

Innovating for pro-poor services

Why politics matter

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To solve sustainable development challenges, such as the provision of universal access to basic services, we need new ideas, as well as old ideas applied in new ways and new places. The pace of global innovation, particularly digital innovation, is generating optimism, positioning the world at the start of the 'Fourth Industrial Revolution'.¹ Innovation can make basic services cheaper, more accessible, more relevant and more desirable for poor people.

However, we also know few innovations lead to sustainable, systemic change. The barriers to this are often political – including problems related to motivation, power and collective action. Yet, just as political factors can prevent innovations from being widely adopted, politically smart approaches can help in navigating and mitigating these challenges. And, because innovations can alter the balance of power in societies and markets, they can both provoke new and challenging politics themselves and also help unlock systemic political change. When and why does politics affect innovation? What does this mean for donors, foundations and impact investors backing innovations for development?

Backers of innovation for development should:

- **adjust perspective** – consider how and why innovation interacts dynamically with politics, at different levels and through a range of pathways
- **take a politically aware, problem-driven approach** – prioritise support to innovations that can help tackle the root political causes of service failures for poor people
- **support innovators to navigate challenging politics as their innovations are more widely adopted** – adapt innovations or use wider influence to help resolve political bottlenecks.

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The issue

The UN Sustainable Development Goals (SDGs) have committed to making huge strides in basic services by 2030, but there is a long way to go, especially for poor and marginalised groups. In 2013, 14 times as many mothers died in childbirth in developing regions compared with developed ones.² Two-thirds of the population of sub-Saharan Africa lack access to electricity – about 620 million people.³ Innovation can help here. With mobile technology platforms, such as RapidSMS, the availability of medicines in rural clinics in Nigeria can now be reported and viewed online in minutes rather than with delays of days, weeks or months.⁴ Renewable and decentralised energy options are increasingly cost-competitive with conventional alternatives. Quality-tested solar products for the African market declined in price by 70% between 2011 and 2014.⁵

But innovations that achieve real impact at scale are still rare. It is widely accepted that, in an increasingly networked and competitive world, ‘Innovation will be the key differentiator between the winners and the also-rans.’⁶ It is less often acknowledged that, for every winner there may be a loser. These losers are not just the people who miss out on services and the health and economic opportunities they provide. Innovation can also change power relations and threaten existing interests. Those who lose out include incumbent politicians, firms or whole professions. These groups can resist innovation if they think it threatens their interests and values. Innovation is therefore inherently political. And the political aspects are particularly important when the objective is providing services to poor and marginalised people who lack power and voice.

Meanwhile, innovation is attracting increasing interest and investment from development agencies, foundations and impact investors. To date, interest has been technology-focused and under-emphasises the importance of the greyer areas of politics and power, although this may be changing. Numerous agencies have endorsed principles for innovation, including the need to ‘understand the existing ecosystem’.⁷ The World Bank points to deep political barriers that mean digital innovations have ‘not yet empowered citizens to make unwilling governments more accountable’.⁸ We believe we are at a pivotal point to make political factors a core component in deciding how best to deploy the money and expertise directed towards innovation in support of development outcomes.

The research

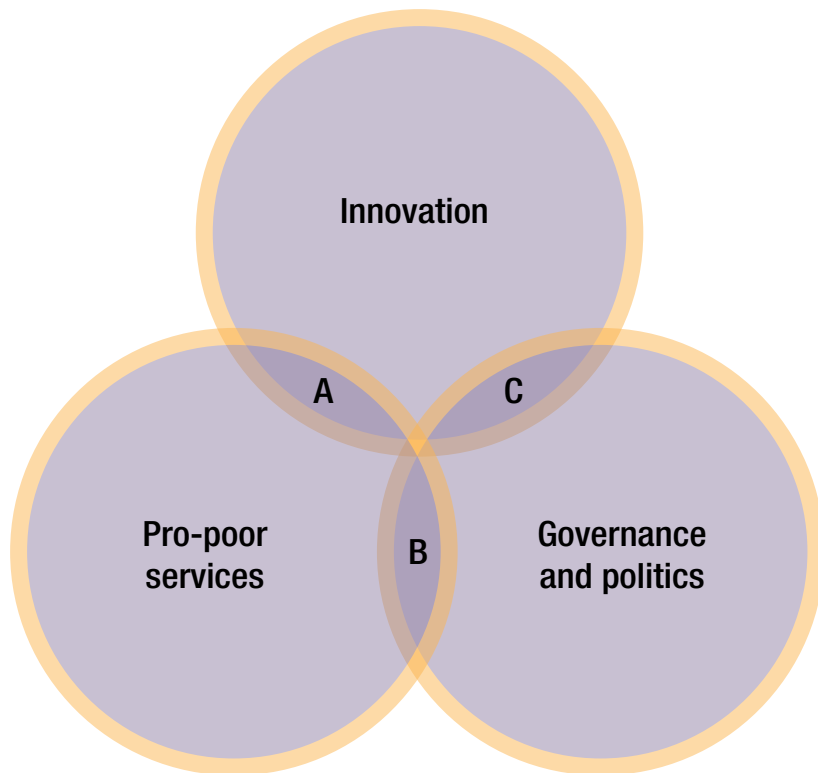
Our research draws on existing studies of innovation for pro-poor services,¹⁰ the politics of pro-poor services¹¹ and the politics of innovation¹² – areas A, B and C in Figure 1. We conducted our research inductively, drawing on literature across these areas and consulting experts in organisations backing innovations, as well as those directly innovating. We examined a range of service sectors, including information and communication technology (ICT) for maternal health, decentralised solar electricity and household water treatment.

