboration structures between innovation donors, to test approaches to collectively address systemic issues such as procurement policies and adoption incentives. Encourage greater donor collaboration in crisis countries to harmonise approaches

.....
Collaboration between HISOs

Develop collaboration structures between innovation supporting organisations to align support approaches along the journey to scale and to harmonise administrative, application and due diligence requirements

.....
Internal Alignment

Humanitarian organisations to develop internal mechanisms to align around internal change priorities across teams, including teams such as procurement and risk management



4

PERSONAL COSTS

A strong message to emerge from the participants in the research is that personal costs for innovators (financial, mental and physical health, career opportunity etc.) are high and often overlooked.

Financially, it may be very hard for innovators to pay themselves during gaps or low points in funding as they move along the scaling pathway. When funding is present it may be so stretched that innovators sacrifice their own income for the success of the overall project. As some participants to this research pointed out, innovators who have worked in the humanitarian sector for a while are unlikely to have accumulated financial assets that can carry them through these gaps. As mentioned in Error: Reference source not found, this issue is a barrier that excludes some from even starting the innovation journey. And there are few points in the innovation journey where innovators can replenish their diminished assets.

Several innovators mentioned that this results in high levels of stress for innovators and for their families who share the burden of uncertainty. In extremis, one of the innovators interviewed for this report experienced threats to their staff and organisation from those who perceived their innovative approach as being disruptive to the status quo.

This means that being a humanitarian innovator is often not sustainable over the longer term and that for many who were able to start the journey, ‘quiet quitting’ remains a norm. Many innovators are reportedly lost from the journey and go on to work in more dependable contexts. As a result, key skills in innovation and hard-won deep sectoral insights are lost.

All the innovators interviewed for this research chose to work on humanitarian challenges because of their strong personal values. Innovators are not seeking or expecting any level of financial return above and beyond their need to keep their head ‘above water’ financially, but often struggled to meet this basic requirement or were exposed to high levels of stress about being able to do so.

An issue that became clear in the Disasters and Emergencies Preparedness (DEPP) Labs^{6,7} was that innovators from communities that have been affected by crisis may experience heightened levels of stress that go beyond the ‘normal’ stresses of being an innovator. This may be because of their own lived experience, their close relationships with people still experiencing crisis and a potential burden of expectation to ‘solve the problem’ that may fall upon them from their communities.

The sector has not developed coherent mechanisms in response to these needs. This is problematic because people experience harm and loss as a result. In a sector which is addressing social issues, more care and wellbeing support for the people at the front end of solving its problems is needed.

“Where exploration does occur it usually happens through ‘maverick’ operators who attempt to carve out such spaces. This was particularly apparent in our case study of cash-based programming. Here early experiments were led by individuals and groups who were seen as challenging to the dominant practices in the sector.” (Rush, et al., 2021)

A lack of reward mechanism also means that one of the key signals for success is unclear compared to the commercial innovation sector, where a lack of revenue and low market uptake give a clearer indicator of the need to adapt (or abandon) an innovation. In the humanitarian sector a state of significant financial stress appears to be the norm for all innovations at all stages, even when succeeding.

Similarly, internal entrepreneurs or ‘intrapreneurs’ seeking to support innovation and bring about change from the inside of organisations often also pursue innovation at significant personal costs, including costs to their career progression. Interviewees cited the plethora of processes, procedures and formats (such as contracts that remove IP rights from innovators) that they have sought to change with only marginal success. One interviewee noted that the weight of internal resistance to change is so significant that it has caused many to step back from their roles or from their efforts to lead for change and that it can also lead to impacts on individual’s wellbeing.

⁶ Resulting from the authors experience of working within that pro

⁷ The DEPP labs were innovation labs designed to support local innovators in crisis settings operated by the Start Network with FCDO funding

Leaders of many organisations have a clear role and responsibility to address the cultural barriers in their organisations that leave many thinking that change is impossible or unnecessary.

Leaders of many organisations have a clear role and responsibility to address the cultural barriers in their organisations that leave many thinking that change is impossible or unnecessary.

Similar issues continue as organisations progress through the scaling journey. As one workshop participant pointed out, organisations need to bring in additional people with key skills at different stages in the scaling journey. As organisations move from smaller scale testing to larger scale deployment, they need people with, for example, commercial manufacturing experience, business development or marketing skills. But these skills are also in high demand in the private sector where they are likely to be better and more securely compensated. It becomes very hard for humanitarian start-ups to compete for these skills when they have uncertain, low or non-existent revenues.

Within this generally challenging context, incoherent policy and bureaucracy barriers and delays are a frequent source of additional demotivation for innovators and are an unnecessary 'own goal'. Some of these barriers may feel so enshrined within current ways of working as to feel unmoveable whereas, collectively, the sector does have the agency to make rational changes.

Scaling innovation requires innovators who can meet all the costs, financial and non-financial, of participating in the innovation process and who can stay the course. For this to happen, mechanisms need to be in place for innovators to re-coup their costs, with clear rewards for success and equal clarity where an innovation is not meeting needs.

Humanitarian innovation support organisations should have mechanisms to detect and provide wellbeing support needs and to the greatest extent possible unnecessary bureaucracy barriers should be removed. Pathway based funding

HISOs to collaborate towards increasingly joined up funding mechanisms that cover the greatest extent possible of the scaling pathway so that successful innovators / innovations experience minimal gaps in funding / funding opportunities.



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RECOMMENDATIONS

Pathway based funding

HISOs to collaborate towards increasingly joined up funding mechanisms that cover the greatest extent possible of the scaling pathway so that successful innovators / innovations experience minimal gaps in funding / funding opportunities.

Financial Reward

HISOs and funders to explore mechanisms for reasonable innovator and team financial rewards when allocating follow-on / scaling funding to an organisation.

Access to critical skills

Recognise that within scaling processes specialist skills will be required and enable funding duration and certainty so that innovation teams can compete for those skills.

Reduced Administrative Burden

HISOs and their hosts to create standards for reasonable time durations in processes such as contracting and due diligence and support administrative departments to be able to comply with them.

