

**elrha**

# **Humanitarian procurement: challenges and opportunities in the adoption of WASH product innovations**

Executive Summary

Scaling Series



# ABOUT ELRHA

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We are Elrha. A global charity that finds solutions to complex humanitarian problems through research and innovation. We are an established actor in the humanitarian community, working in partnership with humanitarian organisations, researchers, innovators, and the private sector to tackle some of the most difficult challenges facing people all over the world.

We equip humanitarian responders with knowledge of what works, so that people affected by crises get the right help when they need it most. We have supported more than 200 world-class research studies and innovation projects, championing new ideas and different approaches to evidence what works in humanitarian response.

Elrha has two successful humanitarian programmes: [Research for Health in Humanitarian Crises \(R2HC\)](#) and the [Humanitarian Innovation Fund \(HIF\)](#). The HIF programme improves outcomes for people affected by humanitarian crises by identifying, nurturing and sharing more effective, scalable solutions.

The HIF is a globally recognised programme leading on the development and testing of innovation in the humanitarian system. Established in 2011, it was the first of its kind: an independent, grant-making programme open to the entire humanitarian community. It now leads the way in funding, supporting, and managing innovation at every stage of the process.



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# FOREWORD

By Cecilie Hestbaek and Abi Taylor, HIF's WASH and Scale teams

Developing new, more effective ways of delivering aid is imperative for addressing the reality that humanitarian need is increasing, while funding is decreasing. But without systems for integrating these innovations into aid delivery, work and resources are wasted and great ideas don't reach their full potential. There is an urgent need to generate greater impact from successful investments in innovation.

Since its inception in 2011, Elrha's HIF has funded over 50 Water, Sanitation and Hygiene (WASH) innovations. Many of these innovations, often supported by the HIF from an early stage, are now reaching maturity and are increasingly ready to be adopted on a large scale. We have already seen some successfully solving problems across a range of contexts: for example, the [Oxfam Handwashing Station](#), developed between 2015-2019, is now being produced in the thousands and providing access to better handwashing facilities for hundreds of thousands of people affected by crisis.

However, for many innovators, the path to scale can be a bit like [navigating a maze in the dark](#). Our 2018 '[Too Tough to Scale](#)' report found that uptake of innovation in the humanitarian sector is being stifled. Reasons for this include the underlying incentive structures that work against the adoption of new solutions, a lack of normal markets that would exist

in other contexts, and the lack of a fully functioning ecosystem to support innovation (Elrha, 2018).<sup>1</sup> The HIF is helping innovators to address these barriers by providing funding, as well as non-financial support. However, not all barriers can be directly addressed by the innovators themselves. There is a pressing need for innovation actors, including funders like ourselves, to also consider demand: the market that will absorb the new solutions that are developed. We can no longer rely solely on the assumption that when a problem is prioritised by the humanitarian sector, that same sector is well set up to adopt and adapt to the solution once ready. In this paper, we look in more detail at this 'demand side' of innovation; at the people and systems that will adopt our funded innovations. The study, focused on WASH product procurement structures, is the first of a planned series of research and funding activities which aim to help us better understand and experiment with how to address the barriers to the adoption of innovation.

We have a mature innovation portfolio and substantive presence in the WASH sector: through past and present funding we are working with a range of promising WASH solutions that are currently trying to scale. The entry points and barriers within WASH procurement systems are highly relevant to this work,

and to the successful adoption of solutions. We hope this paper will help guide their efforts to scale, as well as encourage wider change in the procurement of innovative products at system level. Some of the findings and recommendations of this paper may well apply to other aspects of the humanitarian sector beyond WASH - we hope to explore this further in the future.

With this paper, we call for concerted action by humanitarian agencies, donors and coordinating bodies. As a sector, we must coordinate and align expectations and requirements for evidence and specifications for new products. We must invest in long-term partnerships that see innovations through from inception to scale. And we must find new ways to finance this. The problems highlighted in the paper are complex, but they are solvable. Here, we shine a spotlight on concrete and urgent recommendations that we all can – and must – take up to ensure innovation fulfils its potential and contributes to improved outcomes at scale for people affected by crisis.

1. Elrha. (2018) '[Too Tough to Scale? Challenges to Scaling Innovation in the Humanitarian Sector](#).' Elrha: London.

# ACKNOWLEDGEMENTS

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The findings and recommendations within the report are those of the authors and may not necessarily reflect the position of Elrha.

