

# DEVELOPMENT POLICY CENTRE

## iXc: the first four years

**Prof. Stephen Howes<sup>1</sup>**  
**Director, Development Policy Centre**

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<sup>1</sup> Thank you to Sachini Muller for research assistance, and to all who provided comments. All errors and opinions are my own.

**August 2018**

**Development Policy Centre  
Crawford School of Public Policy  
ANU College of Asia and the Pacific  
The Australian National University  
[devpolicy.crawford.anu.edu.au](http://devpolicy.crawford.anu.edu.au)  
[devpolicy.org](http://devpolicy.org)**

**02 6125 7922  
[devpolicy@anu.edu.au](mailto:devpolicy@anu.edu.au)**

# iXc: the first four years

## Importance of iXc

iXc (the innovationXchange) was the first major aid initiative of the Coalition government. Indeed, it was only the major new aid spending initiative during the first term of the Coalition government, a time of massive aid cuts.<sup>2</sup> iXc was announced in June 2014 by Foreign Minister Julie Bishop at the time that she launched her new aid policy, initially with the name the Development Innovation Hub. Funding of \$140 million over four years was also announced in that speech, though at that time it was not clear that iXc, as it came to be called, would be responsible for the entire budget.

iXc itself was launched in March 2015 by the Foreign Minister, who said at the time:

*My ambition for innovationXchange is for it to be collaborative and creative, to produce brilliant but practical ideas, and to make our aid program the best, most effective, sustainable, transformative program that we can deliver.*

(Longer extracts from the Foreign Minister's 2014 and 2015 speeches can be found at the end of this report.) Not surprisingly, given the high profile given to the launch of iXc, it received a fair amount of commentary at the time. See this short [article](#) with a range of commentary; [this](#) article from the AFR, based largely on an interview with the Foreign Minister; Robin Davies' [analysis](#); Danielle Logue and Mel Dunn's analysis ([here](#) and [here](#)); and some other relevant articles [here](#), [here](#) and [here](#). All of these pieces are from 2014 and 2015.

As far as I know, nothing has been written since 2015 (though the Minister herself gave a [speech](#) on iXc in 2017 in which she described it as a success). Now, four years since iXc was first announced, is a good time to look back and see what can be learnt.

## What is iXc?

iXc is both a centre within the Department of Foreign Affairs and Trade (across the road from the main DFAT building), and a program of activities. It is supported by the Innovation Resource Facility, which the private contractor AECOM operates (having won a competitive tender), and which provides additional staff to iXc. It is supported by an international, eminent advisory panel called the International Reference Group.

The iXc budget was set at \$140 million over four years, from 2014-15 to 2017-18. Its budget is being continued at \$35 million a year going forward. I have been informed by iXc that its total expenditure over the four years to date is \$135.9 million.<sup>3</sup> The iXc website identifies some 24 projects that it has financed. These are summarised at the end of this report. Total funding for these projects comes to

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<sup>2</sup> In the Coalition's second term, the Foreign Minister [announced](#) a much larger initiative, the Health Security Initiative for the Indo-Pacific Region, with funding of \$300 million over five years (compared to \$140 million over four years for iXc).

<sup>3</sup> \$19 million in 2014-15, \$18.3 million in 2015-16, \$50.6 million in 2016-17, and \$48 million in 2017-18.

\$108 million. However, one project (SEED Pacific) has hardly proceeded (see the discussion below), and it was valued at \$20 million. Subtracting it reduces the total to \$88 million, or 62% of the total \$140 million. 11 projects have no costing information provided (or at least I couldn't find it). There would also be the costs of running iXc and its Innovation Resource Facility. The lack of financial information, and the difficulty of answering the basic question of what iXc has spent its money on, is one example of the low level of its transparency, discussed further below.

The largest investment is \$30 million into the Global Innovation Fund, a multi-donor initiative. Other major investments have been into the Bloomberg Health Partnership (\$24 million), which is focused on health data, and Frontier Innovators (\$15 million) to support social enterprises. "Challenges" – in which proposals are sought in relation to defined problem areas and the most promising ones are selected – have been popular. Ten challenges have been run, in relation to humanitarian aid, oceans, food, technology, fresh water, education in emergencies, young people and work, social enterprises, water data, and urban sanitation.<sup>4</sup>

As well as managing its own projects, iXc also aims to spread a culture of innovation within DFAT. It has run three internal challenges to solicit new ideas from DFAT staff. It works with other aid teams to promote innovation. It has prepared a "Strategy for an Innovative DFAT" which will be released soon.