Innovator wellbeing

Create innovator well-being support mechanisms within humanitarian innovation support organisations and funding offerings, including peer-to-peer and other support mechanisms, and actively monitor innovator well-being

Culture of Change

Leaders in humanitarian organisations need to do more to create a culture that is receptive to change within their organisations in which challenge to the status quo is an accepted norm

5

EVIDENCE

A strong theme to emerge from the research was the lack of a ‘shared language’ and coherent requirements for evidence. Some innovators pointed to parts of the innovation support cycle (especially the initial decision making around which innovations to invest in) as being not adequately evidence based, describing decisions as being emotionally based, whereas others felt that evidence requirements at other stages in the innovation process sometimes created unhelpful hurdles and distractions.

While it is unreasonable to expect different funders to completely harmonise their evidence requirements, the time and cost burden on innovators could be reduced through a more aligned approach.

It was particularly felt that evidence requirements need to be better matched to the needs of the innovation and to the stage of innovation / scaling process. When innovators invest in gathering evidence, it should be evidence that is useful to them. This means that it needs to inform strategic decision making at each stage of the innovation process and help to solve the ‘real world’ challenges the innovators are (or should be) working on.

Feedback from innovators suggested that a significant amount of their evidence focus is on the product or service being developed – does it work and how well does it work? This primary focus on impact-evidence appears to stem from either direct, indirect or perceived donor pressures and requirements. However, none of the innovators interviewed for this research were running into scaling problems because their innovation didn’t work. In fact, most seemed to have extensive evidence that their product / service worked well, but this was not fundamentally helping them to address the scaling challenge.

The challenges many faced were predominantly revenue, strategy and operational problems. What emerges here is a risk that an exclusive focus on ‘does the product / service work?’ at the expense ‘of does the strategy, revenue and service model work?’ can divert innovators attention away from urgent issues that need their attention.



“The need for accumulation of strong evidence bases and ‘gold standard’ quality of results militates against the emergence of an entrepreneurial culture based on prototyping, minimum viable product testing, and fast intelligent failure.... There might be scope for exploring alternative models for evidence accumulation better matched to the high-frequency learning cycles associated with prototyping entrepreneurial projects.”

Rush, Marshall, Bessant and Ramalingam, 2021

There is a pervasive model within the sector that the needs for impact evidence and scaling evidence are sequential requirements – first the innovation is developed, and its impact proven at pilot stage and then, the proven, impactful innovation is scaled. This overlooks that the challenges of scaling will frequently require the piloted innovation to change, often significantly so. McClure, Bourns and Obrecht note that innovations must be optimised in different ways against a basket of different factors during the scaling journey, depending on the chosen scaling strategy (McClure, et al., 2018). An example is that a piloted product may work perfectly at pilot stage but be too complex a design and too costly to manufacture at scale and therefore the design needs to be simplified later. But the simplified design may no longer work as well as the piloted one. This interplay between product design and scaling strategy is not one that finishes at the end of a distinct piloting stage but is one that can be observed to carry on through scaling. The line between ‘piloting’ and ‘scaling’ isn’t such a distinct one in practice and in fact there seems to be a much more fluid / cyclical set of processes moving back and forth between the two.

In response, evidence requirements should also be more fluid and in practice, it appears from a number of the innovators in this study, that a much greater emphasis on strategic evidence was needed in practice. Over-investing in comprehensively testing a product at too early a stage in the innovation development cycle can disincentivise necessary product iterations because innovators may be wary to deviate from an offering that has been so significantly invested in.

An additional challenge for innovators is the underlying lack of evidence about the impact of existing humanitarian offerings. Gray and Bessant describe the ‘evidence triangle’ that an innovator needs to address – does the problem exist, does my product solve it and does it do so better than the alternatives. (Gray & Bessant, 2024). However, if the evidence of impact of existing solutions is limited, demonstrating the additional value of new solutions is very challenging. For example, in More than Just Luck, it was found that “In nearly all the case studies examined for this research, no pre-existing data existed on the performance of current humanitarian practices that could be used to demonstrate the improvements an innovation offered. Instead, in several cases, the HIF grantees themselves had to generate baseline or comparative data.” (Obrecht & Warner, 2016).

What is needed then is an evidence system that is supportive of an iterative approach to creating value for the end user and tests the delivery and revenue models in parallel. KPMG’s post GAHI analysis found that a “necessary, but rarely sufficient, component to drive scale and adoption is evidence that an innovation works. The [...] model had to be proven—not only to improve the lives of [...] recipients, but also to be sustainable” (KPMG , 2019).

Most innovators also stressed that while evidence is necessary to support the innovation process, on its own, is not enough to make the case for scaling. At least as important and potentially more so was the ability to tell the story about the innovation – to create and communicate a compelling narrative that enables the innovator to ‘market’ their product to their target audience.

Most innovators reported that funding for them to invest in marketing and communications was very limited and found it hard to be able to afford the specialist skills that could support them in this area. This fits with other experience in the arena of social change that ‘evidence is not enough’ and rarely what makes the difference in practice (Laybourn, et al., 2021), (Dodgson & Crowley, 2021).

RECOMMENDATIONS

Innovation-determined evidence

The evidence focus during the innovation process should offer utility to the innovator as well as meeting any external requirements, particularly encouraging and enabling innovators to test strategic choices, including revenue and operational models at the same time as they test the value created by their innovation.

Evidence agility

Evidence requirements should not be so time consuming or expensive that they cannot be iterated as the product and strategy develop. If experimental-research based evidence such as an RCT is appropriate and required, consideration should be given about when to do this so that it doesn't lock-in a product before it is known to be strategically viable. The 'bar' for evidential requirements should also be considered relative to the evidence for existing interventions.

Compelling narrative

Innovation supporters / funders should ensure that adequate funding provision is available for marketing and communications products and skills and is seen as a core component of the offering rather than a later add-on.

Harmonised approach

Funders / HISOs should aim, as much as possible, to align any minimum evidence requirements or expectations so that they can be 'ported' across different funders to keep innovators additional evidence gathering costs low.

6

INCENTIVES

A dominant impression that emerged from all participants this study was of a sector in which the incentives of different parties to innovate, to support innovation and to use innovative products or services are poorly aligned, creating a disjointed environment in which innovation struggles to thrive.

This has also been found in various studies such as for example “The existing political economy and lack of incentives to disturb entrenched roles can undermine some of the disruptive change required to address the humanitarian system’s challenges and the scale of its demands” (McClure, et al., 2018)

For innovators, this can feel like trying to ‘walk through mud’ with constant forces resisting progress and change.

