USAID
FROM THE AMERICAN PEOPLE

DEVELOPMENT INNOVATION VENTURES

# Turning Bright Ideas into Global Solutions

## DIVidends: A Decade of Innovation

Since 2010, USAID's open innovation program, Development Innovation Ventures (DIV), has invested in global innovators who are testing new ideas to address the world's most intractable development challenges, building rigorous evidence of what works, and scaling the most impactful, cost-effective solutions. DIV combines best practices from venture capital and academia to maximize results while minimizing risks, impacting millions of people living in poverty, and at a fraction of the usual cost.

DIV helps USAID engage with the private sector and other new partners. Innovations supported by DIV support developing countries on their journeys to self-reliance.

**Built on the idea that game-changing ideas can come from anyone, anywhere, at any time, DIV supports companies, social entrepreneurs, non-profits, researchers, and others to address development challenges.** DIV accepts applications year-round at www.USAID.gov/DIV for innovations in every sector and country in which USAID operates. Utilizing internal and external expertise, DIV assesses applications through the lens of its core principles—rigorous evidence of impact, cost-effectiveness, and potential for scale and financial sustainability. With its co-creation approach and flexible funding model, DIV is a change-maker whose impact continues to inspire new methods and investment models to achieve key development objectives.

DIV was co-founded in 2010 by Dr. Maura O'Neill and Nobel Laureate Dr. Michael Kremer. The DIV team continues to build on the legacy of DIV's unique approach to expand the frontiers of aid effectiveness and impact investing a decade later.

> **"[T]echnology and innovation can play a huge role in improving the quality of life of poor people across the globe, but the surprising truth is that the right approach for harnessing that innovation hasn't been incubated in freewheeling Palo Alto, but in the bowels of a supposedly hidebound government bureaucracy in Washington, D.C."**
>
> — "Can Silicon Valley Save the World?" *Foreign Policy*, June 2013

## 10 YEARS OF IMPACT

DIV's innovative model has allowed the program to achieve more results per dollar invested to achieve greater good, at greater scale, for less than traditional models of development.

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|---|---|
| **$149** MILLION | INVESTED IN INNOVATIVE SOLUTIONS |
| **>225** INNOVATIONS | PILOTED, TESTED, OR SCALED |
| **53%** OF INNOVATORS | NEW TO WORKING WITH USAID |
| **>10,500** APPLICATIONS | RECEIVED SINCE 2010 |
| **99** MILLION | LIVES IMPROVED BY DIV INNOVATIONS* |
| **17:1** SOCIAL RETURN | ON DIV'S INVESTMENT* |

* Analysis of DIV's early portfolio from: Kremer, M.;, Gallant, S., Rostapshova, O.; Thomas, M. 2021. "Is Development Economics a Good Investment? Evidence on scaling rate and social returns from USAID's innovation fund."

**ABOVE:** Children hold a solar-powered lamp enabled by Zola Electric (formerly Off Grid Electric), a DIV grantee in Tanzania. © Matthieu Young/USAID

# Fueling Innovation in Global Development

DIV—inspired by the venture capital model—funds a variety of relatively early stage innovations, investing larger amounts only in rigorously validated solutions backed by evidence. This tiered-funding approach allows for risk taking at early stages of an innovation while mitigating risk at later stages, and ensures that funding maximizes impacts per dollar spent.

## DIV's Funding Stages

**STAGE 1**

**PILOT.** Up to $200,000 to pilot innovations that are early in development and need real-world testing to understand user demand, social outcomes, and feasibility.

**STAGE 2**

**TEST AND POSITION FOR SCALE.** Up to $1.5 million to support impact evaluations, further market testing, or operational expansion of innovations that have already conducted successful pilot testing.

**STAGE 3**

**TRANSITION TO SCALE.** Up to $15 million to transition proven approaches to scale.

**EVIDENCE GENERATION.** Up to $1.5 million to evaluate widely-used approaches that lack sufficient evidence of causal impact and cost-effectiveness.

## DIV's Funding Principles

**RIGOROUS EVIDENCE OF IMPACT.** Evidence of clear, measurable outcomes demonstrates what works in development. As DIV relies on evidence to understand the impact of different innovations, it can fund research to prove out new solutions to development challenges.

**COST-EFFECTIVENESS.** DIV invests in solutions that have the potential to deliver maximum impact for every dollar—those that can prove they are better, faster, cheaper, or more impactful than their alternatives.

