Development Innovation Ventures

Open Innovation at USAID
1. The Basics
2. What DIV Provides
3. How to Apply
4. Success Stories
Open innovation

- Innovative solutions come from anyone, anywhere, any sector, at any time

Evidence-driven

- Rigorous evaluation methods drive clear, measurable outcomes and maximum impact per dollar

Tiered, flexible funding

- To test, refine, and scale proven solutions
How do we define innovation?

A creative solution to **any** global development problem

**Products, technologies**

- Mechanical inventions, mobile applications, data systems

**Services**

- Health care, waste treatment, financial access, education, energy

**Application of business or delivery models**

- Local sales networks, last mile distribution, innovative financing
DIV invests along **three stages** of an innovation’s growth, adjusting the grant amount to a solution’s level of evidence and risk.

**Stage 1**
Proof-of-Concept / Initial Testing
Up to $200K

**Stage 2**
Testing and Positioning for Scale
Up to $1.5M

**Stage 3**
Scaling
Up to $5M

**DIV Funding Stages: Our Tiered, Evidence-driven Model**
Evidence Grants

DIV invests **up to $1.5 million** on research and evaluations that build rigorous evidence of a solution’s impact, cost-effectiveness, and potential for expansion.

- impact evaluations (including randomized controlled trials and quasi-experimental methods)
- less weight on pathway to scale evaluation factor

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**Teaching at the Right Level - India**

- **Research:** Optimal duration, regularity, intensity, cost-effectiveness, and follow-up needed to accelerate basic reading and arithmetic for primary school students

- **Results:** Grouping students and tailoring lessons according to skill level, instead of age or grade; in 67% of the 10,562 schools, over 75% or more children could read

**Povu Poa Handwashing Station - Kenya**

- **Research:** Effectiveness of a self-contained, low-flow, and low-foam handwashing station in health clinics and schools

- **Results:** 68% increase in handwashing after toilet use (76.5% with soap); 30-77% less water, 94-99% less soap, less than $0.10 per 100 uses
DIV Selection Criteria

Rigorous Evidence
We value rigorous evaluation methods to assess what is working and what is not.

Cost-Effectiveness
We invest in solutions that deliver maximum impact per dollar in comparison to other interventions.

Pathway to Scale
We support solutions for long-term expansion and sustainability, via the private and/or public sectors.
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What DIV Provides

**Flexible, patient grant funding** - We offer the most patient form of capital (grants) and build flexibility into our grant ‘award’ structures.

**Dedicated grant manager** - We assign a dedicated team member to help navigate USAID and U.S. Government regulations.

**Acceleration services** - We help identify barriers to scale and support grantees with discrete, strategic services that fulfill growth and sustainability needs.

**USAID network** - We connect grantees to USAID technical and regional bureaus; country Missions; and other USAID programs in science, technology, innovation, and partnership

**Connections to partners and funders** - We provide access to our network of partners, researchers, service providers, and other funders, in order to amplify impact and growth
Acceleration Services

Grant funding alone is not enough!

**Diagnostics** - Business diagnostics identify and solve key strategic challenges for growth. Potential follow-on technical assistance provided based on key findings.

**Sales Strategy** - Sales strategy and in-the-field execution diagnostics to better understand customers, improve sales pitches, and increase revenue

**Strategic Marketing, Communications, Branding** - Consultations to strengthen clear messaging and effectively communicate impact through storytelling

39 acceleration services to date, totaling $1.1M in value
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How to Apply

Apply at any time - applications are reviewed on a rolling basis.

DIV Annual Program Statement (APS)

Website: www.usaid.gov/div

The Annual Program Statement is DIV’s procurement solicitation which is revised and renewed every fiscal year.

Application Process

- Online application with project information and ~12 detailed questions
- Applications must be written in English
- If successful, submit additional information as requested
- Finalize project budget, milestones, USAID documents
Application Process

**What?**
- Submission
- Initial assessment
- Full application process and assessment
- Award negotiation and finalization

**When?**
- Rolling
- 4-6 weeks after submission
- 3-5 months after submission
- 6-12 months after submission

**Who?**
- Applicant
- DIV team (1-2 reviewers)
- DIV team, applicant, external reviewers
- DIV team, applicant, USAID Office of Acquisition and Assistance (OAA)

**What?**
- Review DIV model & selection criteria on website & Annual Program Statement (APS)
- First review with selection criteria using scoring matrix
- May involve:
  - Applicant interviews/calls
  - Requests for supplementary materials
  - Expert consultations
  - Due diligence

- May result in significant re- or de-scoping
- Depth of review adjusted to funding stage and amount requested

- May result in a rejection at any time (with feedback) or culminate in an award recommendation (hooray!)