In 2021, almost half of all humanitarian funding from institutional donors went to 3 UN agencies. 70% of funding was received by 10 organisations including UN agencies and the largest INGOs. Between 2017 and 2020 the expenditure of these largest agencies grew significantly faster than it did for the rest (Obrecht, et al., 2022). Institutional donors are increasingly

dependent on these same few organisations and have decreasing capacity to fund smaller organisations. Innovation funders have reported anecdotally that as a result, they have less influence over recipient organisations.

However, interviewees felt strongly that donors working together could create greater positive incentives for humanitarian agencies to adopt innovations. This could involve testing financial mechanisms that reward those agencies for using more cost effective or more impactful solutions (so long as the burden of proof does not fall excessively on innovators).

Innovators currently experience a dilemma in how to progress on their journey to scale. Larger organisations are seen as critical innovation customers. But these same organisations have created complex structures that respond to the multiplicity of needs of institutional donors. As a result, they are heavily invested in the status quo with the people, skills, systems and processes needed to service it. Policies, such as procurement policies, are designed to meet exacting donor and internal requirements rather than to encourage innovation. One innovator reported being required to wait 5 years if they wanted to be included in one of the larger organisations preferred suppliers list. Others reported being made to ‘jump through multiple hoops’ only for the prospective customer agency to change their mind later and not purchase the innovation. In rapid onset crises many humanitarian organisations have alternative procurement procedures that enable faster streamlined processes and something similar is now required for innovation procurement in the interest of accelerating sectoral changes.



Innovators currently experience a dilemma in how to progress on their journey to scale. Larger organisations are seen as critical innovation customers. But these same organisations have created complex structures that respond to the multiplicity of needs of institutional donors.

A humanitarian leader interviewed for this report recounted the significant political will that had to be expended internally to make changes and the challenge that it could be to shift strategies where teams and systems were invested in prior approaches. There is some reported internal pressure for agencies to demonstrate a point of difference from their competition, creating a positive incentive to try new things, but one which then makes it harder for innovations to move beyond that one organisation. In addition, because of the difficulty in measuring value for money and impact of existing humanitarian services, the imperative for agencies to use and support innovations that could improve them is correspondingly low.

For institutional donors the political consequences of a significant failed investment can be high, and the innovators interviewed for this study experienced this as a relative unwillingness to make high risk investments. This is felt as likely to be one of the factors that has led to a predominance of smaller pilot stage funding from which it is quicker to show that an investment has 'worked' and less risk if it doesn't. Currently, there isn't an agreed target for donor innovation specific investment and therefore it isn't clear what donors should be working towards or held accountable for (in the way that the ODA as 0.7% of GNI target creates a simple target to aim for / lobby for). HISOs could collaborate to create reasonable targets for increasing donor innovation spend over time.

One participant in this research, representing an innovation supporting organisation, noted that some of the most successful investments in other social domains were those where there was a potential for the innovator to receive a profit in the event of future success. In such cases, it seemed that innovators were more easily able to access greater resources, leveraging the incentive of future income potential, to support the journey for scale. While profits may be seen with some justifiable reticence in humanitarian contexts, the ability to leverage future value creation potential in some form could help to generate more resources up front.

People who are affected by crisis have a very strong incentive to access the best possible service for themselves, their families and communities, but currently have the least power within the existing system to drive change. Future incentive structures need to reverse this by placing problem holders more significantly in the centre of the system. The need for this transition is one which is well known but which is occurring only very slowly.

There is a clear need then for innovation of the mechanisms for the local level facilitation, governance or regulation of humanitarian service provision, to more substantially involve crisis affected people, to address some of the short comings of the humanitarian 'quasi-market' (Harford, et al., 2004). This is perhaps the highest priority set of changes needed in the sector, and one in which the innovation support sector could be more substantively engaged. This would involve a more political focus for the innovation support sector which has historically been more focussed on technical innovations.

The solution also lies at least partly in substantially increasing the provision of innovation funding through contextually based organisations and networks who are better positioned to respond more directly to the inputs and feedback of the crisis affected, and which would enable more equitable participation in innovation, would create alternative pathways for the scaling of innovation and would disrupt the current incentive structures by enabling greater competition.

RECOMMENDATIONS

Alternative Procurement Pathways

Humanitarian organisations should create new procurement pathways through which they can adopt innovations relatively quickly and which have transparent, achievable requirements for innovators participation.

Donor led adoption incentives -

Donor organisations should collaborate to identify and test mechanisms to incentivise humanitarian agencies to support and adopt innovations that improve impact and value for money.

Agreed investment targets -

Humanitarian innovation support organisations should collaborate to set (or co-design with donors) coherent targets for increasing donor investment levels in innovation over time. This could potentially include targets for funding diversification.

Greater direct involvement of crisis affected people

Increasing innovation funding should be available through contextually based networks and organisations, for the deployment of innovations that centre the needs of crisis affected people and in a way which puts greater emphasis on the direct involvement and feedback of people affected by crisis.

Innovation support for sector changes

The innovation support sub-sector should more actively support processes for the development and testing of new models for the governance, regulation of facilitation of humanitarian service provision locally that much more substantially centres crisis affected people.

7

COMPLEXITY READINESS

Humanitarian contexts are by nature highly complex, which creates significant scaling challenges for innovators.

Innovators surveyed for this study gave examples, not surprisingly, of having to work in unpredictable political and security environments in which significant negotiations were required to secure the permission to operate. Their interventions frequently required in-depth considerations in respect of protection, safeguarding and the need to do no harm. Many operated in environments in which logistics were challenging and supplies were limited.

Most, if not all, of the innovators interviewed for this study were acutely aware of the complexity they needed to engage with for their innovations to succeed.

But, innovators stressed that working in these contexts required more time than they had available, often as a consequence of the duration of their funding and the fact that their teams were small and frequently playing multiple roles.

For some of the interviewed innovators, their response to these restrictions was to focus on making a pilot work in a constrained environment in which wider complexity could be reduced. Examples included testing a solution in a single refugee camp without engaging wider barriers to scale such as political, coordination and the wider context differences of deploying in other locations.