## Assessing iXc

Any assessment of iXc must begin with the question of whether a greater emphasis in aid on innovation is a good thing or not. For contrasting positions in that debate, see these two articles by Wood ([against](#)) and Farrell ([for](#)).<sup>5</sup> While there are potential downsides to a focus on innovation (discussed later in this report), I support a greater emphasis in aid on private sector solutions and on the applications of new technology, which is what, at its core, the focus on innovation seems to be – or at least should be – about. Especially in the Australian aid context, I view these as important counterweights to the position that has dominated and still seems to dominate Australian aid, which is that the aim of Australian aid should be to build capacity and strengthen institutions. Our track record in this area is poor, and I welcome the focus on more practical approaches which an emphasis on innovation brings. I also welcome the injection of more competitive approaches to unearth good ideas through the use of "challenges" which is a vehicle iXc has made much use of. And I can see that there is a case for running such projects not through bilateral programs but through specialised units. I am therefore, at the outset, favourably disposed to a centre/program such as iXc.

It is, however, difficult to assess the achievements of iXc. Many of the selected winners for the various challenges look extremely promising. But, as discussed later, there is very little information about the projects that have received funding. iXc success stories (whether resulting from one of the challenges or any other project) are said to include the push to provide [menstrual hygiene products](#)

<sup>4</sup> All the challenges have awarded the best few submissions funding to pursue their idea. These have not been challenges in the sense of rewarding only a single winner who has managed to "solve" the challenge.

<sup>5</sup> Note that Wood is not, of course, against innovation itself, but against an emphasis on innovation, which he argues "affords an advantage to almost any claim made in its name", and, he also contends, exaggerates the extent to which approaches that work for the private sector will work in development projects.

in the Pacific, and support for [Tupaia](#), a medical supply chain management system developed for the Pacific by a New Zealand company, msupply, and an Australian company, Beyond Essential Systems. But this is a very short list, and even on these “winners” there is little information available. It would also be extremely difficult to assess the broader impact of iXc on DFAT.

Given the lack of information, rather than attempting to reach an overall assessment, this report is written from the perspective of a sympathetic critic. I explore a range of factors that are likely to have undermined iXc performance and reduced its potential. I highlight four weaknesses: fragmentation; a lack of transparency; what I call “the downsides of innovation”; and, finally, iXc’s high political profile.

## Fragmentation due to excessive breadth and low entry criteria

The 2016 tender for the Innovation Resource Facility (mentioned above) gives a good insight into the very broad range of iXc activities. As the text reproduced in the box below indicates, these activities are described under 11 main headings, many with three or more sub-headings, ranging from renewable energy to crowd sourced equity. This seems much too broad a span of activity for a facility with a relatively small amount of income and a global footprint.

One of the oldest lessons in aid is the need to focus, to avoid fragmentation. Any one of the eleven headings below could absorb many times the funding iXc has been given, and the attention of their staff.

### The range of iXc activities

- Innovative development financing products (e.g. guarantees, insurance, equity investments, performance based instruments, returnable capital models, crowd sourced equity)
- Social impact investing techniques (e.g. gender lens investing, social enterprise and shared value business models)
- Innovative procurement and design techniques (grand challenges, prize competitions, hackathons, co-creation techniques, crowdsourcing concepts, outcome-based approaches to aid delivery)
- Digital and satellite technology, including in humanitarian settings mHealth, eHealth, eHIS, disease detection apps and technologies, and tele-based health technology
- Shared value and delivering development impact while also building a sustainable and viable business model (social entrepreneurship)
- Science, food and water technology, including fortification, renewable energy and desalination technologies
- Investment Concept: Innovation Resource Facility
- Monitoring, GIS tools and mobile-based survey techniques
- Commercial and logistical techniques to improve access to goods and services including drone technology and menstrual hygiene products
- Commercial and social impact opportunities
- Co-creation and collaboration partnership development and problem solving techniques

Source: DFAT Innovation Resource Facility Tender 2016

An example of excessive reach could be the \$7.7 million medical research project announced to fund a pilot by the Monash University Eliminate Dengue Program to use the Wolbachia bacteria to stop mosquitoes from transmitting dengue and other diseases to humans. I am not in a position to judge

the utility of this research, which is likely extremely high, but I do question whether it makes sense for any organisation to manage just one medical research project, given the demands on expertise that such an arrangement would make.

The large number of projects is not only due to a wide sectoral coverage. It is also not clear what features projects need to classify as eligible for iXc funding. The Bloomberg Data Health initiative (funded by iXc with \$20 million across 20 countries, subsequently increased to \$24 million) aims to improve record-keeping in and data relating to the health sector. The use of mobile telephony for surveys may count as innovative, but much of the project seems to be standard [technical assistance](#), and in fact is described by the project itself as such:

The technical assistance program offered by the Bloomberg Data for Health Initiative is based on the best possible evidence and many years of experience in streamlining CRVS [Civil Registration and Vital Statistics] systems to make them more effective.

