

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
FY2013 & FY2014 DEVELOPMENT INNOVATION VENTURES
ANNUAL PROGRAM STATEMENT (APS)

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Pursuant to the Foreign Assistance Act of 1961, as amended, the United States Government, as represented by the U.S. Agency for International Development (USAID), Office of Innovation and Development Alliances, invites applications for Development Innovation Ventures (DIV). The purpose of this APS is to disseminate information to prospective applicants so that they may develop and submit applications for USAID funding. This APS:

- Describes the types of projects for which applications will be considered;
- Describes the funding available and the process and requirements for submitting applications;
- Explains the criteria for evaluating applications; and,
- Refers prospective applicants to relevant documentation available on the internet.

USAID reserves the right to fund any or none of the applications submitted under this APS.

After the closing date for applications, the Agreement Specialist (DIV@usaid.gov) becomes the sole point of contact for all applicant inquiries.

Please note that, in order to maintain a fair and open competition for all applicants, USAID cannot accept meeting requests regarding potential applications. Applicants are encouraged to access the additional information available on our website at www.usaid.gov/div.

Note: All communication and inquiries should be done through DIV@usaid.gov and applications should be submitted to DIVApplications@usaid.gov.

Applications sent by any other means (including Grants.gov) will not be considered.

Please note that this Annual Program Statement expired on April 15, 2014, and should be used for reference only. Applicants submitting proposals after that date should refer to DIV's FY2013 & FY2014 APS at www.usaid.gov/div/aps.

EXPIRED

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Background

In announcing the first-ever U.S. Global Development Policy, President Obama called for increasing our investments and engagement in development-focused innovation. Putting in place projects and mechanisms for fostering and identifying innovative development solutions that have a broad impact on people is also a pillar of the U.S. Agency for International Development (USAID) reform program, USAID Forward.

As part of its commitment to increase investments in cost-efficient solutions, USAID launched Development Innovation Ventures (DIV) as a way to produce development outcomes more effectively and cost-efficiently while managing risk and obtaining leverage.

Through DIV, USAID seeks to identify and rigorously test promising projects with the potential to significantly (rather than incrementally) improve development outcomes, and help replicate and scale projects that are proven successful. USAID/DIV expects its most successful investments will have an accelerated growth path to reach millions of beneficiaries worldwide within 10 years. However, USAID/DIV also expects that not all of its investments will produce the projected outcomes. USAID/DIV manages this risk by staging financing. Project stages correspond with evidence of success, and USAID/DIV expects to learn from those projects that run into challenges. USAID/DIV will not fund basic scientific research (e.g. laboratory research) or large engineering challenges. Instead, USAID/DIV's comparative advantage is its focus on innovations with direct application to bettering the practice of sustainable development.

Development Innovation Ventures

This Annual Program Statement (APS) requests applications for innovative solutions in all sectors provided they are clearly linked to solving a development challenge. DIV looks for compelling new development solutions, rigorously tests them, and helps scale those that are proven successful to reach millions of beneficiaries. DIV is interested in innovations that are expected to lead to transformative (as opposed to incremental) improvements to development outcomes that could ultimately scale across multiple developing countries and, ideally, multiple sectors in these countries. Innovative solutions can include new technologies and new service delivery practices or novel or more cost-effective variations on existing practices. **Solutions are expected to eventually scale up through the private sector, the public sector, or a combination of the two in order to reach sustainability without DIV support.** To meet DIV's requirements, most successful applicants form a coalition of partners with diverse skills.

DIV is particularly interested in solutions that benefit individuals in extreme poverty¹ or poverty, and other vulnerable groups (including but not limited to women and girls, refugee or displaced communities, minority or indigenous groups, and the disabled). Applicants should describe the target population and discuss any plans to assess beneficiary demographics. DIV recognizes the need for solutions that impact beneficiaries whose populations are smaller in size (i.e. displaced communities, indigenous groups, the disabled, etc.). DIV will consider applications that target these communities, even if they do not reach "millions of beneficiaries" as is required for applicants that target the global poor more broadly.

For additional information about DIV, please visit our website at: www.usaid.gov/div

Cost-Effectiveness, Rigorous Evidence, and Pathways to Scale

The DIV model emphasizes testing potential solutions and rigorously evaluating impact to identify what works well and what does not. Successful solutions that scale through the public sector will have gathered evidence of impact using a rigorous evaluation methodology, such as an experimental or quasi-experimental evaluation, to obtain legitimate measurements. At scale, successful private sector solutions will demonstrate commercial viability, as well as measure improvements in social outcomes or impacts related to the solution (such as improvements in health, education, income, empowerment, etc. of people in developing countries).

To maximize impact, DIV seeks solutions that yield greater results per dollar than other ways of achieving the same development goals (competing alternatives). DIV seeks to scale solutions that are more cost-effective than other ways of achieving the same target impact (e.g. prevented more cases of infant mortality per dollar). Therefore, the most competitive applicants will explicitly document both the cost analysis and development outcome of each solution; the specific approach can be determined based on the solution and the funding stage.

DIV expects solutions to eventually scale up through the private sector, the public sector, or in some cases a combination of the two, in order to reach sustainability without DIV support.

Scale through the public sector:

At the time of application, the most competitive applicants provide evidence that public sector stakeholders are interested in scaling their solution if they rigorously prove that it yields cost-effective impacts. Grantees provide scaling plans in their application that outline how they will engage critical decision-makers (e.g. developing country governments and multilateral donors) into action for public sector scaling provided there is evidence for their proven development solution.

Scale through the private sector:

Market-based solutions will be successful if they can achieve widespread adoption through private sector commercialization and do not require long-run support from donors,

¹ Defined as individuals living under the global poverty lines of \$1.25 and \$2 a day adjusted for purchasing power parity (World Bank 2013).

governments, or philanthropy. The most competitive applicants will provide evidence that their solution can yield development outcomes, and that they are commercially viable (once economies of scale are reached, production costs and sales prices are such that producers recoup overhead costs and make profits, beneficiaries demand and are willing to pay for the product or service, and governments receive associated tax revenue). Most of DIV's private sector grantees plan to achieve commercial viability and scale themselves. Some demonstrate convincingly that their solutions will catalyze other businesses to achieve social outcomes.

Scaling with both public and private-sector support:

Some applicants expect to scale through a hybrid of public and private sector support, as their approach allows them to recover some but not all costs (including overhead cost) through sales. Such applicants should provide evidence that they are likely to receive the required support from both. This includes initial evidence of support from public sector stakeholders, and plans to engage critical decision-makers (e.g. developing country governments and multilateral donors) into action for public sector scaling if their solution is proven to be effective. They should also demonstrate that the projected private support is realistic. For example, applicants who plan to recover a portion of their cost from beneficiaries should provide evidence that beneficiaries are willing to pay the required amount.

Specific requirements regarding testing, cost-effectiveness analysis, and scaling expectations are delineated under “DIV Funding Stages.” **Applicants should consider forming a coalition of partner organizations to satisfy these requirements.**

[DIV Funding Stages](#)

Drawing inspiration from product development enterprises, DIV uses a three-tiered staged finance model to maximize cost-effectiveness and minimize the risk of testing new ideas. The applicant chooses a stage level based on how far their project is in its development and to what extent they have previously gathered evidence of its success. In other words, **the stage is not defined by the level of funding needed.** Many DIV projects leverage funding from other sources.

DIV seeks to test promising solutions, and uses the staged financing approach to mitigate risk. The amount and rigor of evidence required increases as more resources are requested by an applicant. Stage-specific requirements are delineated below.

Stage 1: Proof of Concept

Stage 1 funding is intended to test the real-world viability of an innovative development solution. The application must describe how the solution is clearly linked to a specific development challenge, and how the solution has the potential to produce significant impact at eventual scale.

Testing: Stage 1 grantees must assess whether the solution will yield results through evaluation or performance monitoring in a real-world setting. At a minimum, this must involve testing services, or whether beneficiaries demand and correctly use products. The most competitive applicants should also assess (or begin to assess) the social outcomes. This means implementation and testing must occur in a comparable setting to where the solution will be scaled.

Cost-effectiveness: The application must describe competing or existing development solutions and explain how their proposed solution represents an improvement on current practices in the competitive landscape. Applicants should also discuss how the solution has the potential to be more cost-effective

than alternatives. Through project activities, grantees should generate preliminary evidence on whether their solution has the potential to deliver greater development impacts per dollar than standard practice; the application should outline how specifically they will produce and measure this information.

Scaling: The application must articulate the expected pathway to scale (via the public sector or private sector, or both) and any interest and commitments from partners who could ultimately help to scale. The most competitive applicants should also discuss any legal, political or regulatory constraints to scale up, and propose steps to begin addressing these during the course of the project.

Stage 1 funding requests will typically not exceed \$100,000 per project. Stage 1 projects can propose activities for up to two years.

Stage 2: Scaling and Impact Evaluation

Stage 2 funding is provided to innovative solutions that have already demonstrated success at a small-scale stage, and now require support to assess if the solution can achieve larger scale development impact and can be implemented successfully at a larger scale. Applicants must demonstrate at the time of application that they have already satisfied Stage 1 criteria. This may have occurred with DIV funds or with other sources of support.

Testing: Stage 2 projects must include an evaluation plan that clearly measures the solution's effects on development outcomes or impacts. Solutions should be implemented at a scale that allows realistic assessment of the magnitude of development results and costs under widespread implementation.

DIV is looking for projects that have the potential to significantly improve *development outcomes* (e.g. short-to-medium term results like behavior changes and changes in beneficiaries' well-being) and *long-term impacts* (e.g. the intervention's ultimate social, economic, or environmental goals), rather than just delivering activities and outputs related to the development challenge. Applicants should explain what evidence and/or logic links the indicators they measure and the targeted impacts. If appropriate, prior research should be cited to link project results to the targeted long-term impacts.

Public Sector: When possible given the nature of the solution, projects that will scale through the *public sector* must propose a rigorous evaluation methodology such as a randomized control trial (RCT) or an appropriate quasi-experimental design. The evaluation must include a credible counterfactual regarding what would have happened in the absence of the solution. There are some innovations that would be scaled by the public sector and display great potential but are impossible to subject to the most rigorous impact evaluations with a random assignment to treatment and comparison groups because of the nature of the program or ethical considerations. In such cases, applicants must explain the challenges that prevent them from employing the most rigorous impact evaluation methodologies. Such projects will still be expected to include a monitoring and evaluation plan. USAID/DIV leadership will have limited flexibility to fund a limited number of projects that fall into this latter category each year. Exceptions will be granted by the selection committee on a case-by-case basis.

Commercial solutions that will scale without long-term public support should also assess the role of the solution (as opposed to other factors) in achieving the observed development results. At a minimum, the applicant must propose plans to track relevant changes in the target community, and assess the role of the solution in observed outcomes. The most competitive market-based solutions will complement their business metrics with a proposal that measures development impacts via a randomized controlled trial or rigorous quasi-experimental evaluation.

