SAN FRANCISCO — Imagine taking a test with no instructions nor clear answers, then waiting for months to get your grade, all the while feeling you are failing. That is how some people describe the request for proposal process, in which grantmakers issue a public bid to organizations that compete for a specific project.

In the United States, regulations require government donors such as the U.S. Agency for International Development to advertise solicitations over a certain amount of money publicly. But RFPs tend to work out well for those organizations that know the drill, and for larger groups that can absorb the amount of money donors need to grant, leaving out those without the resources needed to navigate the complex process.

Now, experts tell Devex that the social sector is in need of a new RFP if it is to source the kind of breakthrough innovations in global health and international development needed to achieve the Sustainable Development Goals by 2030.

New models for sourcing ideas were discussed at the 2017 Grand Challenges meeting in Washington, D.C., this week. Bill Gates, co-chair of the Bill & Melinda Gates Foundation, has compared the “grand challenges” model to a venture capital fund, in that it backs a lot of ideas with the understanding that even if many of them fail, a few could have big impact.

Some foundations, which have more flexibility than government aid agencies, are also experimenting with open innovation platforms to source ideas. But government donors can also take steps to reboot the traditional grantmaking process.
Design-build philanthropy

When GHR Foundation decided to commit $3 million over three years to social innovators bridging the gaps between “peace, prosperity, and planet in radically new ways,” the team determined that a traditional RFP process would not allow it to move as quickly, nor seek out as many perspectives, as it needed. So the organization partnered with the open innovation platform OpenIDEO, which grew out of the Silicon Valley-based firm known for its work in human-centered design, a process that is all about designing with and not for the end user.

“We’ve been involved in global work for a long time, but with the invitation-only approach of deep partnership and long-term goals, we were wondering, ‘What are we missing that is out there?’” Amy Rauenhorst Goldman, CEO of GHR Foundation, told Devex. “This was an opportunity to open up the windows and get some fresh air. It involved a bit of risk in that we are a very quiet funder. But we wanted to take the risk and learn in the open.”

Over six weeks, the BridgeBuilder Challenge accepted 660 ideas from 185 countries, leveraging social media to reach new audiences. Applications were made publicly so that candidates could bounce ideas off each other in a collaborative process, in contrast to the secrecy and competition that often characterizes traditional RFPs. At the end of the challenge, the top ideas were selected to share the initial $1 million of funding, with projects including ethical gold mining in the Democratic Republic of the Congo and tree planting drones in Myanmar.

Goldman said the experiment built on a tradition at GHR Foundation of bringing organizations together to attack problems from various angles. The group describes its approach as “design-build philanthropy,” aiming to take the same approach to grantmaking that its founder — Gerald Rauenhorst — helped to pioneer in real estate. Just as architects and engineers can design and build in coordination with one another, incorporating changes before the project is complete, grantmakers can fund partnerships and even begin implementation before a project plan is fully developed, which Goldman said presents earlier opportunities for modification and greater opportunities for impact.

While GHR Foundation may seem to be in a unique position to experiment with opening up the RFP — given the natural connection between the design-build approach and the open innovation process — other less likely suspects have also tried out this kind of platform. One example is Australia’s Department of Foreign Affairs and Trade, which has launched an education in emergencies challenge on OpenIDEO.

Funding collaboration

Unorthodox Philanthropy, a Silicon Valley-based funder that says it uncovers ideas through “a network of scouts,” offered its first $10,000 prize on InnoCentive, a platform designed to crowdsource solutions. The organization sifted through 300
proposals before deciding on GiveDirectly, the organization that provides cash grants directly to the poor. Other emerging actors in global development, including XPrize and Singularity University, have developed their own methods to generate new ideas for pressing global challenges.

Once GHR decided it wanted to do an open call for proposals, the question was whether to arrange it internally or with a partner. Options included InnoCentive and Ashoka, a network of social entrepreneurs that emphasizes a “team of teams” approach to social innovation.