The same project account [mentions](#) a four-day course, a three-day technical working group meeting, and a two-day pre-training session. This could all be very useful, but it is hard to understand in what sense it is innovative. It is unclear that having a single possibly innovative component (reliance on mobile data collection) should be enough for the entire project to be classified as innovative, and deemed worthy of funding from iXc. It is disheartening to see that in the 2017 iXc report, discussed further below, one of the very few results highlighted is training provided by this project to “3,900+ individuals”. Training is stock-standard for aid programs, and even training in innovative methods can be hardly be described as innovative in itself.

Clearly, iXc needs a higher entry barrier, that is, more stringent criteria for project selection. There is no shortage of innovation in general in aid, and in any case innovation comes in many different forms.<sup>6</sup> Indeed, probably all aid projects can in some way claim to be innovative. This should not be enough for a project to classify for iXc funding. The bar has to be much higher than that. iXc needs a much narrower set of funding eligibility criteria. In my view, the two under-funded areas which need a central push – and so should be iXc’s sole focus – are technological innovations and private sector partnerships.

DFAT’s just-released “[Innovation Strategy 2018-2021](#)” indicates that, going forward, iXc will specialise in three areas: technology for development; innovation ecosystems; and “scenario analysis and technology roadmapping.” This narrowing of focus will help combat fragmentation, but, again, it is also important that the hurdle for qualifying as an innovative project be raised. The newest iXc project is a World Vision one to provide “coaching, technical and loan support” to small businesses in Myanmar and Ghana. So-called SME (small and medium enterprise) projects, in which small businesses are provided with some mix of technical support and lending, are an aid staple. Again, it might be a great project, and it might be in some ways innovative, but it is very hard to see how it merits iXc funding.

Finally, the heavy reliance on bilateral challenges has led to fragmentation, as each challenge results in a number of winners, each of which becomes a separate project. If there is no intermediary

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<sup>6</sup> For a good discussion of some of the different sorts of innovation in aid see the [2016 speech](#) to the Australasian Aid Conference by then-Foreign Affairs Secretary Peter Varghese.

involved, iXc has to manage each project. So, for example, in the case of the [Pacific Humanitarian Challenge](#), the five winners selected would have resulted in five contracts for iXc to manage.

## Lack of transparency and missed opportunities to learn

iXc lacks transparency. It has one [progress report](#) (for 2017) on its website. This is a public-relations document, which provides minimal information, no project ratings, and makes no mention of any possible risks or challenges. Fittingly, in Julie Bishops iXc 2017 speech, she [refers](#) to it as a “booklet which highlights our achievements and accomplishments.”

Data at the individual initiative or project level is sparse. Take the Bloomberg Data Health initiative, discussed above. This is one of iXc’s largest projects, at a cost of \$24 million. Any project that [tries](#) to work across 20 countries for just \$20 million has its work cut out, but this may well be an excellent project. Unfortunately, there is no way to tell. Until recently, the only information on the iXc website was a link to a Lancet article that sets out the problem, a link to the Bloomberg website which again has only high-level statements of intent, and a link to a (seemingly random) technical document. Recently a [link](#) was added to a so-called mid-term review. Excluding the Executive Summary and the infographic, this is a three-page report.

There are a number of even briefer reports on the “Innovation in Action” iXc webpage, in particular linked to this interactive [map](#). These summarise innovative aid projects supported by iXc, and by other parts of DFAT, all of them apparently successful. But they cannot be regarded as serious evaluations. One of these [brief reports](#) is of maps of PNG developed by Geoscience Australia. Contrary to the claims of this report, the maps played no role in helping the response to the PNG 2015-16 drought.

This lack of transparency – and likely of underlying evaluative and performance material – is particularly concerning given the self-stated emphasis by iXc on experimentation and learning, which are two of iXc’s three [pillars](#) (the third being partnering). The whole point of innovation is indeed to experiment, and find out what works. But how can you do this without evaluation?<sup>7</sup>

Likewise, the Minister [refers](#) to iXc as a “results-driven organisation.” But then where are the results?

iXc recognises the need to undertake more evaluations of its work. It is currently undertaking a review of all its activities, and planning a wider evaluation next year. It is also planning to do an annual Aid Program Performance Report this year (as country programs do). These are all positives, but, while a retrospective aggregate evaluation may help improve management, it will do little if anything to promote learning from evaluation.

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<sup>7</sup> DFAT’s new innovation strategy also emphasises the importance of program evaluation.