Definitions: setting the terms of the debate

Definitions are important in a field as fast-changing as this, and help establish what we do, and do not, aim to cover with the research.

- By innovation, we refer to both new material technologies and new processes, including new ways of using existing technology or use of an existing technology in a new setting.
- Pro-poor services are universally accessible, financially and practically, and about which poor people can make and articulate informed judgements.
- In terms of politics, we are concerned primarily with questions of ‘who gets what, when, how’.⁹ We also make a distinction between ‘big-P politics’ and ‘small-p politics’. The first is the domain of politicians, parties and parliaments. The second is the much wider range of spaces in which power relationships are contested – in the home, in communities, in organisations, in markets and across societies.

Figure 1. Locating our enquiry at the intersection of three areas of practice and research



Findings

Broadening perspective

Our first finding is that current approaches to incorporating politics in to innovation support and investment take a relatively narrow view, focusing on static policy prescriptions, big-P politics (parties, parliaments and politicians), and a rational-actor view of what motivates political behaviour.

In Uganda, the mTrac system uses RapidSMS (a platform that leverages SMS or text messages) to accelerate the flow of community and health facility data up to national level.¹³ Initially, reports were submitted directly from the frontline to the national ministry. While this worked from a functional perspective, it reduced buy-in at the intermediate district level – a level of the Ugandan government that held much of the power to do anything with the monitoring data. The system needed to be adjusted to include district health officials in the flow of accountability and make use of their ability to coordinate resource allocations down to the local level. In Bangladesh, Dnet, a social enterprise delivering ante and postnatal health promotion advice to mothers via tailored SMS found men were acting as gatekeepers on the use of mobile phones by women. Dnet adjusted

its approach to include males and to target them with a separate set of tailored messages alongside those for female participants.¹⁴

These examples illustrate three key things. First, that innovation can shape, as well as be shaped by, political issues of power, incentives and interests. This implies a need to look beyond static policy prescriptions, such as providing market intelligence and access to credit, or appeals to generic political will, to consider how innovation and politics interact dynamically. Second, that the politics around innovation are not only those played out on the big-P political stage of politicians and parties. Small-p politics also matter and arise, with consequences for pro-poor services, in many different relationships: from government agencies supervising activities of front-line providers to women and men negotiating their relative power within the household. Third, that we are not machine-like rational actors: alongside instrumental self-interest, values and ideas can give rise to small-p and big-P politics, for example cultural norms around gender roles.

Matching innovations to political problems

Our second finding draws on previous ODI research to argue that many challenges facing pro-poor service delivery appear technical in nature but have political roots in problems of power, motivation or collective action. Consideration of these underlying problems is not widely used to prioritise what types of innovation are supported and in which contexts.

M-KOPA, a company operating in Kenya, Tanzania and Uganda, has harnessed the potential of mobile money transfers and remote control of service devices to deliver electricity to poor households.¹⁵ Providing on-grid energy to poor households in informal settlements or rural locations is notoriously expensive for providers, given the cost of laying infrastructure and the risk that non-paying households will tap power cables. M-KOPA provides small-scale decentralised solar energy systems that are activated remotely when a household makes a payment for energy using their mobile phone. The provider secures a predictable revenue stream from low-income customers. Users have the benefit of being able to pay for the hardware in small instalments. At a certain threshold of payments, the system is permanently activated and users become owners of the technology and the free renewable electricity it provides.

