



INNOVATION PRIZES FOR CLIMATE CHANGE ADAPTATION

LEARNING BRIEF

The UK Aid-funded Ideas to Impact programme is testing whether prizes can be designed to achieve significant benefits for marginalised and impoverished communities. It is doing so through the design and launch of five innovation prizes, intended to stimulate and incentivise scalable solutions for longstanding challenges in three thematic areas: water and sanitation, energy access and climate change adaptation. The programme defines an innovation prize as a financial incentive that induces change through competition.

This brief summarises what we have learnt through our research phase and the initial stages of prize design about the opportunities and challenges of using innovation prizes to support adaptation.

We have found that innovation prizes could represent an important new way of supporting successful climate change adaptation. At best, they could help catalyse new solutions in ways that other funding mechanisms cannot, and reach poor social groups that fall outside conventional funding. However, we have also identified several challenges, and therefore set out in this paper a number of critical considerations and conditions that need to be in place if adaptation prizes are to be feasible as a truly pro-poor funding mechanism.

2009). This would be a considerable benefit to adaptation, which is still struggling to attract private sector finance.

- **Promote diversity to tackle complexity** – Adaptation is a complex challenge, requiring solutions tailored to specific contexts. Prizes do not attempt to prescribe what solutions should look like, or how they should be achieved. Often the winning solutions are a great surprise to sponsors (McKinsey and Company, 2009). By actively seeking out and including diverse voices on adaptation, prizes can help support solutions rooted in particular contexts, highlighting the many different ways of adapting to climate change.
- **Put local-level actors in the lead** – Prizes may offer opportunities to redefine who makes adaptation investment decisions. With appropriate design, prizes could shift decision making power towards those who are being most affected by climate change. Prizes could provide a platform for those who are often not effectively targeted by adaptation finance to set the investment agenda, showcase solutions, and influence how funds are spent.
- **Influence policy and raise awareness**

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WHAT COULD ADAPTATION PRIZES DO?

- **Leverage more adaptation funding** – Prizes are growing in popularity among businesses, financial foundations, and public sector donors, and adaptation prizes could capitalise on this trend. In essence, prizes may be able to leverage much more than the prize purse, by encouraging further private sector investment (McKinsey and Company,

– As high profile and engaging events, prizes are able to capture the attention of policy makers, media, the public, and professionals alike, helping to rally support for effective adaptation measures.

- **Build communities of practice** – Adaptation cuts across numerous sectors. It requires collaboration and collective action. Prizes have the potential to bring together new actors, strengthen networks and build new communities of practice to focus on particular adaptation challenges.

CHALLENGES

There isn't yet a great deal of experience of using prizes to support climate change adaptation, and the potentials as outlined above remain largely untested. However, existing evidence highlights a number of serious challenges, outlined below. For each, we suggest ways that these challenges may be overcome with careful design. These will be tested in the prizes to be carried out on climate information (Kenya) and supporting adaptation innovation capacities (Nepal).

Challenge: Unequal pressures increase marginalisation

- As a form of Payment by Results (PbR), prizes tend to transfer risk from sponsors to prize entrants. While this may result in greater cost efficiency for sponsors, it can also exclude resource-constrained actors, and place participants under strain if not supported. Lessons from the NESTA Big Green Challenge (BGC) reveal that, despite efforts to provide support, great financial and time pressures were placed on prize entrants, and these had a greater impact on those with fewer resources (Cox et al., 2010).

Possible solution: Structural support and accessibility

- Prizes must be designed to empower those without existing access to resources, not discriminate against them. Prizes should specifically target and attend to the needs of those who do not usually gain access to funding.
- Prizes are not a replacement for grant funding, in fact grants are shown to be crucial in supporting community prize entrants to participate and take their innovations further (UNDP, 2012; Cox et al., 2010). By giving credibility to entrants and combining grant funding with the prize process, prizes can make access to funding easier.
- Accessibility includes reducing time as well as financial burdens e.g. by providing child care support for primary carers, and running prizes over timescales that accommodate participants with multiple commitments. The fast pace of BGC was one of the most serious pressures for community participants (Everett, 2011).

Challenge: Prizes favour powerful interests.

- Growth in prizes is being driven by powerful narratives

such as PbR, which may not favour those with greatest adaptation need.

- The problems to be solved are often defined by sponsors, and solutions commonly judged by 'high profile experts', rather than being shaped and decided by the priorities of the most vulnerable populations. This introduces the risk that the spotlight is on problems and solutions that suit the dominant actors. Adaptation is complex – what works for some, may hinder others. So allowing the prize definitions and solutions to be shaped only by perspectives of those in power, is unlikely to yield effective adaptation results.

Possible solution: Democratic, participatory and open processes.

- It matters who comes out on top, both in terms of taking home the prize, but also in terms of gaining wider support for their ideas. If prizes are to support adaptation for the most vulnerable, they need to provide a space for the perspectives of marginalised groups to shape the solutions that are supported.
- Prizes should be designed around participatory processes for deciding prize problems and judging which entries get funding. This means unpicking power relations throughout prize processes.
- Spaces should be made for prize designers, sponsors and participants to ask Why are prizes being used? Are they fit for purpose? What assumptions are being made (e.g. pre-eminence of the private sector)? Whose realities are being considered? What solutions are being supported? And what implications has this for who will benefit and how?

Challenge: Promote easy wins over complex challenges

- Focusing on increasing competition to achieve quick, measurable results, cannot be assumed to effectively support adaptation. Adaptation is a continual, complex and long-term learning process. Some of the most important adaptation challenges are the most difficult to solve precisely because they involve empowerment processes, or unpredictable and long-term transformations of social and environmental systems.

Solution: Participatory deliberation and reflexivity

- Choosing prize problems and winning solutions should be a deliberative process, which includes voices of the climate vulnerable, and explores ambiguity and complexity.
- Prizes can include, or be embedded within, knowledge exchange and social learning processes. Not only can these help build networks and share ideas, they can also facilitate long-term reflexive processes to understand who is still not benefiting from adaptation funding, and how prizes might be able to address the gaps.

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