

USDN Innovation Fund: Accepting Innovation Risk and Collaboratively Exploring

What if no one assumed the financial risk of exploring unproven concepts, refining innovations, or testing good ideas that could improve sustainability through municipal government?

Explore the USDN Innovation Fund's approach to field-building.

At a Glance: USDN Innovation Fund (IF) grant opportunity.

The purpose of the USDN IF is for 2 or more USDN core members to assist USDN members and their partners in collaborating to identify, develop, and scale high-impact solutions that advance urban sustainability. While a USDN core member must lead, any city can participate. Proposals are typically accepted bi-annually, during the Spring Experimental RFP and the General RFP rounds. Proposals range from between \$5,000 - \$95,000, depending on the award type and the specifications in each RFP. Projects take up to 1 year to complete. USDN IF area of strength in the Innovation Pathway: Innovation Lab.

Assuming Risk

Part of the USDN IF orientation packet for new Steering Committee members is a memo on the nature of innovation, which urges serving Sustainability Directors to put local government risk-averse mentalities aside in this role and to instead embrace the at-times-messy innovation process. Steering Committee members own the role of enablers of ideas that have not yet been proven and that might not be successful. It is not permission to throw caution to the wind, but it allows the Fund to adhere to a subtler balance that ensures sound and logical thought supports an innovative idea, while also accepting that it might not ultimately grow into a scaling, field-building game changer.

Understanding an Innovation's Context

RFPs are designed to score proposals against criteria that test a proposal's thought process. What is the background and supporting body of work? Why are the proposed next steps the right ones? Is there a theory of change, a hypothesis? Are levers that will affect change and current barriers named? Is there a clear measure of success, even if it is small?

Technical assistance is given to help proposers think through their ideas in a methodical way, while also acknowledging the nuances of existing local systems. Just because it is possible doesn't mean it is a good idea. Likewise, just because it has not been done before does not mean it should not be attempted. There is a fine balance between vision and reality that proposers walk with the IF Steering Committee. This process forces the necessary background research to occur, so the proposer understands context: they have a solid understanding of where the innovation is on the developmental pathway, where it is likely going, and (sometimes) at what pace.

Understanding Investments

The USDN IF averages just under \$1,000,000 in grants each year. While this level of investment is not unilaterally moving innovative concepts into the scaling range, it does effectively allow for members to collaborate around idea development, prototyping, testing, evaluating, and refining initiatives. The IF is essentially a safe space for good ideas to prepare to scale – within and beyond USDN membership. The grant fund is currently supported by the Barr Foundation, Bloomberg Foundation, JPB Foundation, Kresge Foundation, Summit Foundation, and Surdna Foundation. These funders understand the importance of field building and the risk this investment can carry.

A 2016 examination of the USDN IF grant portfolio reveals that 82% of IF funds have supported field-building innovations in topics that fall under the broader urban sustainability umbrella. This means that most grants have played a developmental role in how USDN members are approaching and removing barriers to their sustainability work within local governments. These products are a [publically available resource](#) representing a growing body of work that continues to build upon itself. Projects not classed as field-building have supported exploratory efforts to see what influencing roles sustainability directors can play in other, more established fields (food or water systems, for example).

The 2016 portfolio analysis also shows that over half of IF grants have supported innovations that are (or were, at the time of award) in the concept development, prototyping, or refinement stages. For instance, commercial energy benchmarking was incubated by USDN members with phased IF funds as support starting in 2011, when the concept was very new and in many ways untested. Around 30% of the grants have supported standardization and scaling efforts, such as adoption of LED streetlights.

Delivering Value

Members turn to this fund to do their homework and build resources for their work. This allows them to reduce the risk to local taxpayers before government resources are made, by exploring what works or does not work with their peers first. They consistently rank this collaborative funding as an important USDN value proposition. Debriefing calls with grantees as their projects close out underscore that the USDN IF is providing room to learn highly valuable lessons in innovation and to advance the field of urban sustainability without the red tape common in more traditional granting mechanisms.