Cost-effectiveness: At the time of application, organizations should include preliminary evidence on whether the solution has the potential to deliver greater development impacts per dollar than standard practice. During the grant period, both public and private sector projects should evaluate whether the project yields significantly higher development impacts per dollar compared to other ways of achieving the same development goals. Evaluation plans should quantify the solution's impact per dollar on social, economic or environmental goals. To the extent feasible, organizations should compare this with the impact per dollar of competing alternatives.

Scaling: Applicants must articulate the possible pathway to scale the solution, which should include documentation of interest and/or commitments from partners (public and/or private sector) where they exist, an indication of consumer demand (where relevant), and a concrete strategy to engage all relevant stakeholders. The most competitive applicants should also discuss any legal, political or regulatory constraints to scale up, and propose steps to begin addressing these during the course of the project. Applicants that conduct a rigorous impact evaluation must include substantial plans to disseminate the results. This includes, but is not limited to, drafting and disseminating policy briefs and meeting with key stakeholders after they have generated study results. This may require project activities to continue after results (or preliminary results) are ready for dissemination. Projects expecting to scale through commercialization should provide details on the business model and plans for expansion. They should also discuss financial metrics include projections on cost of goods sold, market demand, and break even points for net profit and cash flow.

Stage 2 projects will typically not exceed \$1 million but are often significantly less. Stage 2 projects can propose activities for up to five years, although they are generally shorter.

Stage 3: Transitioning Projects to Large Scale

Stage 3 funding is reserved for innovative solutions that have already established credible evidence of development impacts at significant scale. Stage 3 projects will transition a solution from large scale implementation to widespread adoption in one country and/or replication in at least one additional country. In a country where the population is over 100 million the widespread adoption can be in a portion of the country. Applicants must have already satisfied Stage 1 and Stage 2 criteria. This may have occurred with DIV funds or with other sources of support.

Testing: Applicants must provide rigorous evidence, at the standard of a Stage 2 solution, that the solution has demonstrated cost-effective development impacts and that large scale implementation was successful. Successful applicants will outline a plan for continually assessing that the solution continues to deliver improved social outcomes or impacts, and cost-effective results, as it expands to dramatically more beneficiaries. The most competitive applicants will also propose efficient management and M&E systems to capture and share scaling lessons within their organization and to relevant partners.

Cost-effectiveness: Applicants must demonstrate cost-effectiveness based on evidence of impact at the application stage. Generally, this involves comparing the cost per development impact of the solution to alternative ways of achieving the same development goals. Applicants must also propose methods to continually assess whether the solution continues to produce cost-effective results as it expands to dramatically more beneficiaries.

Scaling: Applications should identify realistic avenues for scaling to millions within ten years (during and beyond the life of the grant) and discuss how potential operational challenges (e.g. policy requirements

or legal regulations) will be addressed. Applications should describe key stakeholders and partners needed to scale up the solution, which could include government counterparts, the private sector, and other development organizations. Applicants should include documentation of interest from those partners, and propose a concrete strategy to engage other relevant stakeholders. Applicants that intend to commercialize must discuss any interest from funders interested in providing equity or loans. The applicant must explain how they will benefit from grant-based assistance at this time and how they will transition off of public support, including how they will package their solution in a way that will be attractive to follow-on investors. The applicant must also provide projections for cost of goods sold, market demand, and break even points for net profit and cash flow. The most competitive applicants should also discuss any legal, political or regulatory constraints to scale up, and propose steps to begin addressing these during the course of the project.

Stage 3 projects will typically not exceed \$15 million but are often significantly less. Stage 3 projects can propose activities for up to five years.

[Additional Information about DIV Stages](#)

Applicants can apply at any stage without being prior recipients of DIV funding. Stages are determined by the content of the project, not by the funding required. For example, some Stage 2 impact evaluations may only require \$100,000 of DIV funding support even though the typical maximum ceiling for Stage 2 requests is \$1M. If USAID/DIV disagrees with the stage at which the applicant has placed its solution, DIV reserves the right to unilaterally reassign the stage. However, applicants are evaluated based on the stage that they indicate in their application, so applicants who apply to a stage based on their funding needs rather than on the requirements they are able to meet are at a disadvantage.

DIV recognizes that some projects need more funding than the typical ceiling noted per stage to satisfy the requirements of the selected stage. If an applicant requests additional funding beyond the suggested ceiling, the applicant must justify why additional funding is needed to meet the requirements of that stage. DIV also encourages applicants to form coalitions and to seek additional funding partners.

Applicants can apply for a given stage of funding even if their project was not funded by DIV for the previous stage, provided that they have sufficient evidence required for the given funding stage. For example, an applicant can submit its first application to DIV Stage 2 rather than Stage 1. All applicants, whether or not having received a previous DIV award, will have to fully compete (i.e. begin again at the LOI stage and be judged on the same standards as other applicants) for their first DIV award, and any follow-on awards.

DIV recognizes that entrepreneurs often need to re-invent their business model; organizations that have already received DIV funding are eligible to propose an improved iteration of the solution and apply for additional funding within their prior stage. Further, organizations may also apply for a second round of funding within the prior stage if their results justify DIV's continued investment at this funding stage.

DIV requires that all grantees submit any data sets on social outcomes generated as a result of, or in part by, solutions funded by DIV. Data sets may be posted publicly on the DIV website, at a time mutually agreed upon by DIV and the grantee, Grantees must also make their evaluation reports public on USAID's Development Evaluation Clearinghouse.

[DIV Focused Funding Opportunities](#)

As part of this APS, DIV has additional special focused funding opportunities, or APS “windows.” These may relate to USAID initiative areas, specific countries or specific topics and sectors. **All application forms and rules are unchanged** but additional resources are available for applications targeting these funding opportunities. USAID/DIV may consider any applicant under a funding opportunity or under the “core” APS. Unless otherwise specifically stated herein, all terms and conditions of this DIV APS apply. In addition to the funding opportunities described below, DIV may open additional opportunities by way of an amendment to this APS, which will be posted on www.grants.gov and www.usaid.gov/div. Current opportunities are included in Annex 3 of this APS.

Illustrative Activities

DIV emphasizes producing development outcomes more effectively and more cost-efficiently while managing risks and obtaining leverage by focusing on scale, rigorous testing, and evidence of impact. DIV seeks solutions that are substantially more cost-effective than current practice and that have potential to scale to many millions of beneficiaries within ten years. These ideas do not have to be technological solutions, but can also be new business models, new processes, or even novel combinations of tried and true techniques. Consistent with USAID’s gender policy, DIV also supports solutions across all sectors that have bold and imaginative strategies to advance gender equality and female empowerment.

DIV welcomes projects that find a new means to deliver an existing service or a new way to make an old model substantially more cost-effective. Applications may be considered for ongoing efforts provided they introduce a major new or innovative approach, dynamic, or element. Applications on all development topics and sectors are welcome; examples of the types of innovations that USAID/DIV might support are provided below. Additional examples are provided in the DIV focused funding opportunities provided in Annex 3 of this APS. Please visit our website to review our current and past portfolio for additional examples of solutions that DIV supports at www.usaid.gov/div. Illustrative examples of innovative solutions that DIV may support include:

- New tools for more effective agriculture extension, and testing for the most effective way to reach scale;
- New approaches for sanitation demand creation and sanitation marketing;
- Behavior change approaches drawing on insights from psychology and behavioral economics;
- Solutions that advance equality between females and males, and empower women and girls to participate fully in and benefit from the development of their societies, producing concrete improvements (e.g. a program that significantly increases women’s voting rates);
- New methods to reduce absenteeism among frontline health and education workers;
- Testing proof of concept for a solar lighting system distributed by local entrepreneurs at a price/service point that induces wide adoption;
- A rigorous evaluation for a larger scale innovative project that will itself be funded by other partners where the evaluation will demonstrate the magnitude of development outcomes and the cost-effectiveness of the project, and such evidence will help the project reach scale

Illustrative Scaling Opportunities

DIV is also interested in applications from partners who can scale already proven innovative interventions. Several examples of innovations are described below that have already been rigorously tested and found to have positive impact, but have not yet been brought to scale. Applicants are welcome to submit Stage 3 applications for these or other evidence-based solutions. These examples are provided for illustrative purposes only; DIV is also interested in scaling other solutions that have been proven successful by rigorous evaluation.

- Combining vaccination with nutritional projects: Vaccines are among the most cost-effective health strategies available yet there are areas with very low vaccination rates. An evaluation in India found that when a nutritional project provided one kilogram of lentils together with vaccination, full immunization rates rose from 5 to 35 percent. By encouraging more families to attend immunization clinics, these incentives can even reduce the per child cost of vaccinations.²
- Commitment savings accounts: Many of the poorest people have high return micro-investments available to them but are unable to invest due to lack of savings. Any cash they might have is easily diverted to more immediate needs. But helping them commit now to set aside money for the future can have huge effects on saving and investment, for very little cost. Innovative projects in the Philippines raised savings balances by 81 percent within a year.³
- Reducing ethnic and caste voting: In many parts of the world, many citizens vote for candidates from their ethnic groups, even when those candidates have corrupt or criminal backgrounds. To address this, an NGO in India held village meetings and puppet shows encouraging voters to “vote on issues; not on caste.” In those villages, more voters registered and voted than in control villages. Furthermore, these voters were less likely to vote for members of their caste and less likely to vote for candidates with criminal backgrounds.⁴
- Reducing corruption: Corruption in infrastructure is so widespread that many donors shy away from supporting infrastructure projects. However, audits can decrease the amount of money that is stolen during construction. An experiment in which the frequency of government audits increased from 4% of projects to 100% reduced missing expenditures by 8 percentage points in a road construction project in Indonesia.⁵
- Reducing drop-out by informing parents of the value of education: Providing parents with information about how much higher wages are for students who finish primary school increased attendance of enrolled children by 3.5 percentage points from a baseline of 85.6 percent in Madagascar, and reduced dropouts by 7% in the Dominican Republic.⁶

² Banerjee, Abhijit, Esther Duflo, Rachel Glennerster, Dhruva Kothari. “Improving Immunization Rates through Regular Camps and Incentives in Udaipur.” www.povertyactionlab.org

³ Ashraf, Nava, Dean Karlan, Wesley Yin. 2006. “Tying Odysseus to the Mast: Evidence from a Commitment Savings Product in the Philippines,” *Quarterly Journal of Economics*, May 2006, pp. 635–672.

⁴ Banerjee, Abhijit, Donald Green, Jennifer Green, Rohini Pande. 2009. “Can Voters be Primed to Choose Better Legislators? Evidence from Two Field Experiments in Rural India.” Working Paper.

⁵ Olken, Benjamin. 2007. “Monitoring Corruption: Evidence from a Field Experiment in Indonesia.” *The Journal of Political Economy*, 2007, vol. 115, no. 2.