Others tried to identify some elements of the wider complexity that they would experience in scaling that they could work on, even at pilot phase. This is an approach that McClure and Wilde describe as ‘thin slicing’ (McClure & Wilde, 2024). In practice, it did seem that innovators who were taking this approach, such as working with wider stakeholder groups and authorities from the get-go were setting themselves up with a greater chance of success. Because of time and financial constraints, there were elements of their intended solution they were not able to test immediately, but, when follow-up funding opportunities came around, they seemed better prepared to take advantage of them, with a better awareness of what they needed to test next or what needed to change in the next iteration to make progress.

Those who were taking the more limited pilot approach experienced a more significant challenge moving to the next stage of their innovation. The pilot gave them a reduced understanding of the scaling environment and more challenges to develop a scaling strategy that was ‘complexity ready’. When innovations are expected to respond rapidly to crisis situations in the next stage in their scaling journey it becomes even more important that the prior stages in their scaling journey had started to prepare them for that next step.

As was explored in the previous chapter there is a danger that evidence requirements that focus too exclusively on the question of ‘does the innovation work’ can also push innovators more into a limited scope pilot mode. Dan Maclure, in an interview for this research, described this problem as a ‘pathology’ of the humanitarian sector driven by a combination of low risk-appetite, low funding levels, short time spans and unhelpful evidence requirements.



Too many promising pilots have proved unable to scale, and little progress has been made towards addressing some of the important large-scale problems

McClure and Wilde, 2021

The good news then, at least from the interviews conducted for this report, is that there are a number of innovators who are finding ways to engage with complexity despite the ongoing presence of those constraints. Others however report that for many, the only viable response to limited time and money is to focus on the most urgent problems one at a time and hope, in the future, to have the opportunity to tackle the complex longer-term issues.

A related response to complexity is the growing calls for, and examples of, multi-actor collaboration around problem spaces. Several interviewees cited examples, such as in the case of the Response Innovation Lab, of facilitating sectoral clusters within the formal humanitarian architecture to work collaboratively to address complex problem spaces. This approach brings more resources and more perspectives to the table and the ability to ‘architect’ solutions involving the multiple stakeholders necessary to address complexity at solution level. Others though noted that such approaches need to be equitable and to centre problem holders, with a perceived danger of the voices of problem holders being further excluded from problem identification and solution development where an array of powerful organisations are present. Although multi-stakeholder approaches were held up by research participants as creating the opportunity for meaningful inclusion and leadership of crisis affected people, in practice, significant care will be necessary to make this happen consistently and equitably.

RECOMMENDATIONS

Adequate time frames

Maximise timelines in funding for innovators to engage with elements of complexity from early in the innovation cycle.

Evidence Agility

Evidence requirements should be flexible and broad enough in the early stages of an innovation cycle to encourage innovators not to lock in on a narrow product focus.

Thin slicing

Innovators, and innovation supporters should consistently look for opportunities at pilot level to find ways to engage with as much wider system complexity as is possible. This could include, for example, engaging more deeply with wider stakeholder groups, regulators and authorities.

Multi-stakeholder approaches

Consider assembling multi-stakeholder groups of locally based actors, around problem spaces, with consideration of power dynamics and prioritising the equitable participation and leadership of crisis affected people.

8

RISK APPETITE AND RISK MANAGEMENT

Approaches to risk management and mismatched risk tolerances are issues that are identified by innovation practitioners as creating tensions on the journey to scale. Practitioners perceive the driving issue to be the culture of low risk-tolerance that emerges from the relationships between donors and grantees or donors and host agencies being at odds with, and poorly buffered from, the relatively high risk of supporting innovation and the additional risks that flow from the environment and context in which humanitarian innovation takes place.

At present, practitioners feel that this leads to a greater percentage of funding being allocated to pilot stage innovations because these can be lower cost, narrower scope and more constrained environments producing quicker results. It is also seen as driving a preference for supporting established organisations that can more easily pass a relatively high due diligence bar.

In the interviews for this report, several practitioners noted that current innovation funding practice is most likely to select the organisation with the greatest capacity to pass due diligence rather than the organisation with greatest potential to create and lead impactful innovations.

Study participants also felt that these mismatched risk tolerances contribute to the use of compliance and evidence requirements that are hard to meet or badly timed, being placed upon innovators because of the need to demonstrate responsible investment.

Specific areas of risk which are identified as being of concern to stakeholders include:

- Risk of innovation failure, and of donors being open to charges of wasting or mis-investing public resources
- The risk of being associated with innovations that are seen as politically controversial
- The risk of innovation approaches leading to harm or safeguarding issues for innovation users
- The risk of funds being mis-used, used inefficiently or fraudulently
- The risk of funds being used in a way that triggers anti-terrorism concerns

For some of these risks, such as the risk of harm to aid recipients, research participants accepted that there should be a zero or extremely low tolerance. However, for other risks, particularly the risk of the innovation itself failing either partially or completely, it was widely recognised that a different culture is required – one that enables transparency around failure so that it can be used to learn, adapt and progress.

Innovation does inevitably include investing in a percentage of projects that will experience some degree of failure at different times and some that will ultimately not succeed at all. It also involves responsibly backing ideas that haven't been previously tried or tested. What emerged from the interviews was a sense the different risks can end up being treated as equal and a generalised low risk tolerance environment is created as result.

Perceiving this generalised low-risk culture, small organisations are observed to fear the loss of funding if they are open about things which haven't worked. This can be exacerbated in some locations where there are cultural barriers to admitting failure. Even much larger, more financially secure organisations in the sector share this culture of continually presenting their initiatives in the best possible light.

The hosting relationship, in which established organisations provide an institutional home for HISOs such as the HIF and

sometimes directly for innovations, receiving funding on their behalf from donors, seems to be particularly vulnerable to this phenomenon. Hosts are reticent to jeopardise funding for their core projects through exposure to hosted risks. They are often providing the hosting services on a relatively low budget and may not have the time to take the nuanced approach necessary to manage different innovation risks well or to adapt their processes and policies as would be necessary.

The process of recognising when things are not working well and taking action to adapt in response is core to the innovation and scaling process. A sectoral culture that is averse to sharing failure can only serve to undermine this mechanism. The chain of relationships between donors, hosts, HISOs and innovators needs a critical re-evaluation to take a more deliberate approach to differentiating their approach to these risks. It was also suggested that organisations such as the HIF or donors could create precedents by regularly sharing their own failures and response to them.