On first inspection, M-KOPA has found a technical solution to technical problems, of engineering (reaching remote households with mains energy) and finance (balancing affordability with cost recovery from low-income customers). But, while it is usually easier to see how innovations can address the technical challenges of pro-poor service provision, these challenges often have a deeply political dimension. Looked at through a political lens, M-KOPA's approach could reshape motivations for service providers in broader terms. In various sectors, service providers can lack incentives to extend access to low-income areas because of the perceived or real threat of free-riding – for example illegal connections to the electricity or water supply networks, which reduce financial viability for the provider as well as driving up costs for other users. M-KOPA's approach overcomes the free-rider problem, by providing decentralised, standalone household technology matched to a secure payment system. This 'pay as you go' system embraces, rather than excludes, poor customers, who would struggle to pay regular, lump-sum utility bills.

This perspective draws on previous ODI research and conceptual tools, which seek to understand when and how the 'technical is political' in different service sectors.¹⁶ In the report which accompanies this briefing, we draw on this work to frame a set of questions that can help in thinking through apparently technical challenges in more political terms. Do service providers have incentives to extend access to poor consumers? Do users struggle to make and articulate informed choices about service quality? Can managers in service providers effectively assess front-line performance? Backers of innovation can use questions like these to drill down to deeper challenges for pro-poor service provision and to identify the broad types of innovations that could help address such challenges.

Innovating adaptively around politics

Our third finding is that innovations generate new politics, by changing winners and losers and challenging existing values. However, innovators are rarely supported systematically to anticipate and navigate the political dynamics that can create resistance or unintended consequences.

In Cambodia and elsewhere, household water filter technologies generally become less effective with sustained use, if not well maintained or replaced. Users meanwhile struggle to assess the performance of the technology until household members get sick from poorly treated water. As well as disempowering individual users, this kind of information asymmetry can undermine confidence in the market as a whole. Clear Cambodia, a non-governmental organisation (NGO), is a major distributor of a type of filter that is low-cost but requires careful maintenance by users.¹⁷ Responding to the inherent challenge users face in assessing quality, as well as the risk to the wider market if their filters are perceived to fail, the NGO provides training on installation and follows up with regular aftermarket visits – resulting in higher rates of functionality and use over time. This example shows the importance of adapting innovations in response to political issues that can arise as they become more widely adopted (and may be dynamically provoked by innovations themselves). Even where innovations are targeted at specific political problems, they are unlikely to solve them on their own. Also, innovators and those that support them do not always get to start from scratch and work in a problem-driven way. Although we encourage a problem-driven approach where possible – identifying political problems and seeking innovations that could help – it is often still necessary to adapt that approach as you go.

We found that backers of innovation (and innovators) generally take an ad hoc approach to considering the political ramifications of innovations as they go to scale, and may overlook small-p political issues, such as the relative power of service users. More can be done to help adapt a given innovation, or offer complementary forms of support, to assist innovators to navigate political challenges. Again, asking the right, simple questions is important. Will the innovation change the power of poor service users to assess the value of the service they are getting; the power of managers to ensure provider performance at the front-line; the expectations and incentives for government's role in service provision; or the advantages and opportunities market incumbents and elites enjoy? In the report, we set out a range of key questions that backers of innovation can use to identify possible risks and the types of adaptation and supplementary support that could help mitigate these risks – ranging from altering product design, to tweaking aftermarket support, to linking up with broader initiatives to overcome key political challenges such as regulatory reform programmes.

Recommendations

Using the three findings above, we recommend that donors, foundations and impact investors backing innovations for development should:

Adjust perspective

Understand how and why innovation dynamically interacts with politics, at different levels and through a range of pathways.

A first step is to look beyond politics as static context or generic political will; beyond the big-P political stage and beyond a narrow focus on self-interested rational actors. This means recognising the dynamic, multi-scale nature of how innovation and politics interact, and the diversity of motivations that can encourage individuals and groups to obstruct or support a given innovation.

Take a politically aware, problem-driven approach

Prioritise support to innovations that can help tackle the root political causes of service failures for poor people.

By focusing on core political problems like power and motivation around service provision, it is possible to identify broad types of innovations that could address these, and to prioritise support accordingly. Accessible concepts from political science, which we explore further in the report, can provide an entry point to asking the right questions.

Support innovators to navigate challenging politics as their innovations are more widely adopted

Adapt innovations or use wider influence to help resolve political bottlenecks.

Backers of innovation can support innovators to navigate challenging politics along the scaling journey, by encouraging consideration of possible political risks and suggesting adaptations or using wider influence to overcome resistance, for example by linking innovations and innovators into broader reform initiatives.

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Photo: Elizabeth Mukwimba, an M-Power Off-Grid Electric customer in Tanzania. Russell Watkins / Department of International Development

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