⁶ Jensen, R. 2007. “The Perceived Returns to Education and the Demand for Schooling.” In mimeo, Brown University. AND Nguyen, T. 2007. “Information, Role Models and Perceived Returns to Education: Experimental Evidence from Madagascar.” In mimeo, MIT.

- Support of microenterprise: A Project in Sri Lanka provided small grants, in the form of financial capital or critical equipment, to micro-entrepreneurs. These \$100 or \$200 grants generated returns on the order of 60% per year.⁷
- Iron and vitamin A supplements: The diets of many poor children leave them undernourished and anemic. These children become sick more easily, have higher morbidity rates, and may fall behind on cognitive development. Providing iron and vitamin A supplements through schools is cheap and effective.⁸
- After-school projects for basic skills: Even when children go to school, many end up learning virtually nothing. Schools do not always teach the right things and cannot accommodate the needs of children who fall behind. Concentrating on basic skills can prove remarkably effective. Children who attended a pilot version of the after-school “Read India” project for just three months jumped from simply recognizing letters to reading entire paragraphs on their own, at a cost of no more than \$2.25 per pupil, per year.⁹
- Civil society and health provision: A randomized field experiment on community-based monitoring of public primary health care providers in Uganda found treatment communities were more involved in monitoring the provider, and the health workers exerted higher effort to serve the community. There were also large increases in health care utilization and improved health outcomes, including reduced child mortality and increased child weight.¹⁰
- New techniques to change risky behavior: Providing information on the relative risk of HIV infection by partner’s age led to a 28 percent decrease in teen pregnancy, an objective proxy for the incidence of unprotected sex. Self-reported sexual behavior data suggests substitution away from older (riskier) partners and toward same-age partners. In contrast, the official abstinence-only HIV curriculum had no impact on teen pregnancy.¹¹
- Publicizing findings of random audits of municipalities: In 2003, as part of an anticorruption project, Brazil’s federal government began to select municipalities at random to audit their expenditures of federally transferred funds. The findings of these audits were then made publicly available and disseminated to media sources. A rigorous impact evaluation showed that the release of the audit outcomes had a significant impact on incumbents’ electoral performance.¹²

Activities that DIV does not fund

DIV does not support activities that are considered “standard” development practice; this includes effective projects that are not a good fit for DIV’s objectives. For example, standard development practice would include new wells for villages, more books for some schools, or projects using

⁷ De Mel, Suresh, David McKenzie, Christopher Woodruff. 2008. “Returns to Capital in Microenterprises: Evidence from a Field Experiment.” *The Quarterly Journal of Economics*, Nov 2008.

⁸ Bobonis, Gustavo, Edward Miguel, Charu Sharma. 2004. “Iron Deficiency Anemia and School Participation.” Poverty Action Lab Paper No. 7.

⁹ Duflo, Esther, Rachel Glennerster. 2010. “Read India: Helping Primary School Students in India Acquire Basic Math and Reading Skills.” www.povertyactionlab.org

¹⁰ Bjorkman, Martina, and Jacob Svensson. 2009. “Power to the People: Evidence from A Randomized Field Experiment on Community-Based Monitoring in Uganda.” *The Quarterly Journal of Economics*, May 2009, pp. 735 – 769.

¹¹ Dupas, Pascaline. 2011. “Do Teenagers Respond to HIV Risk Information? Evidence from a Field Experiment in Kenya.” *American Economic Journal: Applied Economics*, 3 (1), pp.1-36, January 2011.

¹² Ferraz, Claudio and Frederico Finan. 2008. “Exposing Corrupt Politicians: The Effects of Brazil’s Publicly Released Audits on Electoral Outcomes.” *The Quarterly Journal of Economics*, May 2008.

development methodologies already demonstrated to be effective. Other examples of activities that do not align with DIV's strategy include:

- Approaches that expect to achieve only incremental improvements as opposed to approaches expected to significantly increase development outcomes and/or reduce costs. For example, a minor modification to the practices of a health clinic, allowing the number of patients screened for HIV to increase from 25 to 28 per day.
- Approaches that are only applicable in a single country (unless the project is expected to scale to a very large proportion of the most populous countries in the world).
- Private sector applications to expand businesses in developing countries that are unlikely to lead to significant development impacts. For example, support for a car dealership in Indonesia that is likely to be profitable, but will not have large scale development impact on the lives of the poor in Indonesia.
- A planning tool, strategy document, or diagnostic that is unlikely to result in measurable development impacts.
- Projects whose only 'innovation' is to bundle a number of activities, where each of these activities are not innovative when standing alone, and little evidence is provided regarding the bundle's cost-effectiveness. For example, an education project that combines developing curriculum, teacher training, parent training, textbooks, computer labs, etc. (Note that successful applications may be able to make a strong case for a cost-effective and innovative bundle of a limited number of activities).
- Approaches that reinforce harmful gender norms.
- Approaches that focus on basic scientific or laboratory-intensive Research and Development (R&D), instead of field testing. Basic research is defined as research directed towards fuller knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. This research is better supported by other parts of the US Government, foundations, and other international entities. DIV funding may be used for planning or lab-based product refinements as long as the products are field-tested during the grant, and as long as this does not represent the significant amount of the funding request.
- Approaches that attempt to examine many hypotheses, but that will not result in a tested innovation with a potential to scale. For example, an application that includes 10 potential types of new school curricula, and an evaluation to see which specific version works better than the others.
- Theoretical and/or descriptive socio-economic research that pushes the boundaries of academia without also being linked to an innovation that has the potential to achieve development outcomes at scale.

Applying to DIV

DIV recognizes that development breakthroughs can come from anywhere—a lab in a university, a local organization who has deep contextual knowledge, or a passionate entrepreneur. Many DIV projects require a coalition of partners to test and scale the solution. Under this APS, DIV seeks applicants with creative ideas that can lead to game-changing innovations in development. The DIV application process balances the needs of a rigorous yet efficient selection process while reducing the burden on the applicant.

Eligible Applicants

1. DIV welcomes applications from many types of organizations. According to ADS 303.3.6.2, “USAID may provide assistance to any U.S. or non-U.S. organization, individual, non-profit, or for profit entity.” These eligible organizations may include:

- U.S. Non-Governmental Organizations (NGOs)
- Non-U.S. NGOs
- Individuals
- Faith-based organizations
- U.S. and Non-U.S. private businesses
- Business and trade associations
- International Organizations¹³
- U.S. and non-U.S. colleges and universities (public and private)
- Civic groups
- Regional organizations
- Foundations

All applicants must be legally recognized organizational entities under applicable law. The participation of foreign government organizations under this APS is possible only through an approved subaward agreement with a prime recipient (as described in ADS 303.3.21).

2. Applicant’s activities should take place in the countries for which USAID provides assistance. Please note that grant funding may be used to cover expenses incurred at headquarters locations, including indirect costs, if these locations are not in countries where USAID provides assistance.
3. Applicant must be an organization from, or with an operational focus in, a country that is not ineligible for assistance under the Foreign Assistance Act of 1961, as amended, or related appropriations acts.

In addition to these eligibility requirements, by the time of award applicants should be able to demonstrate that they are legally able to perform the proposed work in the country of implementation. DIV can only review applications from organizations that certify in writing in the space provided in the Letter of Interest form that they meet these requirements.

In order to receive an award, the applicant must have a DUNS number and be registered in SAM.gov. This is not required at the time of application, but must be established prior to award. For information about DUNS numbers see: <http://www.dnb.com>. For information about SAM.gov see: <https://www.sam.gov/>

It is not required that organizations register as a Private Voluntary Organization (PVO) to be considered for financing through Development Innovation Ventures, and registration does not provide a

¹³ PIOs that which to elect to compete in this process will be subject to the award requirements and provisions for PIOs set out in ADS 308 (<http://www.usaid.gov/policy/ads/300/308.pdf>).

competitive advantage (in accordance with [ADS 303.3.6.2](#)). However, USAID generally encourages organizations to consider registration as a PVO and its potential benefits. <http://idea.usaid.gov/ls/pvo>.

Application Process

The DIV application process consists of two steps. Applicants must first submit a Letter of Interest (LOI). After a competitive review process described below, DIV will invite a subset of applicants to submit a Full Application.

1. Letter of Interest

Interested applicants must first submit an LOI. **All LOI submissions must be submitted using the LOI form posted at www.usaid.gov/div.** As requested by the LOI, applicants should describe the purpose of the project, summarize the project's goals, and include financial information for the project among other criteria in the LOI. LOIs will be evaluated in accordance with the criteria presented in the "Evaluation Factors" section of this APS. Attachments to the LOI will not be reviewed. If DIV finds the project proposed in the LOI to be responsive to the selection criteria, then the applicant will be invited to submit a Full Application. Please note that an invitation to submit a Full Application does not constitute intent to award. The LOI is provided in Annex 1 for informational purposes only.

Deadlines for LOIs:
August 15, 2013
December 16, 2013
April 15, 2014

2. Full Application

Only invited applicants will receive the Full Application form. The Full Application form will be provided to invited applicants with submission instructions attached. The Full Application form requests additional and more in-depth information than the LOI. The Full Application is provided in Annex 2 for informational purposes only.

All application materials must be in English and submitted electronically to the attention of the Agreement Specialist at DIVApplications@usaid.gov. **Applications sent by any other means (including Grants.gov) will not be considered.**

All LOI submissions must be submitted using the LOI form posted at www.usaid.gov/div. Applications must be in MS Word or PDF. It is the applicant's responsibility to ensure that files are complete and transmitted by the deadline.

Not all applicants submitting an LOI will be invited to submit a Full Application. Full Application submissions should be limited to one email containing all relevant documents; documents may be submitted as a .zip file. DIVApplications@usaid.gov only accepts file sizes less than 15MB.

Page limits beyond the specified limits listed on the LOI and Full Application may not be considered. Citations should be provided whenever possible, and assumptions used to generate estimates should be clearly explained. USAID bears no responsibility for data errors or omissions. USAID may accept applications past the deadline due to transmission difficulties that are not the fault of, or within the

control of, the applicant with the approval of the USAID Agreement Officer. USAID is not responsible for any costs incurred in preparing the LOI or Full Application or otherwise participating in the DIV competition for funding.

Application Review

Three-Phase Application Review Process

DIV uses a three-phase competitive review process as described below. Applicants will be notified of their status as their application advances through these phases.

Prescreen: Applications are initially screened for compliance with APS guidelines and eligibility criteria and are assigned a pass or fail rating. Applications receiving a failing grade for basic compliance will not move forward in the process. Prescreen takes approximately 10 working days.

LOI Evaluation: If the applicant passes the Prescreen, the LOI is reviewed and higher scoring LOIs will be invited to submit a Full Application. Reviewers may include individuals with relevant expertise who are not employees of the Federal Government. All reviewers will be required to sign conflict of interest and non-disclosure forms. All LOIs will be independently reviewed and scored according to the evaluation factors described below. Lower scoring LOIs will not be requested to provide a Full Application, and they may receive written debriefings upon request. LOI Assessment takes approximately 40 working days from the closing date of the LOIs.