## The downsides of innovation

As mentioned earlier, an emphasis on innovation, while having strong positives, is not without its risks. iXc's experience highlights three of these. One is that it seems that the so-called innovative approach to aid gives a license to neglect the fundamentals of aid effectiveness, such as evaluations, honest assessments (warts and all), and risk assessments. As discussed above, iXc has under-invested in evaluations. Moreover, there is a breathlessness to much of the iXc material, and scarcely – if ever – a mention of risk or failure. According to respected development economist and aid critic Professor Bill Easterly, aid agencies already have a tendency to “engage in obfuscation, spin control, and amnesia (like always describing aid efforts as “new and improved”) so that there is little learning from the past.”<sup>8</sup> It seems that emphasising innovation runs the risk of further exacerbating this long-standing weakness of the collective aid effort.

Second, the imperative to position a proposed activity as innovative seems to undermine willingness to learn from experience (another already-widespread deficiency in aid as per Easterly's critique above). The temptation is to argue that what is now being proposed is very new, and has never been tried before. Therefore, by definition, we cannot learn from the past. Likewise, the desire to engage new partners will introduce a bias against more experienced alternatives.

SEED Pacific was announced by the Foreign Minister at the time of iXc's launch (March 2015), as the centre's first project, with funding of \$20 million. While the Minister said at the time that SEED Pacific would be open for business in January 2016, two and a half years later SEED Pacific has barely materialised.

What went wrong with SEED Pacific is unclear. It was intended to be an enterprise challenge fund (ECF) for the Pacific. An ECF is an aid project that co-invests with private sector entities to achieve development goals. The Australian Aid Program had already financed an Enterprise Challenge Fund through a pilot that operated in both the Pacific and South East Asia from 2007 to 2013. However, perhaps misled by too great an emphasis on innovation, the SEED Pacific design tender documents failed even once to [mention](#) that there had ever been an earlier ECF. If iXc had looked at the 2013 evaluation commissioned by DFAT it would have come across the [lesson](#) that “[t]he ECF instrument is not appropriate for the Pacific due to issues of scale (minimum grant size) and there is a need for a more proactive instrument of support to the business sector.” One has to ask what the point is of doing a pilot, learning a lesson, and then ignoring it.

However, it is possible, alternatively, that in fact the SEED Pacific concept was sound. Perhaps the evaluation conclusion was wrong. Robin Davies [wrote a blog](#) in 2015 titled “ECF Mark II: Is SEED Pacific a better Enterprise Challenge Fund”. While criticising some aspects of the design, including what he called its “amnesia”, Davies concluded that “the basic idea is good”. If so, it may be that it was the preparation of the project rather than the initial design that was at fault. It may be relevant that the main entity chosen for the design, Think Place, had no experience in development in general or in ECFs in particular. This is consistent with iXc's aim not to be “bound by established processes or traditional partnerships”, and, specifically in the case of SEED Pacific, to, as the Minister [put it](#), “look for a new consortium of organisations ... to create and run SEED Pacific.” It may be that a more

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<sup>8</sup> W. Easterly “The cartel of good intentions: the problem of bureaucracy in foreign aid”, *The Journal of Policy Reform*, 5(4), pp. 223-250. Abstract.



experienced entity may more successful at getting the project to the start-line. Finally, it may be that the innovative but complex “co-creation” process to design SEED Pacific was overly complex.

The first announcement from SEED Pacific in over three years (that is, since its announcement in March 2015) was in fact made by iXc in June 2018 on its [website](#). The SEED Pacific page now announces the Pacific Tourism Development Pilot – a partnership between DFAT, Carnival Australia (the cruise company) and The Difference Incubator – which is “identifying and accelerating potential new tourism businesses [in Vanuatu and PNG] and accrediting them as tour providers” to Carnival. DFAT is contributing \$1 million, and Carnival over \$200,000.

Carnival was one of the companies that participated in ECF. The final [report](#), written in 2013, indicates that “Carnival has also developed a tourism supply chain to help local villagers earn additional income from cruise ship passengers. Carnival worked with 300 households in three locations to train local villagers on quarantine friendly merchandise, and as boat and tour operators.” The ECF evaluation indicates high returns from the Carnival project, and in 2013, AusAID [signed](#) an MoU with Carnival to work on the Pacific, including in PNG and Vanuatu. Given the success of the initial project there is a strong case for a follow-up project, but no case can be made that a design project was needed or justified to develop a follow-up project with Carnival. And it is, again, odd that this new project is referred to as a pilot, and that there is no reference to the long partnership with Carnival and its earlier funding.

One benefit of the ECF was the rigorous evaluation around it, so that lessons could be learnt from it: its many findings are still available on its [website](#). While the SEED Pacific [webpage](#) indicates that “[s]ocial impact for SEED Pacific will be measured,” there is no indication of what arrangements have been put in place to ensure that this happens.

Overall, the lesson to be learnt from SEED Pacific is that a pursuit of innovation should not be at the expense of valuing experience, whether of past projects or of implementation partners.