**SCALE.** DIV supports impactful solutions that are most likely to scale to improve millions of lives while being financially sustained through the market or public sector.

# Innovations Paying DIVidends

DIV takes a broad approach to innovation by supporting business models, products, behavioral interventions and applied research, as well as replications of proven innovations in new environments. DIV was an early backer of various results-based funding interventions, facilitated and supported USAID's work on cash benchmarking, and has been a global leader in supporting randomized controlled trials (RCTs) to rigorously test innovations' impact. Some DIV-supported innovations have been adopted by Missions and Bureaus across USAID while DIV's model has inspired the creation of other open innovation, evidence-driven funds around the world.

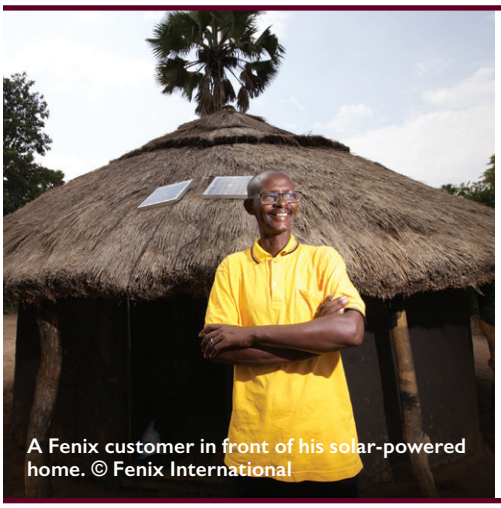
CommCare

2010 2012, 2020

### Dimagi CommCare, India

Dimagi's flagship product, CommCare, is a sector-agnostic case management platform. With a Stage 1 grant in 2010, DIV was an early investor in CommCare, allowing Dimagi to pilot and test the platform in India. DIV has since supported Dimagi to scale and prove the impact of CommCare and to enhance it through cutting-edge artificial intelligence (AI) technology that will enable frontline workers to proactively identify potential problems early on. To date, over one million frontline workers in 80 countries across more than 2,000 projects have used CommCare to improve worker efficiency and patient outcomes. With over 60 studies assessing CommCare's impact, it is the most evidence-based platform for frontline workers in low-resource settings.

Frontline workers in India learn how to use a mobile service delivery application built on Dimagi's CommCare platform. © Dimagi



A Fenix customer in front of his solar-powered home. © Fenix International

fenix intl
A company of ENGIE

2016

## Fenix ReadyPay Solar Home Systems, Zambia

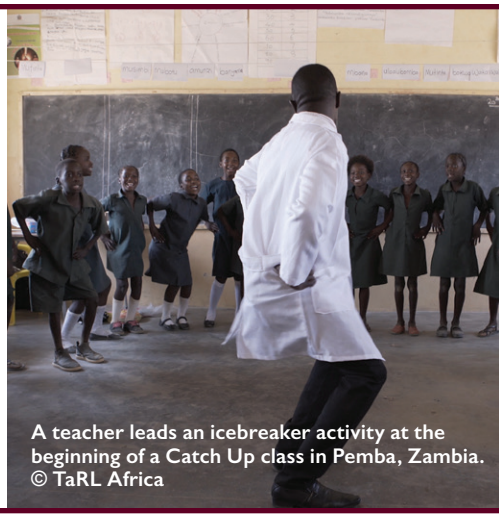
Fenix offers expandable, lease-to-own, solar home systems (SHS) financed through ultra-affordable installments over mobile money. In 2016, DIV partnered with USAID's Scaling Off-Grid Energy team to support Fenix's expansion from Uganda into Zambia, a nascent and largely underserved market. By the end of the DIV award, Fenix was the leading SHS company in Zambia. In 2017, Fenix was acquired by ENGIE, a multinational electric utility company, and expanded into four new countries—Benin, Côte d'Ivoire, Nigeria, and Mozambique. Fenix has delivered clean, affordable energy to 3.5 million people across six countries in Africa.

TaRL teaching at the right level

| PRATHAM | J-PAL AFRICA | YOUNG IOVE |
|---|---|---|
| 2013 | 2017 | 2020 |

## Teaching at the Right Level (TaRL), India, Zambia, Botswana

Pratham pioneered the Teaching at the Right Level (TaRL) model, a learner-centered program that helps students catch up to grade level. In 2013, a DIV grant supported an early evaluation that demonstrated the cost-effectiveness of the model. Years later, a Stage 2 award in partnership with Young Iove is now supporting TaRL in Botswana, and a Stage 3 award in partnership with J-PAL Africa, UNICEF, USAID/Zambia and the Zambian Ministry of General Education is funding scaling efforts in Zambia. Globally, millions of children now benefit from TaRL, and DIV's support has helped catalyze over $25 million to bring the model to 12 countries across Africa.