Full Application Evaluation: If an Applicant advances through the LOI Assessment they will be invited to submit a Full Application. The Full Application form including submission instructions and due date will be provided at that time. Applicants will be given six weeks to write and submit the Full Application. The applications will be reviewed by a panel, which may include members who are not employees of the Federal Government. All reviewers will be required to sign conflict of interest and non-disclosure forms. All applications will be independently reviewed and evaluated according to the evaluation factors section of this APS. If the applicant has received DIV funds previously, the reviewers may also consider the applicants' prior performance with DIV, although organizations that have received prior DIV funding do not have an advantage or disadvantage in the application process. High scoring applications will be recommended for funding and will be notified of their application advancement. Lower scoring applications will be rejected and may receive debriefings upon request. Full Application Assessment takes approximately 40 working days from the closing date of the full application.

Applicants that are not selected for funding may address deficiencies and resubmit an LOI in the next round. Addressing deficiencies and resubmitting does not guarantee an award.

Communication with USAID and Applicants

Applicants and those considering applying must send all questions and responses to questions from DIV to DIV@usaid.gov. At any stage in the application review process, DIV reserves the right to pose clarifying questions to and conduct discussions with some, all, or none of the applicants during the selection process as determined by the Agreement Officer. DIV may request applicants for larger awards conduct a teleconference, videoconference, or travel to USAID/Washington at their own expense to present their application. Applicants will be given advance notice of this request. Those

with pending applications who do not receive such an invitation should not contact USAID/DIV to attempt to schedule a presentation.

If an applicant has submitted a Full Application that was not selected for funding, USAID has the option to ask the applicant to submit a revised Full Application that addresses the deficiencies identified by the technical review. In these special instances, the applicant would not be required to submit another LOI, but would instead move directly to the Full Application Assessment phase of the next appropriate reviewing period. This scenario is reserved for special cases, and is only at the invitation of USAID. These applications will be reviewed in accordance with the evaluation criterion listed in the Evaluation Factors section.

If DIV identifies opportunities to strengthen or fund an application by connecting with existing USAID mechanisms and/or external partners, USAID/DIV may make that application available for appropriate consideration.

Note: Letters of support from USAID Missions or Bureaus are not requested; however, upon award, awardees may be expected to coordinate with USAID Missions and Bureaus as appropriate.

Funding Decisions

DIV seeks to select projects across a wide range of technical and regional areas across all three stages. DIV reserves the right to make selection decisions in order to balance its portfolio across sectors, countries, and organizations. USAID reserves the right to fund any or none of the applications submitted. USAID will not fund applications which, in its view, will result in the use of U.S. taxpayer funding in a duplicative or redundant manner. This includes activities determined to be outside of the best interest and value to the United States Government. DIV anticipates making up to approximately \$25M of awards under this APS.

Additional considerations that DIV will take in making funding decisions include:

- Merit of the proposed project against the technical evaluation factors as described below;
- Availability of funds; and,
- Relevance of the proposed project in relation to Agency and program priorities including geographic diversity and coverage of underserved areas.

USAID anticipates making awards under this APS in the form of grants including Fixed Obligation Grants and Cooperative Agreements.

In accordance with ADS 303.3.3, Assistance instruments are issued when the principal purpose of the transaction is to accomplish a public purpose of support or stimulation, as authorized by the Foreign Assistance Act of 1961, as amended (FAA). The different assistance instruments are:

a. Fixed Obligated Grant:

In accordance with ADS 303.3.25, a Fixed Obligated Grant (FOG) is the appropriate instrument when USAID awards a grant to support a program with very specific elements. The FOG format allows performance without monitoring the actual costs incurred by the recipient. FOGs are appropriate for supporting specific projects when the AO is confident that a reasonable estimate of the actual cost of the overall effort can be established and

USAID can define accomplishment of the purpose of the grant through defined milestones. This is the preferable method of award for the DIV APS. It is faster and less administrative burden on both the grantee and USAID.

b. Grant:

A Grant is the appropriate instrument when substantial involvement is not anticipated between USAID and the recipient during performance of the proposed program.

c. Cooperative Agreement:

A Cooperative Agreement (CA) is the appropriate instrument when the Operating Unit and the Agreement Officer (AO) determines that USAID's substantial involvement during the administration of an award is necessary for the achievement of the programs objective.

For additional information regarding USAID's grant policies including Cooperative Agreements and Fixed Obligation Grants please see: <http://www.usaid.gov/policy/ads/300/303.pdf>.

Award Negotiation

Applicants will be notified when the status of their LOI or Full Application has changed.

Once applications have been selected for award, applicants will be connected with Development Innovation Ventures grant manager(s) and a point of contact in USAID's Office of Acquisition and Assistance (OAA). The award drafting and negotiation process includes multiple steps associated with meeting federal and agency requirements and may take several months or more, depending on many factors including but not limited to the size of the financial request, past experience of the applicant organization, the type of award instrument identified for the proposed activities, the results of the initial environmental examination, and other considerations.

For more information on USAID's award solicitation and award processes, please refer to the following resources.

- USAID's Automated Directives System (ADS) Series 300, available at <http://www.usaid.gov/who-we-are/agency-policy/series-300>. ADS Chapter 303, Assistance, "Grants and Cooperative Agreements to Non-Governmental Organizations" is particularly helpful for DIV applicants.
- <http://www.usaid.gov/work-usaid> includes many helpful links, including The Grant and Contract Process (<http://www.usaid.gov/work-usaid/get-grant-or-contract/grant-and-contract-process>). The most relevant steps for applicants include steps 7 and 8. Please consider downloading the "Grant and Contract Process: Basic Guide"
- Applicants are welcome to contact DIV at DIV@usaid.gov with specific questions.

Evaluation Factors

DIV will use the following evaluation factors when assessing requests for funding under this APS.

Letter of Interest Evaluation Factors

The degree to which the solution demonstrates:

- Possibility of significant development impact for millions of individuals within ten years;

- Feasibility to be more cost-effective than competing alternatives;
- Feasibility of proposed project team and partner organization(s) to bring the necessary skills and expertise;
- A credible evaluation plan that will generate the necessary evidence and lessons to lead to future scale up if proven successful.

Full Application Evaluation Factors

Full Application evaluation factors are listed below in descending order of importance:

Potential Impact & Scale – The degree to which the innovative solution demonstrates:

- Potential to contribute significantly to a development challenge;
- Feasibility to be more cost-effective than competing alternatives.

Project Team – The degree to which the composition of the project team demonstrates:

- Sufficient knowledge and experience in managing projects in complex settings (including in developing countries), deep understanding of the development challenge and proposed solution, evaluation skills, and ability to garner credibility with senior government, policy or private sector, and/or community leaders, as appropriate;
- Clarity of roles, responsibilities, and lines of authority.

Measuring Success – The degree to which the evaluation plans for innovative solution:

- Will generate implementation lessons to inform future scale up;
- Will generate data and evidence of sufficient rigor to demonstrate development impacts

Implementation Approach – The degree to which the implementation approach:

- Is appropriate in design and setting to generate the expected conclusions;
- Engages stakeholders as appropriate in the process;
- Include a Branding and Marking Plan that is appropriate to the proposed approach.
- Demonstrated understanding of current context on the ground and potential challenges to implementation, and strategy for addressing them should they occur.

Leveraging Resources – The degree to which the project strategically utilizes:

- Cost share from applicant and project partners;
- Other opportunities to leverage programs or resources, such as host-country government programming or potential partnerships and collaborations.

Past Performance – The degree to which applicant's past performance:

- Demonstrates the ability to successfully implement and execute the project as designed, which could include demonstrated past experience of managing projects of similar magnitude, complexity, objectives or in similar contexts.

Letter of Interest and Full Application Scoring

DIV will use the following scoring methodology to assess each LOI and Full Application on the evaluation factors provided above.

Rating	Description
Excellent	Response to the criteria exceeds the fullest expectation of the Government in that it is comprehensive, thorough and with exceptional merit. The response to the criteria convincingly demonstrates that the proposed project will result in outstanding, effective, efficient and economical performance in the delivery of high quality deliverables under the award. The response to the criteria has no deficiencies or significant weaknesses. If there are any weaknesses, they are few and minor, and when combined, pose no performance risk to the government.
Very Good	Response to the criteria demonstrates overall competence, meets all minimum requirements and exceeds requirements in some areas but not all. The response to the criteria demonstrates that the applicant can successfully complete all deliverables, and all work will be accomplishment in a timely, efficient, and economical manner. There are no deficiencies or significant weaknesses, but some weaknesses are identified. However, these are not expected to negatively affect the completion of deliverables. No overall performance risk exists to the government.
Good	Response to the criteria meets the requirements. While the applicant demonstrates an ability to complete the work in some areas, there are some deficiencies or significant weaknesses in the response to the criteria. However, these combined weaknesses still represent an overall low performance risk to the government.
Fair	Response to the criteria minimally meets basic requirements and it demonstrates a limited understanding of the requirements. Implementation of the proposed project would likely lead to unsatisfactory performance. The response to the criteria contains deficiencies and significant weaknesses as well as several weaknesses that will negatively affect performance and the quality of the deliverables. The response to the criteria or sub-criteria represents moderate performance risk to the government.
Poor	Response to the criteria has many deficiencies and/or gross omissions, including failure to address the elements of the criteria, failure to understand much of the work necessary to perform the required tasks; failure to provide a reasonable, logical approach to fulfilling the Government's requirements; failure to meet many requirements of the solicitation. Significant performance risk to the government.
Nonresponsive	Response to the criteria fails to address all elements of the criteria and fails to understand the work necessary to perform the required tasks; fails to provide a reasonable, logical approach to fulfilling the Government's requirements; fails to meet the requirements of the solicitation. Significant performance risk to the government.

Award Administration

An award shall be made only by the USAID Agreement Officer upon his/her signature to incur costs. He/she will only do so after making a positive responsibility determination that the applicant possesses, or has the ability to obtain, the necessary management competence in planning and carrying out assistance projects and that it will practice mutually agreed upon methods of accountability for funds and other assets provided by USAID.

For U.S. organizations, 22 CFR 226, OMB circulars, and the Standard Provisions apply. For non-U.S. non-governmental organizations, the Standard Provisions for Non-U.S. Non-Governmental Organizations apply.

- The Standard Provisions for U.S. organizations can be found at: <http://www.usaid.gov/policy/ads/300/303maa.pdf>
- The Standard Provisions for Non-U.S. Non-governmental Organizations can be found at: <http://www.usaid.gov/policy/ads/300/303mab.pdf>

Where applicable, applicants may be required to report on specific indicators according to USAID policy. Applicants will be notified of these requirements at the pre-award stage.

Applicants seeking information about project profit, project income, intellectual property or other issues regarding USAID's administration of grant awards should consult 22 CFR 226 for applicable regulations.