The third risk of an emphasis on innovation is that it can give the impression that successful aid is a matter of one-off transactions. Identify a problem, fund a solution. Much of the iXc work has this flavour to it. As mentioned, it has funded a large number of challenges. These are a useful modality, but these small bilateral challenges give the impression that serious problems can be solved with relatively small amounts of funding –the prizes typically seem to be in the hundreds of thousands. In general, this is misleading. Perhaps there is a case for making a number of quick investments, but there also needs to be a way to pick up the ones that are working. Too many iXc projects seem to have run out of steam very quickly. One of the earliest projects, the [Pacific Humanitarian Challenge](#), set up to “rethink humanitarian response”, set up its own website. The website announces the winners of the humanitarian challenge, back in 2016, but has no information since. The home page of the website plaintively asks the question “Where are they now?”, but has no answer to that question: no link (except to the blog, which finishes with the announcement of the winners), and no news since 2016.<sup>9</sup> DFAT’s new innovation strategy emphasises the importance of scaling up. A

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<sup>9</sup> Apparently, iXc made a deliberate decision not to provide additional funding to the Pacific Humanitarian Fund winners (after the first round). Whether or not this was the right decision, the website creates a bad impression of promising ideas prematurely abandoned, and of enthusiasm quickly dissipated.

change in tack in this direction would help overcome the impression currently made that iXc loses interest quickly, and moves on.

## High political profile

More than any other initiative, this one is closely associated with Foreign Minister Julie Bishop. The very fact that she has given at least three major speeches with an emphasis on aid innovation and iXc demonstrates this, especially bearing in mind that iXc constitutes less than one percent of the total aid program. The Minister's personal backing of innovation will certainly help promote both innovation as an idea and iXc as a centre within the aid program. But her close association with iXc seems detrimental for three reasons.

First, it seems likely that the Minister's personal involvement has contributed to the problem of fragmentation. Investments such as the one into the Bloomberg Health for Data initiative, and the MIKTA grand challenge (number 14 in the table at the end of the paper) appear to be Ministerial initiatives.

Second, as noted earlier, and indeed by the Minister herself as well as former DFAT Secretary, the whole point of innovating is that you might fail. As the Minister put it in her 2015 [speech](#):

“Though it is difficult for government to navigate the area of risk, if we are working in collaboration with the private sector – who understand and can build contingencies in for risk – then we certainly have room to move when we are accommodating the risks that we will inevitably come up against in the innovationXchange.”

But the more political the initiative, the higher the political price of failure. It is very plausible that the lack of transparency around iXc and the self-promotional nature of its material is due to its close association with the Foreign Minister. It is certainly odd that four years on there is not a single admission of failure from iXc.

Third, the close association of iXc with the Minister makes it less likely to survive a political transition.<sup>10</sup>

## Conclusion and recommendations

There is a strong case to be made that the Australian aid program would benefit from a greater focus on the development and application of new technological solutions to development problems, and from greater engagement with the private sector. From these perspectives, the creation of iXc was a very welcome initiative. However, iXc has suffered from: insufficient focus; a lack of transparency and learning; too high a political profile; and what I call the downsides of innovation – a disregard for the fundamentals of aid effectiveness, an under-appreciation of prior experience, and an over-reliance on one-shot approaches, with insufficient follow-up.

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<sup>10</sup> Shadow Foreign Minister Penny Wong has [referred](#) to iXc as “questionable” and said that she is “unconvinced that the innovationXchange model is the right one.”

These are risks not only to aid effectiveness but also to credibility. The mystery around SEED Pacific – iXc’s intended flagship project, announced at its very launch but then disappearing for three years only to re-appear in a very partial form – and the started-but-apparently-abandoned Pacific Humanitarian Challenge, undermine confidence in iXc capability. More importantly, political support for iXc will wane if it is not able to do a better job of demonstrating at least one significant breakthrough that it has facilitated.

While more research is needed over a possible way forward, it is possible that one solution to these problems is for iXc to do more with others. It is unclear what special advantage is gained by Australia promoting innovation on its own. The Global Innovation Fund, which iXc supports, seems to do pretty much the same thing that iXc does. And one’s prior expectation is that it would do things better, given that it would have much greater resourcing and experience to draw on. Robin Davies [commented](#) back in 2015:

“...joining forces with other countries ...is far better than establishing a closed-shop Australian grand challenge program.... Bilateral challenge programs for international development, seeking innovative solutions to social and economic development problems, have proliferated in recent years. Each has established its own, quite complex, administrative infrastructure, most have distributed small grants rather widely, and some have undermined their own viability by operating in excessively small ponds. A collective, catholic and properly-resourced approach to the identification and funding of promising initiatives ...is more efficient and likely to have greater impact.”

In addition, it is very unclear that a bilateral aid program does in fact have the appetite for risk that a greater emphasis on innovation would demand. A multilateral or multi-donor approach allows for an arms-length approach and hence lowers the costs of failure.