More generally, innovation requirements create an environment for which many policies and associated processes have not been designed. Many risks could be better managed with specific policies and procedures designed for the innovation context.

For example, the DEPP Labs commissioned a professionally designed safeguarding tool kit and associated training resources (Saferedge, 2019) that were specifically designed for community led innovation lab contexts.

By taking account of the unique situation in which community led innovation took place, it was possible to co-design with practitioners more appropriate procedures to manage and lower actual risks and to demonstrate that a responsible approach had been taken, whilst still enabling innovators to work in creative ways. It is necessary to apply the same approach to due diligence and granting processes to make them more context appropriate and innovation ready.

It was also suggested by practitioners that more sophisticated use of innovation portfolios to better manage risk, uncertainty and learning at portfolio level should be explored further. Applying appropriate portfolio level approaches and management tools, for example, to the initial selection process for which innovations to support, can benefit the whole portfolio. This could include creating opportunities to better understand the innovations' complex environments from different perspectives and the creation of strategies to address shared challenges and to increase the collective potential for success and lower specific risks. The HIF Journey to Scale programme used a small-scale portfolio approach which could be developed further in future.

An additional tool to explore, suggested as a good practice in the workshop included in this study, is the use of pooled or blended funding mechanisms with the potential to incorporate a wider pool of funders, with varied risk appetites and willingness to take different risks at different stages in the innovation process. Co-designing funds with new funders may also create a pathway for addressing some of their concerns and for bringing new funding into the sector.

Such strategies would enable institutional donors to invest their funds in ways that align with their risk appetite whilst giving greater overall freedom at portfolio level to make investments that are consistent with the risk of innovation.

Incorporating organisations with experience and expertise from other sectors in the design of portfolios, portfolio management tools and pooled funds would bring in new expertise that would expose the sector to different approaches to managing risks. Similar approaches are being used by other organisations in the sector⁸, and the learning should be shared more broadly so that innovation support organisations can learn from them.

⁸ See for example UNDP, <https://innovation.eurasia.undp.org/portfolio-development/#:~:text=Our%20portfolio%20approach%20utilizes%20three,Portfolio%20Design%20and%20Portfolio%20Management>.

RECOMMENDATIONS

Innovation adapted procedures

HISOs and funders should invest in developing policies, procedures, and tool kits including grant contracts and due diligence processes that are specifically designed for innovation contexts rather than adopting existing standard NGO procedures.

Culture of openness about failure

HISOs, host organisations and donors to explore how to take a more differentiated approach to different risks and in particular to review how their contracts and practices can encourage an openness to sharing about failure, including their own failures.

Use of portfolio approaches

HISOs should investigate how other organisations within and outside the humanitarian and development sectors use and manage portfolios to increase overall success and manage critical risks.

Co-creation of pooled funds

Investigate the use of pooled fund mechanisms and consider inviting new funders to help co-design specific pooled funding or innovative financing mechanisms that could be attractive to them.

9

PATHWAYS TO SCALE

Innovators are pursuing different revenue models on their scaling pathways, including combinations of consultancy and open-source models, ongoing grant funding, community ownership, freemium (in which sales of premium level services or products to a commercial market cross subsidise free provision of humanitarian services), and adoption.

There is a particularly strong focus on adoption-based strategies in which innovators seek to have established humanitarian organisations use their product or service as part of their regular programmes and systems. Obrecht and Warner cite adoption as one of the three potential positive outcomes of innovation (the other two being the potential for learning about the performance or quality of a potential solution) (Obrecht & Warner, 2016). Adoption is perhaps seen as the most realistic route to scale for many organisations, because the size of established organisations provides an opportunity for supply of their product or service in larger quantities and to capturing economies of scale if successful.

Use of an innovation by an established and respected organisation also provides significant credibility for the innovation which can be extremely valuable on their journey to scale.

For innovators though, the current process of having an innovation adopted can be unpredictable, time consuming and untransparent. The innovators interviewed for this study observed that the adopting agencies they were aspiring to work with did not have clear adoption processes and some innovators needed to jump through multiple hoops with no ultimate up-take and no access to transparent demand data. Several innovators reported that the stringent compliance requirements of adopting agencies made it very hard to compete with more established suppliers. Others observed that clauses frequently used in contracts by adopting agencies on issues such as IP can be counter to their best interests, but they struggle to negotiate on them, encountering a high degree of inflexibility.

Other interviewees raised the ‘not created here’ problem in which adopted innovations may struggle to be taken up by more than one agency, a point which Curion also addresses, saying “There will be success stories, but they will seldom if ever reach significant scale; large organisations may be able to mandate the adoption of particular innovations internally but lack any mandate to ensure their adoption across organisational boundaries.” (Curion, 2019)

For adopting agencies that are serious about supporting innovation, it is recommended that they elevate their approach to one that is predominantly about investing-in, rather than simply using the innovation. This would add to their incentives to focus on the sustainability of the innovation, protecting its independence, whilst still incentivising them to consistently use it in their programmes.

Grand Challenges Canada (GCC) has recently created an adoption strategy (Grand Challenges Canada, 2023) as its primary scaling vehicle. GCC reports that, so far, focussing more significantly on aligning the needs of adopting agencies with the products and services of innovators shows significant potential to overcome some of the existing barriers, but does require extensive facilitation support and a considerable investment of time.

Innovation adopting agencies also report that the process of adopting an innovation is complex and resource intensive. Adapting an innovation to the contextual requirements of each deployment (including translation needs) is important and a complete cycle (or several cycles) of preparation / preplanning, implementation, learning and sharing was found necessary to support successful adoption. Adoption of innovations in high severity settings requires flexibility and capacity to change plans and to respond to changing context. Budgeting and reporting requirements need to mirror this same level of agility.

Adopters also said that as they and many other potential adopting agencies are going through their own transformation and de-centralising processes. Decision making within organisations is increasingly shifting to country level which can preclude a single adoption opportunity for the whole organisation.