A teacher leads an icebreaker activity at the beginning of a Catch Up class in Pemba, Zambia. © TaRL Africa

EarthEnable trains underemployed men and women from rural communities to construct affordable earthen floors. © EarthEnable

EARTH ENABLE

2015 2018

## EarthEnable Affordable Earthen Flooring, Rwanda, Uganda

EarthEnable is a social enterprise that has developed durable adobe floor replacements for traditional dirt floors. EarthEnable flooring minimizes exposure to bacteria and parasites—particularly for children—and is 70 percent less expensive than other clean floor alternatives. Early investments by DIV supported EarthEnable to test different business models and scale up operations, expanding their geographic reach and enabling them to serve lower-income households. To date, EarthEnable has replaced more than 5,000 dirt floors and served over 20,000 people in Rwanda and Uganda.

INSTIGLIO TYING FUNDING TO IMPACT

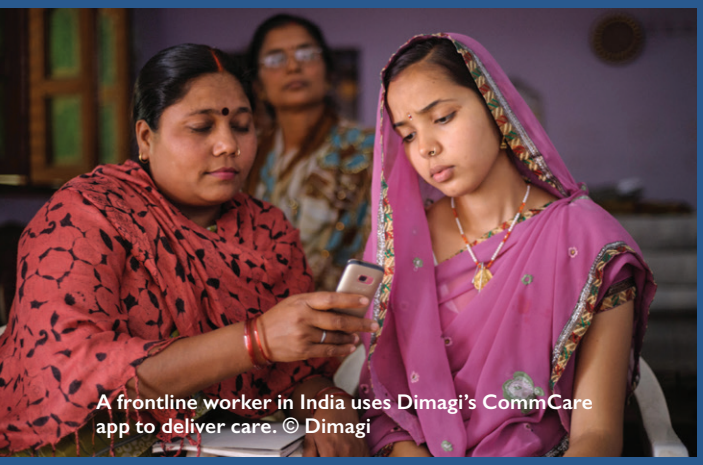
Village Enterprise

2017

## Instiglio Development Innovation Bond, Kenya, Uganda

Instiglio develops innovative, results-based financing models that put outcomes at the center of every decision. Through a Stage 2 award, DIV became an outcomes funder on the Village Enterprise Development Impact Bond (DIB), the first for poverty alleviation in Africa and one of the first DIBs in the world. Village Enterprise aims to transform the lives of over 12,000 households in rural Kenya and Uganda by creating over 4,000 micro-enterprises, with payments tied to outcomes verified through a randomized controlled trial. This impact bond offers broad learnings around the potential for results-based financing to increase the impact and cost-effectiveness of global development programs.

A market vendor in Kenya was able to grow her business with support from Instiglio's Village Enterprise Development Impact Bond. © Village Enterprise



A frontline worker in India uses Dimagi's CommCare app to deliver care. © Dimagi

"Our DIV grants have been vital to Dimagi's growth. Unlike most funders, DIV allowed us to take a bet on turning our innovation into a product, and our product into a business model. They encouraged us to scale and raise our targets every step of the way. And our unprecedented scale and growth over the last 10 years is due in no small part to the DIV funding we received at the very beginning."

— *Dimagi CEO Jonathan Jackson*

Michael Kremer receiving his Nobel Prize from H.M. King Carl XVI Gustaf of Sweden at Konserthuset Stockholm on 10 December 2019. © Nobel Media. Photo: Nanaka Adachi

"Over the last decade, DIV's sustained focus on innovation, rigorous evidence, and value for money has led to tangible results for millions of people around the world. An analysis of DIV's early portfolio found a benefit cost ratio of more than 5:1. We look forward to seeing even greater impacts from DIV's investments over the next 10 years."

— *Dr. Michael Kremer, DIV Co-Founder and Scientific Director, and 2019 Nobel Laureate*

## DIV HAS SUPPORTED INNOVATION IN
# 47 COUNTRIES OVER 10 YEARS

For more on DIV's unique approach to international development, visit us at www.usaid.gov/div.