Of course, one would need to do an evaluation of the Global Innovation Fund. Assuming it was positive, one option would be to shut down most of iXc’s bilateral activities, allowing it to (a) learn the lessons from aid innovation worldwide and (b) work with DFAT aid teams on innovative approaches. Greater reliance on intermediaries for any challenges would also reduce iXc’s project management burden.

It would also be important to review iXc’s mode of operations. It is very unclear how to distinguish between the role of iXc itself, that of its staff, and the role of the Innovation Resource Facility.

**In summary, the following steps should be taken to improve iXc performance:**

1. iXc should consolidate its investment portfolio, by narrowing its sectoral remit and raising the hurdle by publishing and adhering to strict criteria for the receipt of iXc funding. A narrow definition of innovation could lead to reliance on two main criteria for project selection, namely (a) technological development and/or (b) private sector co-funding.<sup>11</sup>
2. iXc should publish annual plans and performance reports.
3. The Minister should sign off on the iXc strategy, and not be involved in the selection of individual projects.

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<sup>11</sup> This follows the argument on page 4 that these should be iXc’s two focus areas.

4. iXc should plan ahead of time and execute evaluations on all its projects, and publish them as well as regular progress reports.
5. iXc should develop a strategy for supporting at least one or two promising projects that have received some initial support, so that it can demonstrate results.
6. Consideration should be given to increasing iXc's investment in the Global Innovation Fund, and scaling back and consolidating its bilateral investments.
7. An in-depth and independent review of iXc, and of its performance over the first four years, should be undertaken.

**Extract from Julie Bishop's June 2014 "The new aid paradigm" aid speech delivered at the National Press Club**

Innovation will be the watch word. Innovation will drive the way we deliver aid. We have taken advice from the World Bank and other likeminded aid agencies and this is ground breaking stuff for Australian aid. Over the next four years we will spend \$140 million in trialling and testing development innovations. Finding much more creative and clever ways to achieve better results. Thinking differently and being more entrepreneurial in our approach.

We will become a founding partner in the new Global Development Innovation Ventures program, this is an international program supported by the United States and the United Kingdom aid agencies to identify, test and scale up successful new approaches to development.

I'm particularly enthusiastic, indeed incredibly enthusiastic, about my next announcement. Within the Department of Foreign Affairs and Trade we will establish a new Development Innovation Hub to drive increased innovation throughout Australia's aid program so that innovation is intrinsic to our thinking and our policy development.

The Innovation Hub will have a mandate to reach out to the best and brightest, inside and outside the Department in Australia and internationally. Using partnerships, personnel exchanges and secondments to make sure we are bringing into our Department ideas and approaches to development from leading innovators – people in the private sector, the academic world and civil society organisations. Our search is on for creative, imaginative thinkers and original or innovative ideas.

For example, we would welcome people who think like Steve Jobs and come up with transformational new ideas. I learned from my days at Harvard how in the early days at Apple, Steve Jobs is said to have made his own pirate flag and flew the Jolly Roger over the building housing his small product development unit, as a sign that this hub would do things differently, challenge the status quo and innovate.

Successful private sector enterprises embrace innovation and manage risk because they realise the most exceptional methods and technologies can be the most difficult to develop but bring the best results. Our innovation hub will be a model for exciting change in the aid program and perhaps elsewhere in public service. So to Ewen McDonald and the Australian aid team – put up the flag, fly the Jolly Roger – could be a kangaroo with crossbones.

[https://foreignminister.gov.au/speeches/Pages/2014/jb\\_sp\\_140618.aspx](https://foreignminister.gov.au/speeches/Pages/2014/jb_sp_140618.aspx)

**Extract from Julie Bishop's March 2015 speech to launch the InnovationXchange**

I believe governments need to learn from the private sector to apply innovation as a principle to deliver efficiency, a better quality of life, productive growth, and positive change. This new centre, the innovationXchange, takes up and responds to that charge.

Our innovationXchange will drive new and exciting technologies, ideas and partnerships in our aid program. We will take seemingly intractable development problems and come up with the best and brightest and most practical ways of solving them. For far too long we have pursued the same path, yet with no better outcomes.

My ambition for innovationXchange is for it to be collaborative and creative, to produce brilliant but practical ideas, and to make our aid program the best, most effective, sustainable, transformative program that we can deliver.

As our first project, I'm combining government support with private enterprise in order to broker new partnerships with a focus on our region. Today I am delighted to launch SEED Pacific. SEED Pacific will harness the collective power of business and society to solve development challenges in the Pacific. I have just returned from visiting Vanuatu to inspect the damage caused by Cyclone Pam and so the Pacific is very much our area of responsibility.