**Involves:**
- Drafting payments milestones
- Environmental review can be significant, if proposed work (e.g., construction, pesticides) may affect the environment
- Budget finalization
- Other forms, actions, etc. required by USAID or the federal government

**Results in an “award package” that OAA finalizes and executes**

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Top Tips for Applying

1. Present a clear **theory of change** - what outcomes will your solution achieve?
2. Be **specific and detailed** about the problem and your solution
3. Tell us what it **costs** to deliver your solution - cost-effectiveness means understanding costs!
4. Provide a thoughtful review of the **competitive landscape** - how is your solution more impactful and cost-effective than other existing interventions?
5. Tell us the **long-term plan** for your solution - we expect a viable pathway to scale and sustainability (through the private and/or public sectors)
What We Typically Do Not Fund

- Development interventions with **limited potential to scale or demonstration of cost-effectiveness and impact** - (e.g., building schools, constructing orphanages)
- Innovations on a private sector path to scale that **lack a focus on base-of-the-pyramid customers** (e.g., e-commerce platforms)
- **Intermediaries** with an indirect impact (e.g., incubators, accelerators, conveners)
- **Basic scientific research** - e.g., pharmaceutical testing before full regulatory approvals; lab testing of a prototype with no field testing
- **Planning or diagnostic tools** that are difficult to tie directly to measurable impacts
- Innovations with **limited potential for replication** to other contexts
- Innovations with an **unclear theory of change** - e.g., an investigative journalism network
Since 2010, ~$106M in grant funding to 190+ innovations, across 46 countries
Thank you!

Learn more:
www.usaid.gov/DIV
www.divportfolio.org
@GlobalDevLab #DIVUSAID
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Geographic Reach

We have funded projects in **46 countries** and are open to ideas for **any country where USAID works**

**Grants by Country** *(number of grants, as of August 2018)*

The map includes multi-country grants, but the DIV program to date has awarded 194 grants in total.
Portfolio at a Glance

190+ awards and ~$106 million in grants since 2010

Grants by Funding Stage (total value and number of grants, as of August 2018)

Stage One: $11.5M (11%)
Stage Two: $68M (65%)
Stage Three: $25.4M (24%)

Stage One: 100
Stage Two: 85
Stage Three: 6
DIV funds innovations across **all sectors**. Many innovations solve challenges **across the boundaries of formal sectors** and are not expected to neatly fit into one.

(For example, vision impacts health, education, and economic opportunity; a pay-as-you-go solar energy service is both an energy solution and an economic growth opportunity for local sales agents)

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**Grants by Primary Sector (number of grants, as of August 2018)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Grants</th>
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<tbody>
<tr>
<td>Health</td>
<td>46</td>
</tr>
<tr>
<td>Energy</td>
<td>32</td>
</tr>
<tr>
<td>Agriculture &amp; Food Security</td>
<td>31</td>
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<td>Economic Growth &amp; Trade</td>
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<tr>
<td>Water, Sanitation &amp; Hygiene</td>
<td>22</td>
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<td>Education &amp; Training</td>
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<td>Democracy &amp; Governance</td>
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<td>Environment</td>
<td>3</td>
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<tr>
<td>Humanitarian Assistance</td>
<td>2</td>
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</tbody>
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We fund all types of organizations, from NGOs to for-profit social enterprises and academic institutions. 54% of grantees are first-time USAID partners.
• **Problem:** Families in poverty receive basic health care too late or not at all, resulting in easily preventable deaths

• **Solution:** Community health workers proactively go door-to-door to provide basic health services - such as newborn screening and treatments for malnutrition, malaria, diarrhea, etc. - directly in patient homes

• **Impact:** Achieved and sustained the lowest rate of child mortality measured in sub-Saharan Africa (7 deaths per 1,000 live births), a rate comparable to that of the United States

• **Pathway to Scale:** Public sector - building health system infrastructure and training staff
Ushahidi
Stage 2: $1,500,000
Global ▪ 2016-2019

• **Problem:** Marginalized communities around the world lack methods to communicate their needs to the organizations and governments meant to serve them

• **Solution:** An open source, citizen reporting platform adaptable to local contexts. By collecting and visualizing data for rapid response, Ushahidi raises voices, informs decisions, stops suffering, and influences change.

• **Impact:** Deployed over 150,000 times in over 160 countries, reaching 18+ million people in critical situations

• **Pathway to Scale:** Partnering with the UN Department of Field Services as the primary incident reporting software
LenddoEFL (formerly EFLGlobal and Lenddo)

Stage 2: $1,489,000
Mexico, India • 2015 - 2018

• **Problem:** Over two billion people in emerging markets are excluded from the formal financial sector

• **Solution:** Alternative credit scoring to connect underserved customers and small businesses with financial products, faster and at a low cost

• **Impact:** Over $2 billion lent to 7+ million applicants across more than 15 countries

• **Pathway to Scale:** Private sector - DIV grantee EFL Global merged with Lenddo, and now partners with banks across Latin America, Asia, and Africa

