

A few details emerging on DFAT's innovation hub

Author : Ashlee Betteridge

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Public hearings for the Foreign Affairs and Aid subcommittee [inquiry](#) into the role of the private sector in development kicked off at the end of June, and transcripts are now popping up in Hansard.

One of the more interesting hearings was when [DFAT staff answered questions](#) from committee members on aid for trade and other announcements that formed part of the Foreign Minister's '[new aid paradigm](#)'.

Details on the innovation hub, which has been allocated \$140 million over four years, have been scarce. But from this hearing, we learned that the hub will be used to "pilot innovative approaches through the aid program that, where successful, will inform larger investments".

We also learned that the hub would be piloting the use of new forms of financing, including public-private partnerships.

As Blair Exell explained to the committee:

"Many of them [new modes of financing] are very new; globally, there is not a whole lot of evidence to say that they are proven, tested and tried. So we will be establishing some capacity in house. Indeed, we will be drawing some capacity externally to assess that activity with the proposed mode of financing. The innovation hub will be piloting some of those. Some of the work they will be doing will be partnering with countries or organisations that are already doing some work in this space. So we can draw on some of that. Equally, we will be looking to pilot some things ourselves with the idea of starting relatively small and building up that expertise."

The hub will be inside of DFAT, but will draw on ideas from both inside and outside of the department, through a process and arrangements that are still being developed (secondments were one option mentioned). The hub may utilise a 'challenge' model to choose its projects for pilot, however this appeared to not yet have been decided. The development challenges to be targeted by the hub could be either country-specific or regional. There was no information as yet on numbers of staff that would work in the hub. Broad information for potential partners would be available in a month, "as a starting point".

Development impact bonds were another area identified for further exploration and there was also discussion of Australia's involvement in the Global Development Innovation Venture and how it works.