This new project, SEED Pacific, will work with global businesses that will show leadership and innovation in the Pacific. We will design a model that will broker and support the most promising partnerships between businesses and social enterprises, academia and civil society from across the region. These partnerships will develop business models that bring ideas, new products and new solutions to the Pacific that, while making profit, have a significant development impact.

[https://foreignminister.gov.au/speeches/Pages/2015/jb\\_sp\\_150323a.aspx](https://foreignminister.gov.au/speeches/Pages/2015/jb_sp_150323a.aspx)

List of iXc projects					
	Name	Brief description (drawn from the web)	Other funders	Amount of investment	Notes
1	SEED Pacific	Seed Pacific is an Australian Government initiative that seeks to leverage private sector knowledge, expertise, capability and investment to tackle development challenges in the Pacific. It will broker and support promising partnerships between large businesses operating in the Pacific (or those looking to establish in this region), local organisations and NGOs, to forge new business approaches that generate both commercial and social impact returns (shared value).		<a href="#">\$20 million</a>	
2	The Pacific Humanitarian Challenge	Called on innovators, entrepreneurs, designers, NGOs, and academics to rethink humanitarian response. We received 129 applications from 20 countries and five continents. Ten First Round Winners attended the Design Sprint in March 2016. Each of these teams used the intense rounds of feedback and coaching to further refine their applications. Five teams were chosen for pilot projects.		<a href="#">\$2 million</a>	See the <a href="#">Pacific Humanitarian Challenge</a> website.
3	Ideas Challenge 2.0	DFAT's second internal ideas challenge seeks ideas on five specific DFAT challenges set by our Deputy Secretaries, and representing the breadth of DFAT's diplomatic, trade, development and consular work, both in Australia and across our overseas network. 139 ideas were submitted by staff from our Canberra, State Offices and over 22 countries in our overseas network. Challenge teams drawn from participants have been formed who are now working to develop solutions to the challenges. These solutions will be pitched to a Ministerial Panel at the end of the year.			There have been three internal ideas challenges in total.
4	Global Innovation Exchange	The <a href="#">Global Innovation Exchange</a> (GIE) is an open platform that brings funders and innovators together to democratize and accelerate innovation. The Exchange spurs innovation by offering innovators the right resources at the right time through an open platform that brings together people, funding, and data.	USAID; KOICA; Bill and Melinda Gates Foundation		
5	Global Innovation Fund	The Global Innovation Fund invests in social innovations that aim to improve the lives and opportunities of millions of people in the developing world. It uses a mix of grants and risk capital to support breakthrough solutions to global development challenges from social	International development departments of governments of	\$30 million over four years	

		enterprises, for-profit firms, non-profit organisations, researchers and government agencies. See more at <a href="#">Global Innovation Fund</a> .	UK, US and Sweden; Omidyar Network		
6	Better data for health partnership	Aims to significantly improve peoples' health outcomes by improving the health information on which government decisions are made. Plans to reach 1 billion people across 20 countries and cities with better data and equip governments with the tools to put that data to good use.	Bloomberg Philanthropies; University of Melbourne; John Hopkins Bloomberg School of Public Health; Union North America CDC, US Centre for Disease Control and Prevention	Initially US \$20 million over the first two years (total budget for project is US \$100 million over four years from 2015); increased to \$24 million	
7	Hamtuk	An Australian-funded development program based in Timor-Leste which is supporting the Government of Timor-Leste's priority of combating malnutrition. Hamutuk is bringing together a broad range of partners across sectors, including government and non-government organisations, in an effort to combat stunting in Timor-Leste. Goal: reduce the prevalence of stunting in children under two years of age by 10% in target sites in Timor-Leste.	Catalpa International; many government and NGO partners – see <a href="#">here</a>		
8	The Blue Economy Challenge	The challenge called for innovators, entrepreneurs, designers, NGOs and academics to rethink advances in aquaculture to provide solutions that ensure both sustainable development and environmental sustainability. We received over 220 innovative ideas from more than 40 countries, with our top ten winners announced at the World Wildlife Fund headquarters in Washington D.C. on 16 September 2016. The Award winners will use the prize money to further develop and implement their solutions and innovations. For more see <a href="#">The Blue Economy Challenge</a> .		\$3 million	