Ultimately, GHR Foundation decided to partner with OpenIDEO, citing their collaborative and iterative approach that puts people at the center of the challenge. The idea is that all applicants can benefit from the process, rather than just the winners. OpenIDEO has hosted sponsored challenges to bring a human-centered design process to a range of topics related to global development — from the Ebola challenge, to water and sanitation in India, which it worked on in partnership with Water.org.

“RFPs end up siloing the people who respond,” Jason Rissman, managing director of OpenIDEO, told Devex. “There is competition for resources and typically the structure is not funding collaboration but funding individual organizations to take a crack at the problem.”

Previously, Rissman worked at Google.org, which has its own methods for sourcing new ideas, including Impact Challenges, such as one underway now in Latin America. He described how some of the resources available and approaches taken in the private sector are hard to translate to the social sector, even though the complexity of these challenges demands better methods for collaboration. Opening up the RFP process not only enables smaller organizations that may be closer to the people they are serving to apply, but also allows applicants to see what others are proposing, in a process Rissman sees as mutually beneficial to all parties.

“When a foundation or donor or government collects hundreds of proposals from around the world, all of a sudden, they are holders of all of this knowledge,” he added. “They have a responsibility to publish that, open up that knowledge, invest in creating a map. We think about helping to create an opportunity landscape of what’s possible. And I think for funders to hold on to that knowledge is selfish and deceptive.”

Dylan Mathews, chief executive of Peace Direct, was one of the five winners of the initial $1 million in funding. Rather than clicking submit on the application and waiting for a response, he heard back from applicants and experts alike with messages of encouragement, questions, and suggestions he could build into his application. He was also directed to collect insights from the beneficiaries of this work and incorporate them into the program design for his proposal to provide ethical gold mining jobs for soldiers in the DRC as a way of reintegrating them into communities.
It was a strong contrast with the competitive rather than collaborative experience of traditional RFPs. When Devex asked to speak to a representative of one of the organizations in the running for the latest RFP from the Bill & Melinda Gates Foundation on lessons learned from polio eradication, for example, he declined, suggesting it would be “an odd look for a tenderer to speak to a journalist about tender questions during a live procurement process.”

But the Gates Foundation, too, is experimenting with ways to update the RFP process. Thirteen years ago, the largest foundation in the world joined forces with partners including the Wellcome Trust, the biomedical research charity, to pursue a Grand Challenges model that Gates said was inspired by German mathematician David Hilbert, whose list of unsolved problems encouraged innovations in his field. The idea has spread: This week, partners including Grand Challenges Canada, which is dedicated to supporting “bold ideas with big impact,” the U.S. Agency for International Development, and others are in D.C. to discuss topics such as how to get from innovation to impact. The ease or difficulty of the RFP process will be central to that question.

In September, the Gates Foundation announced a new round of Grand Challenges Explorations, soliciting proposals for innovations on issues ranging from addressing depression among adolescent mothers to improving the timeliness of routine immunizations for infants. Whereas the polio RFP asked applicants to submit a full proposal package — including a proposal narrative of up to 20 pages, a budget for proposed activities using a set template, and a results framework and tracker — the Grand Challenges application process requires a proposal no longer than two pages, lowering the barrier to entry for organizations that might otherwise never put in a proposal for a Gates Foundation RFP. The foundation also launched accelerators at its Goalkeepers event on the sidelines of the U.N. General Assembly in New York last month, presenting another model to bring in new partners and ideas to solve global challenges ranging from advancing digital financial inclusion to scaling community health worker programs.

Tools to solve problems

In its response to the Ebola outbreak, the Center for Accelerating Innovation and Impact at USAID put up a “How might we” question, common in the human-centered design process, on the OpenIDEO platform: “How might we rapidly equip and empower the care community to fight Ebola?”