Environmental Protection and Compliance

Environmental sustainability is integral to USAID's overall goal. The Foreign Assistance Act of 1961, as amended, Section 117 requires that the impact of USAID's activities on the environment be considered and that USAID include environmental sustainability as a central consideration in designing and carrying out its development projects. This mandate is codified 22 CFR 216 and in USAID's Automated Directives System (ADS) Parts 201.5.10g and 204 (<http://www.usaid.gov/policy/ads/200/204.pdf>) which, in part, require that the potential environmental impacts of USAID-financed activities are identified prior to a final decision to proceed and that appropriate environmental safeguards are adopted for all activities. In addition to complying with USAID environmental regulations and policy, the recipient must comply with host country environmental regulations. In case of conflict between host country and USAID regulations, the latter shall govern. No project funded by USAID will be implemented unless an environmental threshold determination, as defined by 22 CFR 216, has been reached for that project.

The USAID/DIV Bureau Environmental Officer or any Mission Environmental Officer can be contacted for further information regarding USAID's environmental regulations and policies. For a listing of USAID Environmental Officers and background information on this requirement please refer to www.usaid.gov/our_work/environment/compliance/index.html.

Annex 1: Letter of Interest (LOI)

Letter of Interest Form

All applicants MUST use this form to apply

Development Innovation Ventures (DIV) identifies, tests, and supports innovative and cost-effective solutions to the world's most intractable development challenges. DIV holds a grant competition for innovative ideas, pilots and tests them using cutting-edge analytical methods, and scales solutions that demonstrate widespread impact and cost-effectiveness. If you have a great idea, please submit a Letter of Interest (LOI) to DIV using this form. **Citations should be provided whenever possible, and assumptions used to generate estimates should be clearly explained.** Please submit the final LOI to DIVApplications@usaid.gov. Once you submit a LOI, it will undergo a competitive review and if successful, we will ask you to submit a full application.

For additional information about DIV, examples of great projects that we support, and our application process and timeline, please visit DIV's website at <http://www.usaid.gov/div/>. **Please carefully review our [Annual Program Statement](#) available on our website before submitting your LOI.**

Please use 11 point Calibri font. **DIV may not review any material beyond nine pages; the nine page limit includes the instruction text as well as the information provided by the applicant.**

I. Eligibility Checklist

DIV welcomes applications from many types of organizations including foundations, U.S. and non-U.S. non-governmental organizations (NGOs), faith-based organizations, U.S. and non-U.S. private businesses, business and trade associations, international organizations, U.S. and non-U.S. colleges and universities (public and private), civic groups, regional organizations, etc.

DIV will only review applications from organizations that meet the following minimum requirements. Check all that apply:

- Applicant is a legally recognized organizational entity under applicable law.
- Applicant's proposed activities take place in the countries for which USAID provides assistance. If the project covers activities in other countries, the DIV grant can only be used for activities in USAID presence countries.
- Applicant must be an organization from, or with an operational focus in, a country that is not ineligible for assistance under the Foreign Assistance Act of 1961, as amended, or related appropriations acts.

II. Organization Information

- A. Organization legal name:
- B. Organization type (please select from dropdown menu): Select item
If 'Other', please specify:
- C. Organization address:

Street Address

City:

State/Region:

Zip/Postal Code:

Country:

- D. Contact information:

Primary point of contact

Secondary point of contact

Name:

Name:

Title:

Title:

Telephone:

Telephone:

E-mail:

E-mail:

III. Overview Information

- A. Project title:
- B. DIV stage (please select from dropdown menu). Please refer to the Annual Program Statement (APS) for definitions of each stage. The stage should be selected based on project activities, not funding needs: Select stage
- C. Total funding requested (USD):
- D. Proposed cost share (USD) (see the Annual Program Statement for definition):
- E. Which of the following best describes the sector your solution addresses? (please select from dropdown menu): Select Item
If 'Other', please specify:
- F. Secondary sector, if any (please select from dropdown menu): Select Item
If 'Other', please specify:

- G. Partner organizations:
- H. Primary country where the project will take place:
- I. Secondary country/countries (if any) where the project will take place:
- J. Expected duration of project activities (months):
- K. Expected source of financial support at scale (long-term widespread implementation):
Select item
- L. Has the applicant ever received USAID funding in the past? Select item
- M. Has the applicant received USG funding for this or a similar project? Select item
- N. Has the applicant received DIV funding for this or a similar project? Select item
If 'Yes', please provide the grant number:
- O. How did you initially hear about DIV? Select item
If 'Other', please specify:

IV. Project Information

DIV recommends that applicants provide about half a page of text for each section A – E (excluding the instructions). However, applicants may determine the length of each section as long as the full Letter of Interest (including instructions) does not exceed nine pages. **Please thoroughly review the [Annual Program Statement](#) before answering the following question.**

A. Development Challenge, Your Innovation, and Anticipated Impacts

Challenge: What development challenge are you addressing?

Innovation: What solution are you proposing?

Impact: What impact do you expect your innovation to have on this development challenge? How will it significantly impact the development challenge in a way that has not been feasible before?

Context and Previous Experiences: Describe how your solution is relevant to the country or countries' context. Describe previous experiences implementing or testing the solution and any evidence of successful development impact. Answer required for Stage 2 and Stage 3 applicants.

Use of Funds: How will you use DIV funding?

Anticipated results: What do you anticipate achieving with DIV funds?

B. Target Beneficiaries and Potential to Scale

Provide the most appropriate estimate of who the solution will directly and indirectly affect.

Definition of direct beneficiary:

Definition of indirect beneficiary:

Scaling: What are possible avenues for scale up (e.g. public sector, international donors, private sector commercialization, or a combination) over the next 3 – 10 years, and what are your plans to get there?

How many people do you expect to reach, both in the country described above and globally? Please explain how you calculated these estimates, including statistics and assumptions if relevant.

	<u>Direct</u>	<u>Indirect</u>
Before DIV support		
In 1 year?		
In 3 years?		
In 5 years?		
In 10 years?		

What are the characteristics of your target beneficiaries or customers (e.g. income groups or other demographics)?

C. Cost-Effectiveness and Competitive Landscape

Competitive Landscape: What are existing common practices or competing solutions that seek to address the same development challenge as your solution in the area you intend to operate and scale?

Advantages of the Innovation: What makes your innovation more appealing than alternatives to beneficiaries and public and/or private sector stakeholders who could invest in scale-up?

Cost Effectiveness: Please explain why your solution has the potential to yield greater impact per dollar than alternate ways of achieving the same development impacts. Provide estimates of impact per dollar for your solution and alternatives if possible.

D. Measuring Success

Approaches to evaluation will vary by solution. Specific evaluation standards apply to each funding stage.

Social Impact: How will you measure progress towards social impacts? What is your comparison group, if any?

Cost Effectiveness: How will you measure whether your solution has the potential to yield greater impact per dollar than alternative ways of achieving the same development impacts?

Lessons Learned: How will you generate relevant lessons throughout implementation? How will your evaluation inform your scaling strategy?

Please describe any plans to track your beneficiaries or customers' characteristics (as described in Section B, e.g. income group).

E. Project Team

Lead Organization Briefly describe the lead implementing organization, including relevant experience.

Project Team Describe the composition of the project team including key personnel, discussing the skills and experience they contribute to the proposed objectives.

Partners Describe partner organizations (if any) and what skills and experience they contribute to implementing or scaling the project. Please distinguish between partners that have already agreed to participate and organizations (or types of organizations) that you will target.

F. Citations Please list citations for above five sections below (only content written in the LOI will be reviewed as part of the application; these citations will be used to verify factual accuracy if necessary).

V. Submission

Please email your completed LOI in MS Word or compatible format to DIVApplications@usaid.gov. Please do not send more than one LOI per project or any additional attachments or information. Once you've submitted your LOI, you will receive a confirmation that we have received it. Your LOI will undergo a competitive review and if successful, we will ask you to submit a full application. Please carefully review our [Annual Program Statement](http://www.usaid.gov/div/) available at <http://www.usaid.gov/div/> before submitting your LOI.

By submitting this LOI, your organization is certifying that the answers to the questions are accurate to the full extent of your organization's knowledge.

Name of authorized representative

Date

For additional information about DIV, examples of great projects that we support, and our application process and timelines, please visit our website at <http://www.usaid.gov/div/>.

Annex 2: Full Application

Only invited applicants should submit the Full Application form. The Full Application form will be provided to invited applicants. The following is provided for informational purposes only.

Full Application Form

Development Innovation Ventures (DIV) aims to find and support breakthrough solutions to the world's most important development challenges. DIV seeks applications that have ideas for addressing development challenges more effectively and more cheaply.

For additional information about DIV, examples of great development ideas that we support, and our application process and timeline, please visit DIV's website at www.usaid.gov/div. Please carefully review our Annual Program Statement (APS) available on our website before completing your application.

Application Instructions

Only applicants that previously submitted a Letter of Interest (LOI) and have been invited to submit a Full Application from DIV should complete this application. Please submit the final application form to DIVApplications@usaid.gov.

Please complete all items below. Applicants must review the descriptions of each funding stage provided in the APS to ensure the application addresses the specific requirements of the stage adequately. **Citations should be provided whenever possible, and assumptions used to generate estimates should be clearly explained.** Additional responses may be necessary depending on which stage the applicant is applying to or whether the applicant plans to scale the innovation through the private or public sector. Specific requirements for a certain stage or for private or public sector innovations are identified in ***bold italics***.

Applicants may only submit 50 pages of materials. This includes the instruction text as well as the required attachments.

VI. Eligibility to Submit an Application

Please enter the 5-digit tracking number that DIV provided in the request for full application email:

VII. Organization Information

E. Organization legal name:

F. Contact information:

Primary point of contact

Name:

Title:

Telephone:

E-mail:

Secondary point of contact

Name:

Title:

Telephone:

E-mail:

G. Total funding requested (USD):

H. Proposed cost share (USD) (see the Annual Program Statement for definition):

I. Which of the following best describes the sector your solution addresses? (please select from dropdown menu) Select Item

If 'Other', please specify:

J. Secondary sector, if any (please select from dropdown menu) Select Item

If 'Other', please specify:

K. Partner organizations:

L. Primary country where the project will take place:

M. Secondary country/countries (if any) where the project will take place:

N. Expected duration of project activities (months):

O. Expected source of financial support at scale (long-term widespread implementation) :

VIII. Executive Summary (1 page maximum)

What development challenge are you addressing? What solution are you proposing? How will this be an improvement over current development practice? Briefly explain your solution's cost effectiveness relative to alternatives as well as your plan to develop rigorous evidence, and also outline potential pathways to scale. Please provide the country or countries in which you will implement your project. Include an overview of the project timeline, the funding amount requested, and if applicable, any cost share commitments. Please provide relevant data and citations in support of your statements.