Decentralisation processes and the movement towards localisation means that adoption by and across networks is likely to become an increasingly important pathway to scale. Networks that allow for peer-to-peer learning in specific contexts, countries or regions could become critical partners in the adoption process and would facilitate adoption across multiple rather than single organisations. Pathways of adoption support through national, regional and global networks should also be compatible with an increasing shift to more routinely supporting innovators who are based in the crisis context. This is the case in Elrha’s CLIP programme which works in partnership with ADRRN, elements of which should be explored as models for incorporation in other innovation programmes. GCC’s adoption strategy also recognises the need to work with humanitarian networks (Grand Challenges Canada, 2023).

While the dominant focus on adoption is understandable given the size and advantageous position of many potential adopters, an alternative to adoption that creates greater competition with established actors and incentivises change through disruption could be a healthy option for the humanitarian sector. Perhaps this calls for bolder strategies from funders, investors and innovators to be more inclined to disrupt the status-quo.

Regardless of the revenue model chosen by innovators, whether through consultancy income, commercial sales, user fees, direct grants or other models, the shift for innovators from innovation specific grants from innovation supporting organisations to relying 100% on these planned revenue streams, which Bessant and Gray refer to as the ‘chasm of innovation adoption’ (Gray & Bessant, 2024), remains an elusive transition for many, which leads to many of them bouncing from innovation funder to

innovation funder. Much greater investment is necessary in this stage of the process to help organisations ‘cross the chasm’.

Investors in commercial start-ups generally have some form of ‘skin in the game’ (Nicholas, 2019) through a financial interest in the start-up. They are incentivised to go on the journey to scale with the start-up entity as partners through the process and to help them to mobilise additional capital through their networks to cross the ‘chasms’ they encounter along the route. This is different to the projectized and time bound support that is currently the norm in humanitarian innovation. Exploring incentives for a longer-term partnership approach throughout the scaling journey and incentives for humanitarian innovation support organisations to develop broader networks of supporting capital which they can mobilise at critical stages of the process is necessary.



While the dominant focus on adoption is understandable given the size and advantageous position of many potential adopters, an alternative to adoption that creates greater competition with established actors and incentivises change through disruption could be a healthy option for the humanitarian sector.

RECOMMENDATIONS

Journey based support

Innovation supporting organisations should explore options and incentives, including financial incentives, to partner with innovators all through their journey to scale rather than providing timebound and projectized support.

Adoption alternatives

Innovators and HISOs should be open to considering strategic alternatives to adoption which may allow them more control over the scaling pathway and a greater ability to safeguard the integrity of the innovation.

Funding for adoption cycles

Funding that is provided for adoption needs long enough duration for complete cycles of planning – context specific adaption – implementation – learning – sharing and needs to be flexible to changes in the context.

Network based scaling

Networks including communities of practice, local, national, regional and global networks should increasingly become the focus of the process of adopting innovations. Creating partnerships and scaling pathways with networks can be combined with an increasing support for contextually based innovators.

Adopting agencies as investors

International and established humanitarian agencies should increasingly see themselves as investors and enablers of innovators – providing support where needed but allowing innovators to maintain their independence and identity where desired.

10

SUPPORT SERVICES

The picture that has emerged from the research for this report is one in which the support provided to innovators during the innovation and scaling processes is incredibly important. Innovators face multiple hurdles to innovate and operate within a highly complex environment in which there are no easy routes to scale nor ready sources of capital for all parts of journey.

The context they face has evolved to be resistant to change. Multiple incumbent organisations have partial and opaque mechanisms for collaboration and mixed incentives to embrace change. Innovating in this context is no walk in the park and, humanitarian innovation support organisations with the knowledge and expertise to support innovators through this journey are a **highly appreciated and critical** part of the innovation architecture.

From this study, it has emerged that scaling is best understood as an umbrella term for a number of different phases an organisation must go through, which includes growth but also requires opportunities to learn about and address the other recognised elements of scaling including strategy development, sustainability, manufacturing, development and testing of revenue models, further product development, communications and marketing.

Within this context there is a strong case for HISOs to develop more comprehensive and granular services that respond to the changing needs of innovators throughout their innovation journey.

Innovation support has historically been stronger during piloting phases of for many of the reasons mentioned in the prior sections. Scaling specific support services / programmes are increasing, but, from the perspective of innovators remain hard to access and unpredictable and are often limited by the available funding. Support packages tend to be time-limited and only available during specific windows which are supply-led.

While flexibility of support is improving (and highly welcomed), scaling support and funding timelines remain too short which can preclude the opportunities for preparation and iterative learning and adaptation that are necessary. Sectoral bureaucratic requirements have a material detrimental impact on innovators. There are currently stages during the journey to scale of innovations where the specific expertise they need is not available to them and nor are the levels of investment required.



Innovation support has historically been stronger during piloting phases of for many of the reasons mentioned in the prior sections. Scaling specific support services / programmes are increasing, but, from the perspective of innovators remain hard to access and unpredictable and are often limited by the available funding.

There is a strong likelihood that HISOs are replicating some of the challenges of the wider humanitarian sector by adopting or ‘making do’ with practices that are comfortable to the wider sector. This includes, for example, dividing work into short term time-bound projects and programmes, the use of grant funding, a concentrated presence in the global north and a very significant reliance on institutional donors. Given that HISOs have emerged from within the sector to fill gaps recognised by the sector, these teething problems are not surprising, but the challenge is how they break out of these limitations as they enter their next stage of maturity.

The research for this report suggests the humanitarian HISO of the future could be based upon funding relationships with innovators that are longer term, accompanying partnerships in which there is skin in the game for both the HISO and the innovator.

HISOs would develop wider networks of allies and co-funders, which would have greater capability to support the different funding and expertise needs of innovators at the different stages of their scaling journey. They would develop portfolios of innovations, using different instruments to improve learning and to address the differing risk appetites of funders.

They will become increasingly effective at supporting and marketing their successes to attract more funders to join them on the journey. They would develop relationships with networks of humanitarian actors in multiple contexts that could be influential in the scaling process and would provide increasing levels of support to contextually based innovators.

RECOMMENDATIONS

Longer term scaling partnerships

HISOs should aspire to develop longer term accompanying partnerships with innovators, with an incentive structure that rewards both the successful innovator and the HISO.

Building support networks

HISOs should continue to build greater networks of co-funders and investors so that funding can be provided over the longer term and in amounts that correspond more closely to the specific needs of innovators at different stages of the scaling journey.