In addition to this open innovation model, USAID used a Broad Agency Announcement, a new contracting technique used elsewhere in the U.S. government to lower barriers to entry and bring in a more diverse group of actors, with the Fighting Ebola Grand Challenge.

“The underlying premise of all USAID procurements is the notion of competition and having as level a playing field as possible in running that competition, and I think the BAA is great in actually creating even more of a level playing field than some of the
other procurement approaches that we use because the upfront investment in developing an application is much lower," a USAID official told Devex. "The initial submission is just an expression of interest, not a 30-page proposal that costs an organization $100,000 to put together. It's a relatively light touch approach. So I think that's been really helpful in crowding in new partners and people that might not otherwise put in an application to a U.S. government call for proposals."

But others added it was the combination of the BAA and open innovation strategies that was key to bringing in new partners, such as Johns Hopkins University, which was behind a suit to protect health workers that is among the innovations on the agenda at the Grand Challenges meeting.

"My view of grand challenges, of hackathons, of open innovation platforms, is that these are all tools that we can use to solve a problem," Wendy Taylor, former director of the center, told Devex.

In the case of sourcing ideas for Ebola response, Taylor said the two tools complemented each other. Open innovation platforms can draw in individuals who do not necessarily have the institutional backing necessary to turn their ideas into realities, but can deter innovators whose ideas have intellectual property value they want to protect. And whereas the Ebola Grand Challenge was still based on grant proposals, rather than collaboration on an open forum, it brought donors and grantees together in co-creation. In other words, it presents another potential pathway to improving upon the traditional RFP.

"That ability to co-create and collaborate with innovators and to push their thinking further has really opened up the doors to strengthening the quality of the ideas that are coming through," Taylor said.

Forums like the International Development Innovation Alliance, which describes itself as an informal platform for knowledge exchange around development innovation, allow donors to come together around big questions like how to reinvent the RFP in order to accelerate their progress on ambitious goals — Devex has previously covered IDIA insights on best practices for funders supporting innovation. One major takeaway is that funders should take an iterative versus linear process of innovation, always learning from emerging best practices. The traditional RFP process might be seen as a barrier to that kind of iterative approach.

Over the next three years, GHR foundation, which has $475 million in assets, expects to double in size, and Goldman said she sees the BridgeBuilder Challenge as a way to test whether her growing team can maintain its commitment to being more open and public. But the larger the donor, the more capital they need to move, and the harder it is to open up considerations to smaller organizations, Rissmann told Devex. One larger scale example to follow is the MacArthur Foundation, which recently announced four finalists for its 100&Change challenge, a global competition for a single $100 million grant.

Still, there are challenges in making this mainstream across the philanthropic sector.
“Transparency is really difficult in the grantmaking process,” Goldman told Devex. “Foundations can often feel like they maybe have a target on their backs in terms of everyone asking for funding. When high performing foundations think about it as — we’ve got our programmatic areas, we’ve developed our logic model, and we are marching on a path toward getting to a solution — transparency can in that process feel like it’s going to derail a very deliberate, well thought out set of metrics and outcomes that people have spent time crafting.”

She mentioned hacker philanthropy, the idea that ultra high net worth individuals in Silicon Valley might use the same talents that made them wealthy to transform giving. The BridgeBuilder Challenge is just one example of what might serve as a new RFP for the social sector, Goldman said. As a new generation of Silicon Valley philanthropists bring more innovative, hands on, adaptive approaches to grantmaking, they might have additional ideas for ways to reboot the RFP or replace it entirely, she said.

Rissman of OpenIDEO and the director of grants management and learning at GHR Foundation will join representatives from institutions including DFAT at the upcoming Social Capital Markets conference in San Francisco, where they will discuss ways to make the social sector more inclusive, collaborative, and innovative. When it comes to ways to bring openness and transparency to the grantmaking process, OpenIDEO and GHR Foundation see a more collaborative and less competitive RFP process as a useful place to start.

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