IX. Project Description (20 page maximum)

A. Description of the Development Challenge, Your Solution and Anticipated Impacts

What development challenge are you addressing? What solution are you proposing? What is the magnitude of this challenge in the proposed country of implementation, as well as globally (include relevant statistics)? What impact do you expect your solution to have on this development challenge? How is your solution relevant to the country or countries' context? How will it significantly impact the development challenge in a way that has not been feasible before? If applicable, describe previous experiences implementing or testing the solution and any evidence of successful development impact (required for Stage 2 and Stage 3 applicants). Please provide relevant data and citations in support of your statements.

Stage 3 solutions: Provide a summary of evidence demonstrating development impact of the solution, including a summary of evaluation methodology(s) and findings, and relevant citations.

B. Target Beneficiaries and Potential to Scale

Who and how many will the solution directly impact? Who and how many will the solution indirectly impact? Provide a definition of direct and indirect "beneficiary" as it relates to your project's potential impact. Explain your methodology for calculating the anticipated number of beneficiaries, and explain how they will be affected. What are the characteristics of your target beneficiaries or customers (e.g. income group)? What is the maximum level of scale your solution could reach in the long-term, both in the country described above and globally? What are possible avenues for scale up over the next 3 – 10 years, and what are your plans to get there? In the future, how can costs and responsibilities be shared among the private sector, public sector, beneficiaries, or other partners? Please provide relevant data and citations in support of your statements.

Stage 2 & 3 private sector solutions: Please outline a business plan for scaling the solution that includes potential investors or internal revenue that would be available to sustain the solution going forward.

Provide the most appropriate estimate of who the solution will directly and indirectly affect.

Definition of direct beneficiary:

Definition of indirect beneficiary:

	<u>Direct</u>	<u>Indirect</u>
Before DIV support?		
In 1 year?		
In 3 years?		

In 5 years?

In 10 years?

C. Cost-Effectiveness and Competitive Landscape

What are existing common practices or competing solutions that seek to address the same development challenge as your solution in the area you intend to operate and scale? What makes your solution more appealing than alternatives to public and/or private sector stakeholders who could invest in scale-up? Please explain why your solution has the potential to yield greater impact per dollar than alternate ways of achieving the same development impacts. Provide estimates of impact per dollar for your solution and alternatives if possible.

Stage 2 & 3 private sector solutions: Provide the following metrics: cost of goods sold (including whether these include distribution, maintenance and/or replacement costs), sales estimates, gross margins, net margins and the product or service pricing. Please submit past year (up to three) income statements along with five year pro formas, including a list of assumptions. Please describe the major assumptions that go into the income statements and any evidence to support the validity of these assumptions.

D. Implementation Plans

How do you plan to implement the solution? What are your goals for the grant period? Provide a rationale that implementation will occur at an appropriate scale and in a relevant context to achieve these stated goals. Identify how previous implementation experiences have informed the proposed approach. Outline a plan for continuously evaluating implementation success and taking corrective actions, and how potential operational challenges (e.g., policy requirements or legal regulations) will be addressed. Include an implementation plan as an attachment.

Stage 2 & 3 solutions: Outline how smaller scale experiences demonstrate the feasibility for larger scale implementation. In the case of **private sector solutions**, this should include a summary of uptake and/or demand for the innovative solution, willingness to pay, or other relevant trends from previous experiences.

E. Stakeholder Engagement

Who is critical to the success of the solution and its scale up? How will they be involved in the project? Discuss their level of support for the proposed solution. If available, provide a letter or memorandum of understanding (including any cost share or leverage commitments) indicating the anticipated role and responsibilities of the relevant partners such as the host country ministry, local government, private sector partners, evaluators, NGOs, etc. as an attachment. This is particularly important for **Stage 2 & 3 proposals**.

Note: Letters of support from USAID Missions or Bureaus are not requested; however, upon award, awardees may be expected to coordinate with USAID Missions and Bureaus as appropriate.

F. Measuring Success

Discuss how the innovative solution will be evaluated for impact on development outcomes and feasibility, as relevant to the requirements of the funding stage. Provide objectives of the evaluation, measures that will be assessed, and a rationale for the proposed evaluation design. If applicable, include the confidence level, confidence interval, and power of the rigorous design.. Discuss how you will assess cost-effectiveness (whether your solution has the potential to yield greater impact per dollar than alternative ways of achieving the same development impacts). Describe how performance monitoring will be included as part of the evaluation process (including monitoring of the overall program if the solution is nested within or supported by a broader program or other interventions, and any plans to track beneficiaries or customers' characteristics as described in Section B, e.g. income group). Describe how lessons will be collected to inform future implementation and how evaluation will inform your scaling strategy.

Stage 2 & 3 private sector solutions: DIV recognizes that an impact evaluation may not be possible; however, the evaluation plan must demonstrate a way to assess the demand for the innovation from potential customers in developing countries. In addition to assessing the economic effects, evaluation plans must also include methods and measures to demonstrate a social impact. ***Please refer to the Annual Program statement for stage-specific evaluation requirements, and for guidelines on the different evaluation standards for private-sector and public-sector solutions***

X. Project Team (1 page maximum)

- A.** What key staff is the applicant proposing to support the proposed project objectives? Are there project partners that are also providing staff to support the project objectives? If so, what are their expected roles and responsibilities? Provide a staffing matrix that lists all positions that will be essential to the success of the project. Describe roles, responsibilities, required Level of Effort, and organizational affiliation. Please outline personnel gaps and needs as well as the intended steps to reconcile these gaps. Demonstrate that the overall project team includes management experience in complex settings (including developing countries), a deep understanding of the development challenge and proposed solution, evaluation skills, and ability to garner credibility with senior government, policy or private sector, and/or community leaders, as appropriate. "Overall project team" includes implementation partners, if any.

B. For those positions where a key staff person has been identified, please provide biographies or short Curriculum Vitae (CV) as attachments. For all positions, please provide a job description that includes a set of qualifications as an attachment. Include a high level organization chart as an attachment that outlines how any US-based staff will interact with staff based in other countries.

XI. Leverage (1 page maximum)

Leverage represents all of the non-USAID resources that are expected to be applied to a program. It may include cost sharing, but may also include resources that third parties bring to the program without necessarily providing them to the recipient. These parties may include the host government, private foundations, businesses, or individuals. Cost share (including in-kind contributions) refers to the resources a recipient contributes to the total cost of an agreement. Cost sharing becomes a condition of an award when it is proposed and is part of the approved award budget. Cost sharing must be verifiable from the recipient’s records, is subject to the requirements of 22 CFR 226.23, and can be audited. Using these definitions, please outline what leverage and cost share will realistically contribute to the project objectives.

Stage 3 private sector solutions: The most competitive applications will demonstrate commitment from outside investors and/or demonstrate increasing internal revenues.

XII. Past Performance

Please provide up to three past performance references* that can speak to the ability of the applicant to work effectively as part of a team, achieve results, or successfully implement projects similar in magnitude, complexity, objectives and contexts within the past three years. When past performance information is present, applicants shall furnish award numbers and other details with contact information for two or three similar projects funded over the past three years by USAID, or any other government entity or third party source.

Name of the organization which funded the project(s)	Award number	Point of contact name	Mailing address	Email address and phone number	Overall dollar value of the project

*Despite the presence of this evaluation criterion, newer organizations and applicants with little or no prior related grant awards are highly encouraged to apply for USAID/DIV awards and are eligible for consideration. Under these circumstances, please provide alternative references, e.g. professional references for key personnel. USAID reserves the right to obtain past performance information from all relevant sources, including those not named in the applicant’s application. When applicants have received a previous DIV award for the same project, DIV will also consider the applicants’ past work with DIV.

XIII. Cost Application

- A.** Please provide a Budget and Budget Narrative which must include the following: (5 pages maximum)
1. The project Budget shall clearly show how funds will be used to support the activities proposed in the application's Technical Narrative. The Budget shall display unit costs (if applicable) and costs by year and shall include sub-cost applications for each component. Suggested line items include, but are not limited to, the following: personnel, fringe benefits, office rent, utilities, equipment, communications, local travel, sub-grants, in-direct or administrative costs.
 2. If indirect cost rates are proposed, the applicant should provide a copy of its most recent negotiated indirect cost rate agreement (NICRA) or other documentation from its cognizant Government Audit Agency, if any, stating the most recent agreed upon indirect cost rates. If the applicant does not have an approved NICRA, a summary of how in-direct costs are calculated must be provided or all cost should be allocated as direct costs.
 3. The Budget should also include all financial and in-kind cost-share, if any, of all organizations involved in implementing the proposed activities. The Budget should include a breakdown of all costs to each partner organization involved in the project, including sub-grants to be financed with the requested funding. DIV encourages applicants to focus resources in project implementation, rather than salaries, benefits, etc.
 4. The Budget Narrative must explain all costs – and the basis of those costs – contained in the Budget.
- B.** Each applicant must submit a SF 424, 424A, and 424B that is signed by the applicant:
- [SF-424](#), Application for Federal Assistance
 - [SF-424A](#), Cost application Information – Non-Construction Programs
 - [SF-424B](#), Assurances – Non-Construction Programs

A link to these forms can also be found at <http://idea.usaid.gov/div/how-apply>

XIV. Attachments

The following materials are requested as attachments that supplement the information put forward in the application narrative. They will be used to determine eligibility or to score against relevant evaluation criteria.

1. Work plan in Gantt chart format
2. Proposed Milestone Chart. Milestones should include concrete and specific objectives (e.g. sales or distribution targets) against which the applicant and DIV will assess progress. Milestones should also include targets that need to be achieved in order to make progress on project scaling plans (e.g. which stakeholders need to be engaged, etc.). Milestones should represent tangible steps towards project competition. This document should also specify what quarterly

deliverables will be provided to DIV (e.g. progress reports and (when applicable) quarterly indicators).

3. Staffing matrix and high level organizational chart or table
4. Biographies or short curriculum vitae and/or position descriptions for all key staff
5. Letters of support or memoranda of understanding from project partners
6. A statement describing 1) any risks to project success and plans to mitigate them and 2) risks to achieving scale and plans to mitigate them.
7. A statement describing potential gender implications/considerations including potential indicators
(http://www.usaid.gov/our_work/policy_planning_and_learning/documents/GenderEqualityPolicy.pdf)
8. Branding and Marking Plan
(http://www.usaid.gov/business/business_opportunities/cib/pdf/aapd05_11.pdf)
9. Environmental compliance checklist
10. Documentation to demonstrate the organization's ability to legally perform the proposed work in the country/region of operation.

XV. Submission

Please email your completed Application and Attachments in MS Word or compatible format or PDF to DIVApplications@usaid.gov. Please send one email containing all relevant documents as separate files; documents may be submitted as a .zip file. If possible, DIV encourages applicants to also send a second email with all attachments merged into one PDF in the order listed above.¹⁴ DIVApplications@usaid.gov only accepts file sizes less than 15MB.

