

Executive Summary

The UNDP Innovation Facility cost-sharing project was set up in June 2014 to support UNDP and partners in finding more effective solutions to development challenges. Leveraging UNDP's global presence, the Innovation Facility sought to experiment with different innovation methods, rapidly learn what works, and catalyse the right partnerships to bring what works to scale. The project pursued these objectives by:

1. Developing products and service offerings that reflect Leading Edge Thinking on Innovation for Development;
2. Incorporating innovative approaches for Co-Design of Development Problems and Solutions in country, regional and global initiatives / projects;
3. Increasing visibility, familiarity and understanding of UNDP's approach to innovation for development;
4. Increasing availability of qualified Social Innovators to support UNDP innovation for development work;
5. Improving organizational processes.

Between 2014 and 2017, the Innovation Facility supported over 142 initiatives in 87 countries with seed-funding and advisory support provided by a dedicated team of innovation specialists operating at HQ and from regional hubs.

The objectives of this evaluation were to assess the Innovation Facility project's implementation (not UNDP's broader innovation function and activities, which necessarily go well beyond the scope of a single project), and to provide key lessons and inputs to inform the next phase and role of the UNDP Innovation Facility (2019 – 2021), as UNDP intensifies its effort to foster innovation under its new Strategic Plan. The assessment relied on a review of +200 secondary resources, such as project outputs, progress reports, and past evaluations; interviews with 19 key informants including UNDP Senior Managers, Innovation Facility's global and regional project team members, recipients of seed-funding from the Innovation Facility, and external partners; a survey responded by 42 project managers and Innovation Champions from 31 countries; 4 case studies; and a review of social media activities. As this is a light formative evaluation, country visits and consultations with national partners were not deemed feasible, though it is acknowledged that these may have made for a richer and more thorough assessment.

The evaluation found the project highly relevant to respond to an environment witnessing accelerated change and increased complexity. The Sustainable Development Goals call for innovative approaches and new partnerships to lift over 650 million people from extreme poverty. Internally, the project was anchored in UNDP's Strategic Plan 2014-2017 that embedded innovation as a key component of UNDP's development work. The new Strategic Plan 2018-2021 makes the project even more opportune by establishing an innovation stream as a core business model for the organization. The evaluation noted that the relevance of the project could be further evidenced with a clearer causal chain linking project outputs/outcomes with UNDP Signature solutions and expected development outputs/outcomes.

The project was found effective in achieving its intended outputs, while adapting the underlying activities to a changing context and lessons learned. Scanning the horizon and selecting new potential development solutions, the range of innovation approaches has been expanded from 10 to 18 during the project. The Innovation Facility has supported 142 projects with seed funding and technical assistance between 2014 and 2017. Many advocacy, outreach and communication activities (?) were conducted, from the initial SHIFT week in September 2014 to the more recent monthly Innovation Calls with the Administrator, raising the visibility of UNDP's innovation work both inside UNDP and outside. Access to social innovators has been increased but an expert roster originally built to support this function was relied on less than expected, while the Regional Innovation Leads acted as effective knowledge brokers between UNDP Country Offices (COs) as well as with external stakeholders. The introduction of the corporate policy on Open Innovation Challenges, as well as the revision of UNDP Programme and Project Management, promoted a more flexible approach to projects that facilitates innovation, as well as the removal of some operational barriers. The evaluation noted that the project had been particularly effective at embarking the innovators and early adopters on innovative approaches. Additional efforts remain needed to reach larger cohorts, being among UNDP managers, or up to national institutions and governments that are the final decision makers when it comes to adopting innovative development services.

Considering the level of resources committed by UNDP and the funding brought by the Danish Government, the project was found efficiently managed. For instance, activities such as mainstreaming innovation in UNDP

Leadership Training Programme has allowed to reach/train 600 staff¹ on innovation at very reasonable costs. Similarly, relying on UNDP staff as trainers or internal consultants to support other country offices on their innovation agenda has proved an efficient modality to leverage previous investments. The Innovation Facility seed funding was also effective in catalyzing additional financial or in-kind support from a range of partners including the private sector. The evaluation noted that the current project modality to manage seed funds come with certain technical and administrative costs and that other approaches such as a trust fund could be explored to generate higher benefits. Similarly, the annual seed funding campaign while being convenient to manage at global level did not prove entirely addressing the need for more flexibility at CO level. Furthermore, the project did not appear to closely coordinate with other recent initiatives that had an innovation component (Project Catalyst, Country Investment Facility, Project T) suggesting room for improved corporate efficiency.

The project was found to having contributed to development outcomes by making funded projects more effective (improved quality, targeting, inclusiveness, timeliness). For the period 2014-2017, the project reported a total of 66 public-private partnership mechanisms and models² to provide innovative solutions for development piloted through the Innovation Facility for roll out. Some of the partners with international visibility include Facebook, Google, Microsoft, Vodafone, NASA, MIT, PWC, E&Y, McKinsey. Comparative analysis showed also that COs that have adopted innovative approaches tend to attract double (or more) of the partnerships with the private sector, the academic/think tanks, Foundations, and IFIs. Incidentally, the project has contributed to larger innovation uptake through spillover effects. For instance, 5 out of the 35 initiatives seed-funded in 2017 led CO project teams to try an innovation project in another field after this initial experience³. Another catalytic effect regards the contribution of the project seed-funds to strengthening the credibility of innovation approaches in front of external partners and to trigger additional co-funding. For example, for one dollar of seed-funding allocated by the project in 2017, COs have on average mobilized \$2.13 in local resources. Altogether though the Innovation Facility appears to have contributed more strongly to scaling innovation approaches/methods than projects. COs may rather rely on local resources to scale projects than on the Innovation Facility seed-funds, which are more often tapped at the early stage or at the test & evidence collection phase of an initiative.