9	LAUNCH Food	To help improve health and nutrition outcomes, Australia has partnered with <a href="#">LAUNCH</a> and <a href="#">USAID Global Development Lab</a> to help create a new paradigm for food around the world. Through <a href="#">LAUNCH Food</a> , we seek to discover, support and scale innovations that will improve health outcomes by enabling people to make healthy food choices. 16 finalists were chosen from 280 submissions. For more see the <a href="#">LAUNCH Food website</a> .	LAUNCH; USAID Global Development Lab	Up to \$4 million	
10	Tupaia	Strengthening supply chain management systems for essential medical supplies in the Pacific and Timor Leste, and supporting participating Pacific Island countries to improve the supply of good quality essential medical supplies to help reduce avoidable deaths.	mSupply; Beyond Essential Systems	Initially AUD \$2 million	
11	Google Impact Challenge	Encouraged non-profits registered in Australia to explore new ways of delivering social impact internationally, using technology. innovationXchange is particularly focused on how technology can make lives better in the Asia-Pacific region. Four teams were chosen.		\$500,000	
12	Vietnam Water Initiative	Recognising that the private sector is a primary driver of economic growth and poverty reduction, iXc is supporting the NGO East Meets West Foundation (EMW) to deliver innovative approaches that will develop the Vietnamese private sector in rural water supply. EMW will be partnering with the Australian Water Association to pilot new innovative technology.	East Meets West Foundation; Australian Water Association		
13	Water Abundance XPRIZE	An open challenge to use technology to improve affordable access to clean water in high humidity areas where water is currently unavailable or inaccessible. It seeks to attract a solution to the lack of access to clean water encapsulated in Sustainable Development Goal (SDG) 6. Water scarcity is a serious issue in the Indo-Pacific region. The Department of Foreign Affairs & Trade's InnovationXchange and XPRIZE are calling on innovators from around the globe to participate in the Water Abundance XPRIZE to help solve this issue		US \$1.75 million	
14	The Education in Emergencies Challenge	The challenge is a global call for ideas to begin to source new solutions to the delivery of education in emergency situations, particularly focused on girls. 7 winners were chosen from 382 proposals.	Mexico; Indonesia; Republic of Korea; Turkey		



15	Preparing young people for the future of work	A challenge that would prepare disadvantaged youth in the Indo-Pacific region for the workforce of the future.	Massachusetts Institute of Technology's Solve initiative; Atlassian	AUD \$1.4 million	
16	Frontier Innovators	Frontier Innovators are entrepreneurs or businesses that are generating revenue while delivering impact that supports the Sustainable Development Goals. Businesses were selected from around the world, but needed to deliver impact for people in developing countries in the Asia-Pacific. See <a href="#">website</a> for more.		First part of iXc's \$15 million initiative supporting social entrepreneurship in the Asia Pacific	
17	World Mosquito Program	Supports Pacific Island Country Governments (including Sri Lanka, Fiji, Kiribati and Vanuatu) to reduce the transmission of the dengue virus as well as other mosquito borne diseases including zika and chikungunya. The World Mosquito Program is pioneering the use of Wolbachia technology, which the World Health Organisation (WHO) recommended for further piloting in March 2016. See <a href="#">website</a> for more.	Monash University's World Mosquito Program	<a href="#">\$7.7 million</a>	
18	Water Innovation Engine	A pioneering partnership to stimulate more innovation and investment in the water sector. The WIE brings together governments, funders, and entrepreneurs to foster innovations that accelerate impact for water-related aspects of the Sustainable Development Goals, specifically SDG 6, and seeks to advance the wellbeing of less-advantaged populations in low- and middle-income countries. It includes <a href="#">The Water Data Challenge</a> and <a href="#">The Urban Sanitation Challenge</a> .	Global Innovation Fund; Grand Challenges Canada		
19	Coral Reef Innovation Facility	Drives innovative solutions to coral reef management challenges in developing countries.			
20	Technology for Development:	A report examining the current landscape of development interventions supported by current and emerging technologies			

	Indo-Pacific State of Play				
21	ASEAN-Australia Smart Cities Initiative	Australia is working with ASEAN to create cities that are smart and sustainable. Over five years, Australia will provide education, training, technical assistance and support for innovation. This will build on ASEAN'S own efforts to create a community that is competitive, resilient and well connected.			
22	GSMA Ecosystem Accelerator	Provides selected local start-ups in developing countries in Africa and the Asia Pacific with grant funding, technical assistance, and the opportunity to partner with mobile operators in their markets to help scale their products and services into sustainable businesses to drive socioeconomic impact.	GSMA Mobile for Development; DFID	\$5.6 million over four years	
23	Scaling Frontier Innovation	Supports social enterprises to scale their development impact in the Asia-Pacific region. For more see the <a href="#">website</a> .			See also no 14.
24	Catalysing growth in small and growing businesses	This program will bridge the loan gap for struggling businesses with strong growth potential in Myanmar and Ghana. The project will trial an innovative approach to address problems faced by “missing middle” businesses – those which have outgrown microfinance, but are still considered too high-risk to access bank loans.	World Vision Australia	\$4 million over three years	

Source: <https://ixc.dfat.gov.au/current-projects/> supplemented by other information via sources as hyperlinked. The listing is roughly chronological, from oldest to newest.