Once you have submitted your application, you will receive a confirmation that we have received it. Please carefully review our Annual Program Statement, which includes our review process and timelines, available at <http://www.usaid.gov/div/> before submitting your Application.

By submitting this Application, your organization is certifying that the answers to the questions are accurate to the full extent of your organization's knowledge.

Name of authorized representative

Date

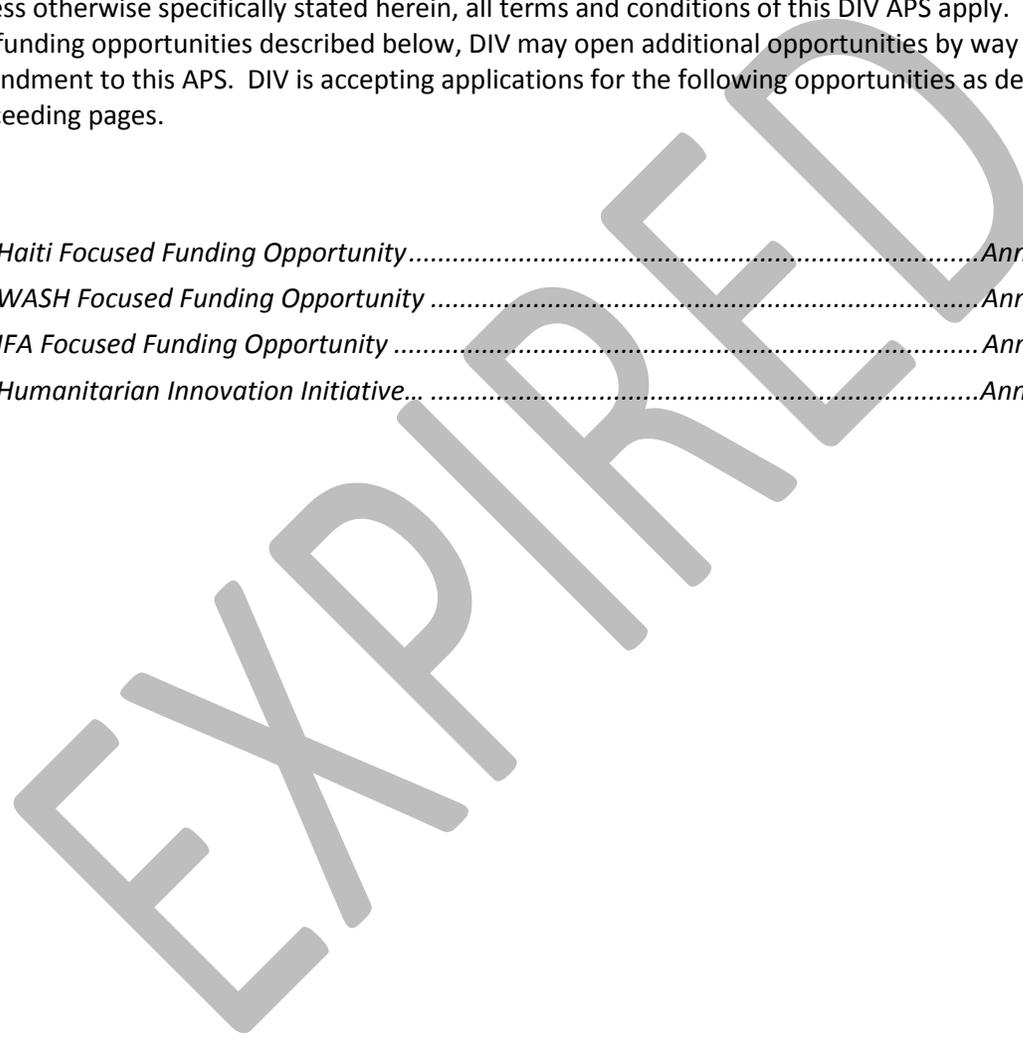
¹⁴ In addition to software packages, PDF services are available online. The following service is free of charge:
http://download.cnet.com/PDFfill-Free-PDF-and-Image-Writer/3000-18497_4-10432936.html?tag=dropDownForm;productListing;pop

Annex 3: Focused Funding Opportunities

As part of this APS, DIV has additional special focus areas, or APS “windows.” These may relate to USAID initiative areas, specific countries or specific topics and sectors. **All application forms and rules are unchanged** but substantial additional resources will be available for applications targeting these funding opportunities. USAID/DIV retains the right to evaluate any applicant under a focused funding opportunity or under the “core” APS.

Unless otherwise specifically stated herein, all terms and conditions of this DIV APS apply. In addition to the funding opportunities described below, DIV may open additional opportunities by way of an amendment to this APS. DIV is accepting applications for the following opportunities as described in the proceeding pages.

<i>Haiti Focused Funding Opportunity</i>	<i>Annex 3A</i>
<i>WASH Focused Funding Opportunity</i>	<i>Annex 3B</i>
<i>IFA Focused Funding Opportunity</i>	<i>Annex 3C</i>
<i>Humanitarian Innovation Initiative</i>	<i>Annex 3D</i>



Annex 3A: Haiti Focused Funding Opportunity

As part of the “USG Haiti Strategy”, USAID/DIV makes this special call for the submission of DIV proposals related to the Post-Earthquake United States Government’s Haiti Strategy (USG Haiti Strategy). This program is authorized in accordance with Part 1 of the Foreign Assistance act of 1961, as amended.

USAID’s Development Innovation Ventures (USAID/DIV), as part of its collaboration with USAID/Haiti, is making a special call for the submission of DIV proposals related to the Post-Earthquake United States Government’s Haiti Strategy (USG Haiti Strategy), hereinafter to be referenced as the “Haiti focused funding Opportunity.” The specific objective of this Haiti focused funding Opportunity is to identify, rigorously test, and scale cost-effective solutions to the development challenges represented by the four pillars of the USG Haiti Strategy.

Background

The United States Government has identified four focus areas, or “pillars,” of investment critical to achieving economic growth and stability in Haiti. These are outlined in the 5-year USG Strategy for Haiti.

- Pillar A: Infrastructure and Energy
 - Housing
 - Ports and Economic Growth Poles
 - Energy
- Pillar B: Food and Economic Security
 - Agriculture and Nutrition
 - Economic security – Support to Micro, Small, and Medium-Sized Enterprises
- Pillar C: Health and Other Basic Services
 - Health
 - Education and Youth-Focused Services
- Pillar D: Governance and Rule of Law
 - Governance
 - Rule of Law

Applicants are requested to specify the pillar(s) and priority area(s) to which their project contributes within the Technical Narrative of the application. Applicants are strongly encouraged to refer to the USG Haiti Strategy document, which can be found at www.state.gov/documents/organization/156448.pdf. This document provides detailed descriptions of the priority areas and specifies assistance objectives within each.

Proposals suitable for USAID funding under this funding opportunity will clearly fit within the geographic and technical scope of the USG Haiti Strategy; identify the specific development challenge being addressed; provide a technical proposal that convincingly demonstrates the project’s innovativeness; and provide a clear plan for rigorously measuring impact and cost-effectiveness. Applications addressing any elements of the USG Haiti Strategy are welcome. Examples of the types of challenges for which innovative, cost-effective solutions are sought include but are not limited to:

- **Increasing job skills and earnings of out-of-school youth.** The median age of the Haitian population is 21, and over 50% have not completed primary school. Unemployment is over 40%, and underemployment is widespread. Providing up-to-date, applicable job skills that increase young people's earnings at low cost is therefore a pressing challenge.
- **Placing job seekers in firms.** Information often does not effectively flow between job seekers and firms, resulting in very inefficient job markets.
- **Creating accountability for operations and outcomes in non-public schools.** Over 90% of Haiti's schools are not public, and are run by churches, NGOs, for-profit entities, and others. The government's efforts to license and regulate have been ineffective, resulting in highly variable and on average poor educational quality and outcomes.
- **Providing potable water or sanitation in a sustainable, cost-effective, environmentally responsible manner where no sanitation services currently exist.** In parts of Haiti, water is limited, sewage treatment facilities are non-existent, and land is limited. Additional challenges include the presence of cholera and a high water table.
- **Increasing development impact of remittances.** Remittances equal nearly 20% of Haiti's annual GDP, but many barriers may limit their development impact.
- **Achieving high rates of farmer utilization of agricultural information to increase productivity.** About 60% of Haitians are employed in agriculture, and productivity has been stagnant or declining for several decades. Efforts to increase productivity require effective methods to achieve high rates of information dissemination and adaptation among farmers.
- **Providing cost-effective and sustainable energy to rural populations.** About 50% of the Haitian population lives in rural areas, where expansion of the electricity grid is likely to be prohibitively costly. Providing low-cost, reliable, and environmentally sustainable power to this population is a significant challenge.

Refer to the USG Haiti strategy for more discussion of the development challenges for which USAID/Haiti is seeking solutions.

Annex 3B: WASH Focused Funding Opportunity

USAID's Development Innovation Ventures, as part of its "WASH for Life (Water, Sanitation & Hygiene for Life)" collaboration with the Bill and Melinda Gates Foundation, makes this special call for the submission of DIV proposals related to water, sanitation, and hygiene, hereinafter to be referenced as "WASH for Life."

The specific objective of WASH for Life is: to identify, test, and transition to scale promising approaches to achieving cost-effective, sustained, scalable outcomes in the water, sanitation and hygiene sectors to significantly improve the lives of the impoverished around the world.

All application forms and rules are unchanged from the DIV APS but substantial additional resources will be available for proposals targeting this funding opportunity. Unless otherwise specifically stated herein, all terms and conditions of the DIV APS apply.

Background

Water, sanitation, and hygiene are all critical to reducing the burden of water-borne diseases. One Millennium Development Goal (MDG) aims to cut in half the number of people without sustainable access to basic sanitation by 2015. But efforts are off track by up to 700 million people. 1.2 billion people practice open defecation, meaning they have no sanitation facilities at all, and 1.3 billion people use unsafe latrines. Even though researchers estimate that effective sanitation services alone can reduce diarrheal disease by up to 45 percent, 1.6 million children still die each year from diarrheal disease. Diarrhea is the second leading cause of death among children under the age of five. Only roughly 10 percent of all government and donor funds dedicated to water, sanitation, and hygiene improvements are focused on sanitation. Where there are investments, they tend to be in large infrastructure projects that serve non-impovertised areas and often infrastructure is not well maintained.

The government and markets have failed to date in reaching the economically disadvantaged in a sustainable, at scale and effective manner but these failures can be overcome by competing innovative and cost-effective approaches from diverse partners, testing projects rigorously, and scaling and replicating those that are proven successful. Through WASH for Life, USAID/DIV explicitly seeks to support new, promising approaches with the aim to help produce health outcomes more effectively and more cost-efficiently for people in developing countries. WASH for Life will focus not on basic research for new technologies, but rather on ways to increase sustained uptake of behaviors for which there is demonstrated evidence of impacts. It is expected that these promising approaches will be innovative, in that they will often involve new applications of technologies, new business practices, new ways to deliver services, behavior change messaging, and financial and institutional arrangements and processes, with the potential to deliver significant, rather than incremental, improvements in producing cost-effective development outcomes at scale.