Using data and behavior surveys to provide underserved customers with financial products
Vision for a Nation

Stage 2: $395,000

Rwanda • 2016-2019

- **Problem:** An estimated 624 million worldwide could have their vision restored with a pair of glasses
- **Solution:** Delivers affordable eye care and glasses through local nurses and health centers
- **Impact:** Partnered with Rwanda’s Ministry of Health to provide universal eye care for its national population of 12 million
- **Pathway to Scale:** Public sector - partnership with Rwanda’s Ministry of Health to reach every village in Rwanda

**Accessible, affordable eye care**
Teaching at the Right Level

**Pratham, Stage 2: $926,582**
India • 2013-2015

**J-PAL Africa, Stage 3: $5,000,000**
Zambia • 2017 - 2020

- **Problem:** Many primary school students do not read at their grade level

- **Solution:** Grouping students according to skill level, instead of age or grade, and tailoring lessons and assessments to their learning level

- **Impact:** Millions of lives impacted, and rigorous evaluations have proven the model’s cost-effectiveness in multiple countries

- **Pathway to Scale:** Public sector - such as state governments in India, and Zambia’s Ministry of Education for nationwide implementation

Local solution with Mission adoption, and multi-country evidence of impact and cost-effectiveness
Grillo
Stage 1: $150,000
Mexico • 2015-2018

• **Problem:** Earthquake sensors are typically expensive (~$20,000)

• **Solution:** A dense network of low-cost ($50) sensors that detect origin, strength, and speed of earthquakes, in order to forecast when they will hit urban areas

• **Impact:** Demonstrating technical viability and accuracy of a cost-effective early warning system for earthquakes

• **Path to Scale:** Sale of alert feed to state governments and vulnerable organizations such as hospitals, schools, military facilities, utilities, etc.

A highly cost-effective solution for critical disaster alert systems
Rainforest Connection

Stage 2: $600,000
Brazil • 2017-2020

• **Problem:** Deforestation from illegal logging contributes to climate risk and harms the livelihoods of indigenous communities, but monitoring technologies are expensive.

• **Solution:** Affordable remote sensors that enable continuous, real-time monitoring of forested areas using a simple listening and sound identification software.

• **Impact:** Monitored 26,000 hectares and sequestered 6.5 million metric tons of carbon dioxide.

• **Pathway to Scale:** Partnership with the indigenous Tembé people.
Evaptainers

Stage 1: $143,800
Morocco ▪ 2016-2019

• **Problem:** Produce is often lost after harvest or before sale in markets

• **Solution:** A portable refrigerator that requires no electricity, using evaporative cooling to stay 10-15 degrees Celsius below the surrounding environment

• **Impact:** Provided 300 units to low-income rural communities through a pilot test in Morocco, to refine its prototype and develop its business model

• **Pathway to Scale:** Private sector sales

A portable refrigerator that requires no electricity
Problem: People living in extreme poverty lack the resources, training, and mentoring to become successful first-time entrepreneurs

Solution: A proven poverty graduation model for tens of thousands in rural Kenya and Uganda, using an innovative funding model (development impact bond) that pays only when results are achieved

Impact: $3.5 million in capital raised

Pathway to Scale: Partnering and using an innovative funding model that incentivizes results and ensures that donors only pay for results achieved

The first development impact bond launched for Africa and for poverty alleviation
EarthEnable

Stage 1: $150,000 • Stage 2: $1,841,000
Rwanda • 2015-2021

• **Problem:** Dirt floors are a major cause of infectious disease, respiratory illness, and diarrhea

• **Solution:** Affordable and locally produced earthen floors that are much cheaper than concrete, and easy to maintain

• **Impact:** Installed 554,000 square feet of flooring to impact 8,500 people across 300 different villages

• **Pathway to Scale:** Private sector - on track to grow to 870 masons by 2020 on its path to scale in Rwanda
Laborlink

Stage 1: $100,000  •  Stage 2: $1,063,575
India, Bangladesh  •  2013-2014, 2015-2018

• Problem: Factory workers around the world are afraid to voice concerns about workplace conditions due to fears of retaliation

• Solution: An anonymous two-way communication channel between factory workers and supply chain leaders

• Impact: Reached more than a million workers in 16 countries

• Pathway to Scale: Private sector - Laborlink was acquired by ELEVATE to further scale and integrate into ELEVATE’s 12,000+ audits per year

Using a real-time, mobile platform to amplify worker voices for safe and respectful workplaces
Problem: Uganda has the second highest rate of motor vehicle accidents in Africa, and motorcycle taxis are involved in the majority of these crashes

Solution: A service that trains drivers with safety as a priority, with a mobile application to connect users and drivers

Impact: Provides over 20,000 rides a day

Pathway to Scale: Private sector - attracting commercial capital to scale in 20 cities across Africa

An Uber-like service for motorcycle taxis, co-founded by a young entrepreneur