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# EXECUTIVE SUMMARY



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## The humanitarian sector has made great strides in the past decade to support the development of innovations.

The emphasis has been on the **supply** of innovations to solve priority problems, while there has arguably been insufficient focus on the **demand** for innovations and the partnering and procurement processes that **connect supply and demand**. More attention and solutions to achieve this connection would enable the uptake of innovation at a much larger scale in the humanitarian sector.

With nearly a decade of support for WASH innovation in the sector, Elrha's Humanitarian Innovation Fund (HIF) has seen many of the promising innovations it funds struggle to achieve widespread adoption in the WASH sector. To understand this better, Elrha commissioned this report in order to:

- Provide guidance for innovators seeking to have their innovations adopted within the humanitarian sector.
- Identify challenges in the current system for procuring and adopting innovations.
- Provide recommendations for ways of addressing these challenges.

This paper focuses on the **demand side** for product innovations and the **connection between supply and demand, namely procurement**. It is based on a review of humanitarian agencies' catalogues, databases and process documents, supplemented by 31 interviews with humanitarian WASH practitioners, innovators, third party suppliers and manufacturers.

On the **demand side**, the research identified a number of challenges:

- Specifications being too tight, reducing the scope for innovative products to be considered. Also, specifications for the same products differing between agencies; creating 'markets of one'.
- Performance requirements for WASH products determined by the need to have a reliable solution, and to have it quickly and at volume in an emergency response. These requirements can often be beyond the capabilities of innovation teams at the start of their scaling journey.
- Funding of innovations focused almost exclusively on the 'supply' of innovation, with insufficient attention paid to how to stimulate the demand.
- Significant difficulties for innovations to move beyond 'innovator' users to early adopters in the humanitarian sector. Disincentives for adoption outweigh incentives to adopt.

- Unclear evidentiary requirements for innovators, with humanitarian agencies continually seeking more evidence before they are willing to use an innovation.

**Connecting supply and demand** in the sector also has some significant challenges. Most notably:

- Procurement processes are often opaque, overly bureaucratic and risk averse.
- Partnerships that are formed to create innovations are suddenly thrust into competitive procurement processes after the product has been piloted. This can disincentivise innovation.
- Clockspeed; the speed at which sector-wide and organisational processes happen has significant impact on when, where and how procurement is carried out. This leads to sector-specific idiosyncrasies that need to be factored into the thinking around innovation adoption.

Recommendations that stem from these challenges are at two levels. For the demand side, the recommendations are at a systems level, and will require further discussion, research and collective action to achieve. Recommendations for the connections between supply and demand are at a more immediately actionable level. Although a number require collective action across the sector, the mechanisms and relationships are already in place to make many of them implementable in the near future.

#### **Demand Side** Recommendation Areas:

1. **Stimulate early adoption:** Find ways to incentivise early adoption.
2. **Harmonise and Aggregate Demand:** Find ways to aggregate demand across agencies to reduce friction and costs and, most importantly, create a more viable 'market' for innovators.
3. **Create Longitudinal Demand:** Turn future need projections into demand, through mechanisms such as forward purchasing commitments.

#### **Connecting Supply and Demand** Recommendation Areas:

1. Improve the **transparency** of humanitarian agencies' procurement processes, so that innovators can be guided on where to take their WASH products. Foster stronger **knowledge management** around innovations entering the WASH sector within and across humanitarian agencies.

2. **Address procurement and specification** challenges by aligning specification and procurement systems across agencies where possible and by updating value-for-money (VFM) and other requirements so that they are more holistic, outcome-focused and incentivise the adoption of innovations.
3. Innovators need to **localise** wherever possible, following the welcome trend of the localisation of WASH procurement.
4. Foster better **partnering and collaboration** to address trust issues that are present between suppliers and 'customers' within the sector.

The focal point of this research has been decision-making at the headquarter level of international humanitarian organisations. More research and discussion is needed to further explore and map decision-making at local level, the importance of other types of actors, such as governments and national humanitarian organisations, and to test the validity of this paper's recommendations within these systems.

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This report assesses humanitarian agencies' procurement processes that are relevant to the adoption of innovations. It also looks at wider aspects: stimulating demand for WASH innovations, and structural challenges in connecting the supply and demand for innovations.