The evaluation found the sustainability of the Innovation Facility project unclear after 2019. Current funding comes primarily from Denmark. The donor has committed resources to the project until 2019. Despite being itself a strong innovation advocate, it is not possible to foresee the priorities of the Danish Government in 2 years. Similarly, innovation has become a higher priority for UNDP but without any visible additional funding for the Innovation Facility. Nevertheless, the project has achieved a range of sustainable outcomes. For instance, 60% of Innovation Facility initiatives funded in 2014 and 2015 were taken up in 2016 in partnership with the government, private sector and civil society.

The evaluation concludes that project has supported UNDP in achieving its strategic results by fostering internal change and enabling COs to bring new solutions to national partners in response to their development objectives. The project has successfully participated in the identification and promotion of innovative approaches. New approaches/methods have been identified, adopted and scaled up, particularly in Asia & Pacific and ECIS. The seed-funding modality also has been particularly effective at raising the attention of COs on the innovation agenda, familiarizing staff with the new approaches/methods, and helping partners to take on and test new development solutions. Conversely, the project has been confronted to several constraints such as the lack of a Theory of Change and monitoring instruments that would better track impact or be more effective at communicating failures and lessons learned, and therefore at fostering organizational learning. The current “projectization” of the Innovation Facility including through the support that it provides at country level appeared also to mitigate the capacity to scale initiatives. In addition, the current funding structure of the project by concentrating financial support on the Government of Denmark creates a risk for the sustainability of the project. Other constraints met by the project include the lack of rewards or incentives for staff to actively scan the horizon, report innovative approaches, reflect and test, and strive to change the status quo. A second uncodedified area faced by the project regards the lack of clear process/procedure/governance in UNDP to institutionalize

¹ As reported to the evaluation by UNDP BMS/OHR.

² UNDP BPPS. 2017. UNDP Global Programme (2014-2017) Results & Resources Framework: CUMULATIVE REPORTING for 2014-2017. Internal document. New York.

³ UNDP BPPS. 2018. Innovation Facility Survey, 2018. Internal document. New York.

innovation approaches/methods, i.e. to transition a new approach from innovation to the mainstream⁴, including to a “global owner” and capacities, being in BPPS, a Regional Hub, or Centre of Excellence. The short timeframe (under 8 to 9 months) given to CO to use seed-funds has also been a constraint as well as the lack of visibility on subsequent seed-funds to scale-up initiatives. Furthermore, seed-funding and technical assistance provided by the Innovation Facility tend to concentrate on projects, while innovation implies a broader change management agenda with additional emulating levers at CO level and up to national partner institutions. In other words, many CO still need more empowerment towards risk-taking and sustainable innovation. Advocacy, communication, skills-building initiatives (especially learning by doing) and training have moderately targeted CO Directors and operations staff, who are critical in making innovation tested and embedded in planning and processes. Similarly, networking has successfully embarked the like-minded, such as social innovators, but less so the more risk adverse bilateral donors and national communities. Another overlooked area stressed in the conclusions regards the lack of a more comprehensive functional and organizational review that would have pointed out all the “choke points” hampering or slowing-down innovation throughout the organization. Such initiative is currently on-going. However, conducted earlier on in the project cycle, it could have brought the underlying project output closer to the targets set forth in the original Project Document⁵.

Overall, the evaluation found that the Innovation Facility project has shown significant achievements in 3.5 years of implementation. The following recommendations were formulated to inform future project development:

- 1. The Innovation Facility project should develop a Theory of Change that accounts for the new vision and priorities set forth in UNDP Strategic Plan 2018-2021.**
- 2. The Innovation Facility should consider pursuing stronger coordination and governance arrangements to drive synergy among all corporate initiatives with a strong innovation component, including Project Catalyst, the Country Investment Facility, Project T and others.**
- 3. The project should conduct a review of the administrative and procedural bottlenecks that impede innovation within UNDP**
- 4. The project should continue looking for the leading edge and explore mechanisms to institutionalize innovation approaches/methods that were taken-up by the organization**
- 5. The project should explore ways to further empower COs to take-up and scale innovation**
- 6. The project should consider alternative funding arrangements, like installing a trust fund, to “de-projectize” the Innovation Facility and facilitate the mobilization of additional resources**
- 7. The Innovation Facility should further emphasize and support cultural change as a key enabler of innovation adoption within UNDP and across partner organizations**

⁴ The evaluation acknowledged that the ongoing corporate process to review and adjust UNDP’s policy functions may also potentially determine the future ‘home’ of innovation.

⁵ Project Output 5 (Improved organizational process for Performance Efficiency) targeted four processes revised to incorporate innovative approaches by the end of 2015.