

iXc: the first four years

by Stephen Howes

2 August 2018



The innovationXchange logo

iXc (the [innovationXchange](#)) was the first major aid initiative of the current Coalition government. Indeed, it was only the major new aid spending commitment during its first term, a time of massive aid cuts. It was announced in June 2014 by Australia's Foreign Minister Julie Bishop, and launched in March 2015. Given its high profile, iXc unsurprisingly received a fair amount of commentary at the time. But there has been no analysis of its performance since.

Now, four years since iXC was first announced, is a good time to look back and see what can be learnt.

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. The iXc budget was set at \$140 million over four years, from 2014-15 to 2017-18. Going forward, its budget is being continued at \$35 million a year. The iXc website identifies some 24 projects that it has financed. 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 selected – have been popular.

Any assessment of iXc must begin with the question of whether a greater emphasis in aid on innovation is warranted. My own view is that, while there are potential downsides, we should welcome a greater emphasis in aid on new technologies and private sector solutions. And this is what, at its core, the focus on innovation seems to be – or at least should be – about. Such an emphasis has the potential to be an important and more practical counterweight to the position that has dominated and still seems to dominate in Australian aid, despite its mixed track record, which is that the aim of aid should be to build capacity and strengthen institutions. In addition, the

use of competitive approaches to unearth good ideas is refreshing. 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 projects look promising. But there is far too little information available about those projects to support an overall assessment. Given the lack of public information, rather than attempting to reach an overall assessment, this blog – and the [report](#) which it summarises – is written from the perspective of a sympathetic critic. It explores a range of factors that are likely to have undermined iXc performance and reduced its potential.

Fragmentation

One of the oldest lessons in aid is the need to focus, to avoid fragmentation. iXc activities demonstrate a very wide sectoral coverage for a very small part of the aid program. The ten “challenges” iXc has run cover the following areas: humanitarian aid, oceans, food, technology, fresh water, education in emergencies, young people and work, social enterprises, water data, and urban sanitation. iXc has also funded projects which, while they may be useful, appear to be not that innovative. An example is the Bloomberg Data Health initiative, which seems to be largely a pretty standard cross-country technical assistance and training program.

Transparency

iXc lacks transparency. It has one [progress report](#) 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. Data at the individual initiative or project level is sparse. This lack of transparency is particularly concerning since it suggests a lack of underlying evaluative and performance material. Yet iXc itself emphasises the importance of experimentation and learning, which are two of its three [pillars](#) (the third is partnering). Evaluation is not only about uncovering failure; it is also about documenting scaled-up success. Failure on both fronts will undermine iXc credibility and support.

The downsides of innovation

iXc’s experience highlights what might be called the downsides of innovation. As [famously remarked](#) by 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.” Emphasising innovation runs the risk of further exacerbating these long-standing weaknesses of the collective aid effort. I have already mentioned the under-investment in evaluation. In [my report](#), I go in some detail into the sad story of [SEED Pacific](#).

Announced by the Foreign Minister at the launch of iXc in March 2015, it has barely materialised since. Part of the reason for its failure, I argue, was a [refusal to learn](#) from earlier experience with similar Australian aid projects, in particular the [Enterprise Challenge Fund](#). The desire to position SEED Pacific as innovative led to an unwillingness to learn from the past.

The iXc also gives the impression that successful aid is a matter of one-off transactions. Identify a problem, fund a solution, move on. The [Pacific Humanitarian Challenge website](#) announces the winners of that challenge, back in 2016, but provides no updates. The [same site](#) plaintively asks “Where are they [the winners] now?”, but gives no answer.

High political profile

iXc is closely associated with the Foreign Minister. 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 may also be detrimental. It likely has contributed to the problem of fragmentation, it has made the centre less likely to survive a political transition, and it would have increased the political price of admitting to any failure.

Conclusion

There is a strong case to be made that the Australian aid program would benefit from a greater focus on the application of new technological solutions to development problems, and from a greater engagement with the private sector. From these perspectives, the creation of iXc was a very welcome initiative. However, over its four years of existence, the centre 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.

I conclude [my report](#) with a number of recommendations for iXc. There are also a number of useful suggestions in the new [DFAT innovation strategy](#). I won’t repeat them here. But clearly, going forward, change is needed.

Read the full report [here](#).

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Link: <https://devpolicy.org/ixc-the-first-four-years-20180802/>