Disaggregated scaling support services

Innovator support offerings should increasingly respond to innovators different needs at different times throughout the scaling journey, with the ability to operate outside of specific funding windows.

Contextually based support

Increase levels of support to innovators who are contextually based in crisis contexts.

ADDRESSING THE CHALLENGES – A STRATEGIC RESPONSE TO THE RECOMMENDATIONS

Many of the recommendations in this report have been made in prior reports such as in (Obrecht & Warner, 2016), (Rush, et al., 2021), (The Research People, 2021) and (Taylor & Salmon, 2022). However, despite the presence of those recommendations, innovators continue to find it challenging to make headway.

What is notable from the interviews undertaken for this study is that practitioners (whether innovators, supporters or funders) are frequently frustrated by issues that are outside of their control so that, while they would be able to address some elements of the recommendations in this report, doing so in isolation can feel ineffective without other issues also being addressed first or concurrently.

For example, innovators can attempt to engage more with complexity, but their scope to do this effectively may feel extremely constrained while overall funding remains limited, timelines short and where the potential innovation customers at scale have low incentives and limited pathways to take on the resulting innovations.

Local and community innovators may wish to respond to the signals of innovation needs from those experiencing crisis, yet if the opportunities for them to explore those areas of innovation beyond small pilots remain limited and at the margins of the sector, then they may feel it is too challenging or costly to pursue.

Equally, it will continue to be hard to attract new funding sources to support humanitarian innovation whilst funding instruments remain limited to outdated granting formats, where there is limited competitive or disruptive potential and low potential for return on investment.

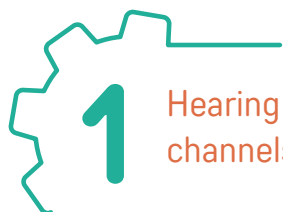
Proposed solutions that may be ineffective or feel unrealistic when undertaken in isolation may have far greater potential for impact and change when addressed concurrently with others or where other barriers have already been addressed. As it is not realistic for stakeholders to undertake all the recommendations in this report at the same time, strategic decision making is required to identify the catalytic initiatives to focus on first.

In the following analysis, the recommendations are grouped under 5 'pathways', with a proposed stepped sequencing of the recommendations within each pathway. To address the need for different issues to be worked on in parallel, the proposal is that sector stakeholders would aspire to initiate work in least some of the pathways reasonably concurrently. The role of HISOs in starting and catalysing this work could be critical in pursuit of 'system change'. Workshopping and validating this suggested approach in more detail is a recommended next step to follow on from this report.



Proposed solutions that may be ineffective or feel unrealistic when undertaken in isolation may have far greater potential for impact and change when addressed concurrently with others or where other barriers have already been addressed.

INTERVENTIONS



1 Hearing signals and diversifying channels and recipients of support.

The first step that opens the door to change is to focus more of the sector's innovation capability on the priority problems of its users. This will include building and testing the tools that allow the signals of innovation need to be heard more clearly and shared more widely. Examples could include testing mechanisms to equip local organisations with the tools and funding in priority crisis contexts (could be tested pre/post or during crisis) to undertake and publish community humanitarian innovation needs assessments. As locally driven innovation needs

The second step in this group of interventions is to enable the innovators with the deepest contextual knowledge and most strategic positioning to be increasingly able to access innovation support. This means building out and testing new innovation-support offerings that are accessible to all, which address the participation barriers that many contextually based innovators currently face.

The third suggested step is to establish viable opportunities for the emerging innovations to be adopted or deployed through a variety of contextually relevant pathways. Pathways should include viable alternatives to the modalities of adoption currently in use, so that innovation deployment is not dependent on pathways that could undermine innovators' approaches and sustainability. This includes adoption through local networks, more significant support for locally based organisations and greater direct investment in innovators themselves. become increasingly more visible, this will influence the types of innovation that are being worked on and responded too.



2 Increasing Diversity of Innovation Funders and Funding Instruments

The first proposed step in this group of interventions is to address the shortcomings of the current set of funding instruments and tools, with an initial focus on alternatives to, or new forms of grant agreement and due diligence requirements. The parameters of improved funding instruments could allow for longer terms relationships with innovators, rewards for success and lower bureaucratic cost of operating.

The subsequent step in this group is to start to address the gaps in the current evidence tool kit. This could mean co-creating additional tools with innovators which would focus on building evidence for the strategic viability of innovations which would also give donors more confidence on the likely longer-term sustainability of their investments.

Steps one and two will create an overall investment environment which will be more attractive to new investors which enables the final step under this section of reaching out to new investors to co-create new funding vehicles in which they may be willing to invest.

INTERVENTIONS



3 Enhancing Existing Adoption Pathways

As an immediate first step within this pathway, stakeholders could be convened to co-develop a priority set of adoption targets and standards, with potential for resources to be made available to test those standards in practice and to report against them.

The intention of this step is to create a new set of norms which sets the bar on good practice for adopting innovations, which would be streamlined and simple. This would include for example adapting procurement processes to include innovation specific procurement lanes, adapting contracting to allow for innovator IP and ownership issues to be addressed and for innovators to be able to recover their costs.

Such an approach would prioritise access for local and community innovators. It could also include for example, setting reasonable targets on lowering bureaucracy levels and decision-making time periods, all of which can be 'make or break' for innovators operating on very fine margins.

A subsequent step would be to create and test adoption funding opportunities which specifically target increased local adoption either through locally based organisations or networks and focus on identifying and addressing the specific challenges of local adoption.

A third step would be to support existing humanitarian organisations to shift their model from 'adopting' innovations to investing in them. This could be, for example, through establishing a brokering function that links innovations with investment from potential humanitarian organisations.



4 Improving Support Programmes

The proposed strategy to address the fourth group of recommendations is to start with a focus on innovator wellbeing, because of the need to ensure that innovators do not continue to bear unreasonable costs. For HISOs, this might include creating more spaces for innovator mutual sharing and learning, providing access to wellbeing support mechanisms and exploring more direct financial mechanisms to support innovators finances.

A second step is for HISOs to explore new support programme approaches, which could be co-designed with innovators, which could be more flexible, longer term and customisable depending on the needs of innovators at different stages in their journey.