**The report is a starting point for further research and discussion. It focuses on decision-making at the headquarter level of international humanitarian agencies. Further work is needed to explore local decision-making on procurement, and the role of other important actors, such as governments.**

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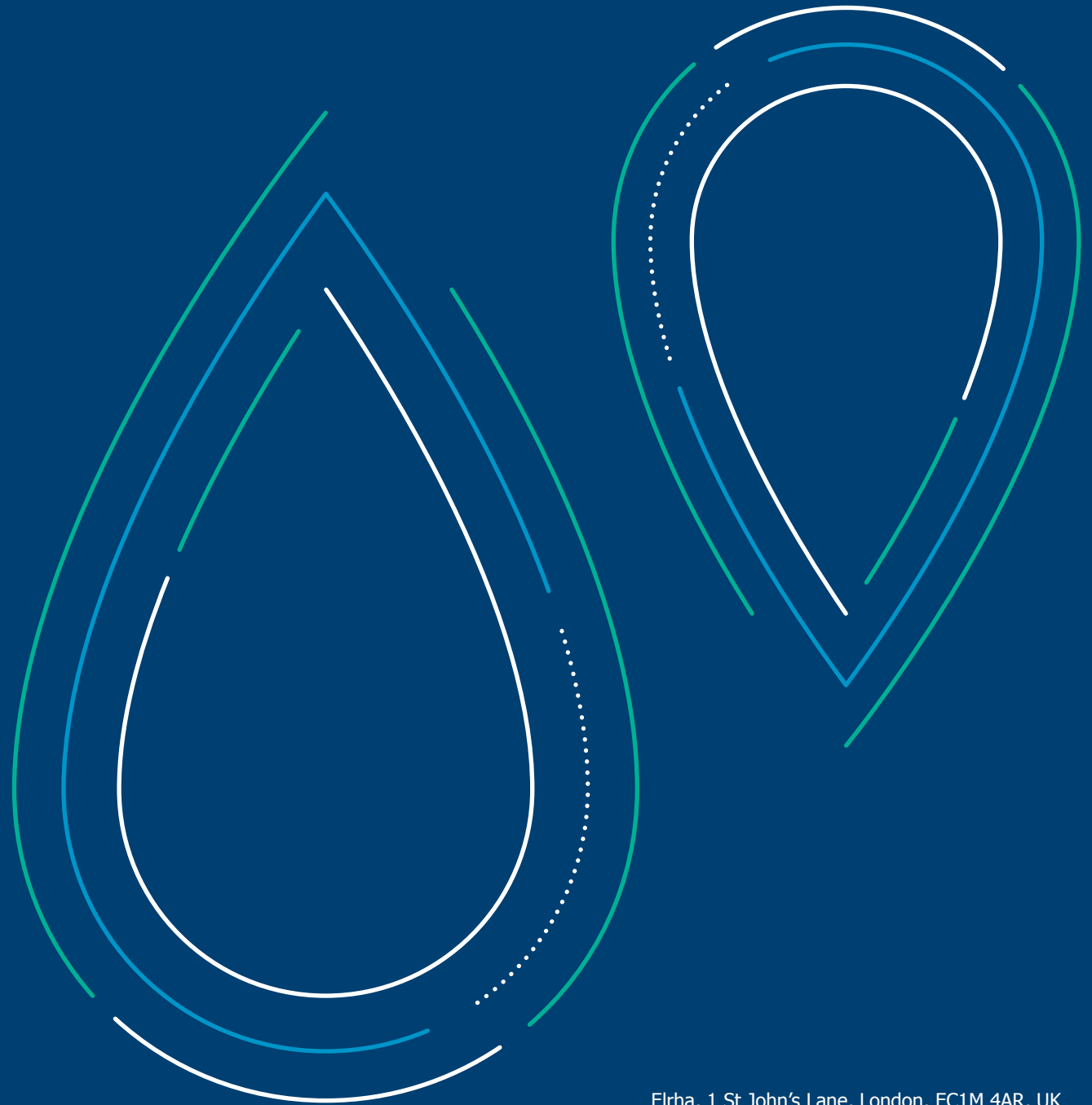
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[info@elrha.org](mailto:info@elrha.org)



**Authors:**

Ian Gray, Gray Dot Catalyst

Harriette Purchas, Humanitarian WASH Consultant

George Fenton, Gray Dot Catalyst (associate) and Humanitarian Operations Advisor

Elrha, 1 St John's Lane, London, EC1M 4AR, UK

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