Projects suitable for USAID/DIV funding under WASH for Life will demonstrate:

Problem identification - correcting market and government failures. Ineffective service delivery through both markets and governments can lead to poor outcomes for marginal groups, wastage, and unintended consequences. Proposals must address the potential for addressing these sorts of failures and how the proposed approach creates incentives for these failures to be avoided and/or easily detected.

Cost-effectiveness. Projects should demonstrate cost-effectiveness in a rigorous and measurable way. Projects must achieve more development outcomes per dollar spent than the standard project targeting those development outcomes, or the same development outcomes as an alternative project, but at a smaller cost.

Sustainability and Scale. This call is open to a variety of approaches to sustainability, including both public and private sector finance, but USAID/DIV will support approaches especially if there is reason to believe proposed adopters will pay and that services will reach people who need it. New approaches should be scalable and replicable, with the potential to reach millions of people in 10 years as they are adopted to scale across multiple countries, ideally across multiple WASH sectors, or in developing country health more broadly.

Although applications addressing all WASH areas are welcome; examples, intended to be illustrative and not comprehensive, of the types of projects that could be funded in this call could include:

- Endowment funds for infrastructure maintenance;
- Trust funds that provide long run rewards and create incentives for high quality construction;
- New approaches to WASH finance such as output-based funding and cash on delivery for key WASH outcomes;
- New approaches for sanitation demand creation and sanitation marketing;
- District-level contracting for operations and maintenance, with a potential focus on schools as a focal point for service delivery;
- Point-of-collection water treatment;
- Behavior change approaches drawing on insights from psychology and behavioral economics; and
- New approaches to influence social norm setting around WASH.

Solicitation

Under this focused funding opportunity, USAID/DIV seeks out proposals that test and transition to scale approaches to achieving cost-effective, sustained, scalable changes to significantly improve the lives of the impoverished. Although projects addressing problems in any WASH area or any country may apply, USAID/DIV will also have additional resources available for interventions that:

- Operate in the following priority countries: Bangladesh, Ethiopia, Ghana, Haiti, India, Kenya and/or Nigeria;
- Address issues in the sanitation and hygiene sectors in particular; and,
- Target beneficiaries earning under \$2 a day (PPP adjusted).

Annex 3C: IFA Focused Funding Opportunity

USAID's Development Innovation Ventures (USAID/DIV), as part of its collaboration with USAID/LAC, is making a special call for the submission of DIV proposals that address challenges in the countries of Latin America and the Caribbean, hereinafter to be referenced as the "Innovation Fund for the Americas" or "IFA".

Building on the DIV Haiti Initiative, the specific objective of the Innovation Fund for the Americas is to identify, rigorously test, and scale more effective and lower cost solutions to some of the Latin America and the Caribbean (LAC) region's toughest development challenges.

All application forms and rules are unchanged from the DIV APS, but additional resources will be available for proposals targeting this window. Unless otherwise specifically stated herein, all terms and conditions of the DIV APS apply.

Background

After more than a decade of strong economic growth, dramatic declines in poverty, and deepening democracy in Latin America and the Caribbean, the United States is shifting its development approach in the region to focus on those challenges that threaten recent gains, including the themes debated at the VIth Summit of the Americas: deteriorating citizen security, vulnerability to natural disasters and persistent poverty and inequality. In addition to a more focused approach, the Obama Administration is seeking to deliver more global development for less by prioritizing investments in innovation. IFA, announced by President Obama at the Summit, will tap into and support the best new development ideas coming out of the private sector, academia and the NGO community around the world to tackle the very development challenges that United States and the region are grappling with.

Although projects addressing problems in any sector or operating in any country in the LAC region are eligible, IFA is especially interested in proposals that:

- Address energy, climate change and environment, citizen safety, at-risk youth, education and democracy challenges; and
- Address challenges within the four pillars of the U.S. Haiti strategy (infrastructure and energy, food and economic security, health and other basic services, and governance and rule of law). For more information, see the DIV Haiti Initiative [<http://idea.usaid.gov/div/div-haiti-initiative>]
- Address market-based models for scaling development solutions through the private sector, with a particular emphasis on small businesses in Mexico.

Proposals suitable for USAID funding under this window will identify the specific development challenge being addressed; provide a technical proposal that convincingly demonstrates the project's innovativeness and potential to scale in the LAC region and beyond (although proposals that will reach scale only within LAC are also permissible); and provide a clear plan for rigorously measuring impact and cost-effectiveness. Where applicable, applicants may be required to report on specific indicators according to USAID policy. For example, proposals addressing challenges in the USG REDD+ strategy must meet thematic and indicator requirements (for more information visit:

http://www.usaid.gov/our_work/environment/climate/policies_prog/redd.html).

Examples of the types of challenges for which innovative, cost-effective solutions are sought include but are not limited to:

- Reducing emissions from deforestation and degradation (REDD). New ways to bridge the divide between private companies and indigenous communities – who are often the owners or managers of the most suitable lands – through new technology, new project management approaches or other cutting edge innovations to reduce emissions and biodiversity loss from forests. Low cost ways to link land surveys, carbon monitoring and reporting for national REDD project registries – similar to Brazil’s Amazon-wide system for tracking deforestation -- would offer the opportunity to advance USG REDD goals.
- Supporting the development of clean technologies that advance Mexico’s growing renewable energy portfolio and promote innovation in energy efficiency.
- Promoting technological innovations which increase productivity and reduce costs for small businesses in Mexico.
- Tracking Farm-Based Emissions. Mobilizing social networks, mobile phones and satellite networks to work with local communities, NGOs, the private sector and/or governments to track emissions from agriculture from key farming sectors in the LAC region without further driving forest clearing and emissions.
- Reducing the escalating violence and crime in Mexico, Central America and the Caribbean.
- Addressing the increasing numbers of disconnected, marginalized at-risk youth (especially in Central America and the Caribbean).
- Tackling the poor institutionalization of criminal justice sector reform and the protecting human rights.
- Narrowing of political space for civil society organizations.
- Improving low early grade literacy.
- Matching job training to the needs of employers.
- Preparing for and dealing with natural disasters and extreme weather linked to climate change.

Refer to the USAID/LAC website (http://www.usaid.gov/locations/latin_america_caribbean/) and USG Climate Change REDD+ strategy (http://www.usaid.gov/our_work/environment/climate/policies_prog/redd.html) and the USAID economic growth strategy for more discussion of the development challenges for which IFA is seeking solutions.

Annex 3D: Humanitarian Innovation Initiative

USAID, in collaboration with the United Kingdom’s Department for International Development (DFID), is making a special call for the submission of proposals that identify innovative approaches to challenges in the delivery of humanitarian assistance. This special call for proposals will hereinafter be referenced as the “USAID-DFID Humanitarian Innovation Initiative” (“the Initiative”). The Initiative will be managed by Development Innovation Ventures (DIV) in close collaboration with USAID’s Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA).

The specific objective of the Initiative is to source, test and bring to scale innovative solutions to some of the toughest challenges within the humanitarian arena.

The application form and rules are those detailed in the DIV APS. Additional resources beyond those available in the central DIV program are made available for proposals targeting this Initiative. Unless otherwise stated herein, all terms and conditions of the DIV APS apply.

Background

In the period 2000-2009, more than 2.2 billion people were affected by 4,484 natural disasters. The impact of these crises has often been felt most deeply by the poorest in developing countries. The vulnerability of the poor to hazards is increasing as a result of demographic, political and environmental changes. While mortality associated with physical hazards is reducing, the economic costs of these events have risen by 200% over the past 25 years.¹⁵ In addition, to responding to natural disasters, humanitarian actors are at the forefront of providing assistance in a range of complex emergencies, marked by war and civil conflict, famine, and large-scale insecurity. Providing assistance within these complex contexts requires innovative and careful approaches.

In order to address the growing scale and complexity of humanitarian needs, a few major challenges must be considered, including:

- The need for greater investment in building resilience to shocks to avoid the loss of development gains previously made;
- The need for greater partnership with host governments (national and local level) and local civil society organizations, which are often on the front-line in helping to anticipate, prevent and respond to disasters;
- The need to better integrate new humanitarian actors into the existing international humanitarian architecture;
- The need to grapple with insecurity and erosion of humanitarian space.

¹⁵ UNDP, (2012). “Tackling exposure: placing disaster risk management at the heart of national economic and fiscal policy”, National Communications Support Programme. Kellet, Jan and Dan Sparks. (2012). Disaster Risk Reduction: Spending Where It Should Count, <http://www.globalhumanitarianassistance.org/wp-content/uploads/2012/03/GHA-Disaster-Risk-Report.pdf>.

Although projects addressing humanitarian challenges in any country are eligible, the Initiative is especially interested in proposals that:

- Seek to improve humanitarian outcomes, specifically related to: reduction of mortality and morbidity, prevention and treatment of acute malnutrition, strengthening emergency health initiatives, provision of safe shelter and settlements, strengthening the ability of households and communities to maintain or recover their livelihoods in the wake of a disaster, protection of vulnerable populations;
- Improve the collection and use of data to inform humanitarian decision-making and accountability at all stages of the disaster cycle (anticipation, preparedness, response and recovery), and at all levels (local, national and international);
- Focus on disaster risk reduction in low-income, high-risk countries;
- Identify fresh approaches for empowering local actors and communities to address chronic vulnerability.

Proposals suitable for funding under this focused funding opportunity will identify the specific humanitarian response challenge being addressed; provide a technical proposal that convincingly demonstrates the project's potential to scale; and provide a clear plan to rigorously measure and evaluate the impact and cost-effectiveness of the proposed interventions.

Successful proposals will convincingly demonstrate a strong understanding of the international humanitarian architecture. These proposals will consider alternative solutions for addressing challenges in the humanitarian arena as well as identify the likely barriers to scaling in the humanitarian sector and provide a corresponding plan to overcome them.

This focused funding opportunity will only fund solutions for which a proof of concept has been established i.e. only Stage 2 and Stage 3 solutions in the humanitarian field will be eligible for grants from the USAID-DFID Humanitarian Innovation Initiative. The funding opportunity does not cover water and sanitation innovations to avoid duplication with other opportunities included in the DIV APS.

DFID will contribute up to \$4 million to fund eligible solutions under the Initiative. Additional technical assistance will be available for selected applicants to DIV by the Skoll Centre for Social Entrepreneurship, at the Said Business School, Oxford University. Further funding for successful projects may be provided under the standard DIV funding opportunity and rules.

Refer to the USAID-DFID Humanitarian Innovation Initiative website (<http://www.usaid.gov/div/humanitarian-initiative>) for more details and discussion of the humanitarian challenges for which this focused funding opportunity is seeking evidence-based solutions.