INTERVENTIONS

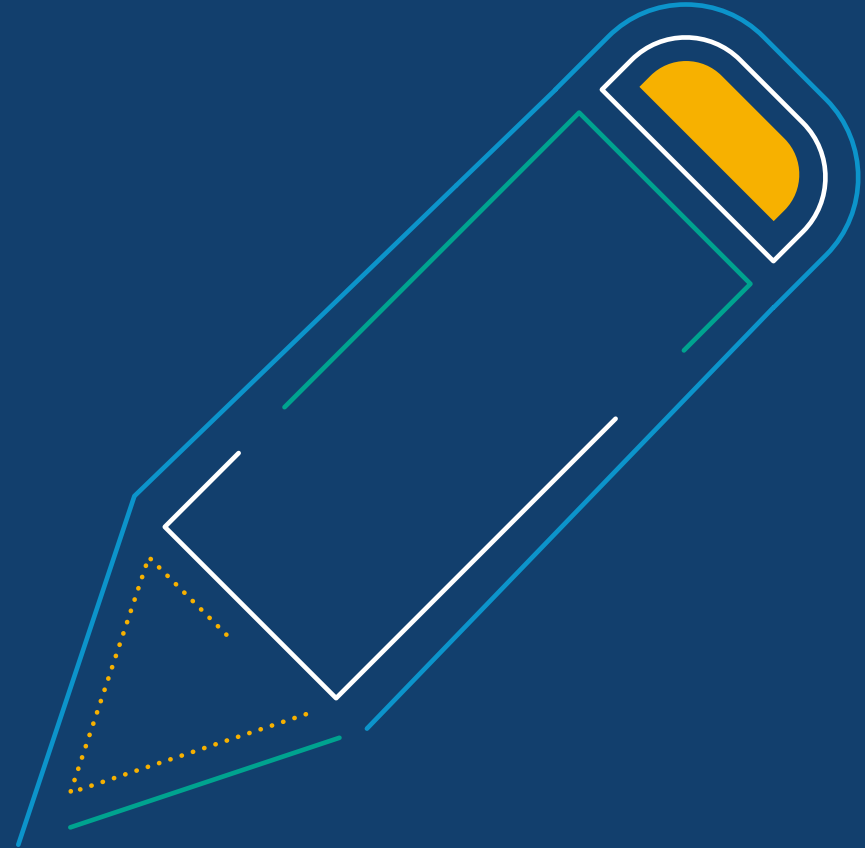
5 Augmenting Collaborative Structures

Emerging from the report are three high priority areas for enhanced collaboration. The first of these is local level collaboration, providing opportunities for multistakeholder learning around specific problem spaces and enabling pier to pier innovator learning opportunities. The second is collaboration amongst HISOs to harmonise approaches and priorities and the sharing of learning. The third is collaboration at donor level on key issues such as supporting incentives for adoption and aligning of evidential requirements.

The report identified instances where local level innovation collaboration is already taking place, such as through the work supported by the response innovation lab in Uganda and Somalia. A starting point for promoting local innovation coordination would be to build a greater understanding of where collaborative approaches to local innovation are already in place, how they can be supported (where necessary) and the potential for testing them in other places.

The recommendations for increased collaboration at HISO and Donor level are for lightweight approaches which would require relatively low levels of investment and could build on existing ad-hoc approaches. These mechanisms could be tested concurrently with a focus on local collaboration and could develop further as the signals of innovation needs from local level coordination become stronger.

CONCLUSIONS



The humanitarian system has a long history of change and adaptation, but the emergence of structured systems and process to support and drive innovation is a recent phenomenon that is less than 15 years old. It is not surprising therefore that emerging from this study was a general sense that the systems and processes that have been put in place to do this are not yet mature and that further iterations of the models and approaches in use are needed.

We found that across the formal humanitarian system there are a series of critical misalignments that create strong headwinds for people trying to bring about change and innovation. Innovators must battle against these headwinds to make progress. There are things that innovators can do to improve their chances, but the overwhelming need is to address the underlying misalignments. Doing so would result in a system in which change becomes an endemic, dynamic quality. Failing to do so will lead to declining relevance of the formal humanitarian structures.

Despite the headwinds, this study found innovators that are making progress towards scale. Innovators with a sophisticated understanding of working within the complexity of humanitarian situations and with strong personal values to bring about change. The support that is provided to them through the established innovation support structures is highly valued and improvements that have been made in the way that is done are highly appreciated.

Yet, innovators continue to pursue this course at significant personal cost. Many innovations do not make it to scale. Many others that are highly needed don't ever start due to inequalities in the system and a poor capability to hear and respond to the signals of needed innovation coming from those who experience crisis and the people who work most closely with them.

This situation is exacerbated by conflicting and weak incentives for established humanitarian organisations to change. The funding that is currently available to support scaling processes is too small to drive scale and collaboration is fragmented and inefficient. The lack of resources and collaboration can drive limited engagement with the true complexity of the context and current evidence requirements are not helping innovators to learn about the breadth of issues they need to cover in order to make progress.

At present innovation support structures borrow heavily from established humanitarian ways of working – its policies, procedures and structures. To be better at driving scale, the innovation sub sector needs the freedom to evolve its own ways of working further, to develop its own mechanisms and financial instruments in response to the use-cases it supports. It needs increasingly predictable and consistent support services,

disaggregated to a greater degree according to the specific needs of innovators at different parts of the scaling journey.

This report also found that a critical function of the innovation support sub sector will be finding ways to attract new financial resources, which will include working with different types of funders and investors to understand what will bring them to the table, including investigating appropriate innovative finance mechanisms.

The report also found that working through networks, especially those at local and national level is increasingly important, as is scaling up the ability to support a much more significant number of local and national innovators and to support them consistently through the scaling journey.

The report concludes that addressing the reports many recommendations individually or taking them up in an ad-hoc way is likely to be ineffective because of the degree to which they are interlinked and mutually re-enforcing. Therefore, a strategic response is needed to consider a viable sequencing of the recommendations. The report includes preliminary suggestions in this regard, as a starting point for the development of a more in-depth strategy, which is a recommended follow up to this report.

Humanitarian Innovation Support Organisations such as the HIF and others are well placed to play a highly catalytic role in leading and implementing such a strategy which would have a high chance of shifting the status quo, leading to much needed system change.

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