



USAID
FROM THE AMERICAN PEOPLE

Subject: Funding Opportunity APS 7200AA20APS00013

Amendment Number: One (1)

Issuance Date of Amendment Number One (1): Thursday, April 1, 2021

Closing Date: Thursday, September 30, 2021

Subject: Amendment One (1) to the FY2020 Development Innovation Ventures (DIV)
Annual Program Statement (APS)

Dear Prospective Applicants:

The purpose of this Amendment One (1) to the FY2020 Development Innovation Ventures (DIV) Annual Program Statement (APS) is to extend the closing date, and to increase the Award Ceiling for stage 3 awards.

The DIV APS as described above is hereby amended as follows:

1. **Delete:** Closing Date: March 31, 2021, and **Replace with:** September 30, 2021
2. **Delete:** Award Ceiling: \$5,000,000, and **Replace with:** Award Ceiling: \$15,000,000
3. **Page 10., Delete:** STAGE 3: Transitioning to Scale ≤ \$5,000,000 and,
Replace with: STAGE 3: Transitioning to Scale ≤ \$15,000,000
4. **Page 10., Delete:** Occasionally, DIV may consider a Stage 3 grant of up to \$5 million, but DIV would review such applications with even greater rigor. and,
Replace with: Occasionally, DIV may consider a Stage 3 grant of up to \$15 million, but DIV would review such applications with even greater rigor.
5. **Page 20., Add the following:** Section F: Important Note about NDAA Section 889

A recent partial revision of [ADS Chapter 303, Grants and Cooperative Agreements to Non-Governmental Organizations](#) to implement Section 889 Prohibitions on Covered Telecommunication and Video Surveillance Services or Equipment. The Office of Management and Budget published a [final rule to 2 CFR](#) on August 13, 2020 revising several sections of OMB Guidance for Grants and Agreements, including 2 CFR 200.

Revisions to 2 CFR 200 included changes to implement Section 889(b) of the John S. McCain National Defense Authorization Act (NDAA) for Fiscal Year 2019 ([Pub. L. 115-232](#)), prohibiting the use of award funds to procure covered telecommunication and video surveillance services or equipment. The prohibitions became effective on August 13, 2020.

To implement the Section 889 prohibitions, USAID made the following revisions to ADS 303:

1. A new section 303.35 Information Technology and Telecommunication was added to the chapter.

2. [ADS 303maa, Standard Provisions for U.S. Nongovernmental Organizations](#) was revised to revise mandatory standard provision M1. Applicability of 2 CFR 200 and 2 CFR 700 (August 2020).

3. [ADS 303mab, Standard Provisions for Non-U.S. Nongovernmental Organizations](#) was revised to add new mandatory standard provision M. 29. Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment (August 2020).

Any resulting assistance awards must ensure that:

- An award made to a U.S. organization will include the revised standard provision M1. Applicability of 2 CFR 200 and 2 CFR 700 (August 2020).
- An award made to a non-U.S. organization will include the new standard provision M29. Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment (August 2020).

The full text of both the referenced and all provisions may be found at:

- For U.S. Nongovernmental Organizations - [USAID ADS 303maa](#)
- For Non-US Nongovernmental Organizations - [USAID ADS 303mab](#)
- Standard Provisions to Nongovernmental Organizations - [USAID ADS 303mat](#)

The actual Standard Provisions included in the award will be dependent on the organization that is selected. The award will include the latest Mandatory Provisions for either U.S. or non-U.S. Nongovernmental organizations. The award will also contain the relevant Required as Applicable (RAA) Provisions based on the type of organization.

6.) Page 23., *Add the following:* Additional Information on Award Administration

- Award Solicitation, Award Process and Standard Provisions for U.S. organizations and Non-U.S. Non-governmental Organizations: <http://www.usaid.gov/who-we-are/agency-policy/series-300>
- Grant and Contract Process: <http://www.usaid.gov/work-usaid/get-grant-or-contract/grant-and-contract-process>
- Standard Provisions (U.S. Non-Governmental Organizations): <https://www.usaid.gov/ads/policy/300/303maa>
- Standard Provisions (Non-U.S. Non-Governmental Organizations): <http://www.usaid.gov/ads/policy/300/303mab>
- Standard Provisions (Nongovernmental Organizations - Fixed Amount): <https://www.usaid.gov/ads/policy/300/303mat>
- Intellectual Property: <https://www.law.cornell.edu/cfr/text/2/200.315>

- USAID's Gender Equality Policy: <http://www.usaid.gov/sites/default/files/documents/1870/GenderEqualityPolicy.pdf>
- Environmental Compliance Background Information: http://www.usaid.gov/our_work/environment/compliance
- USAID Open Data Policy: <https://www.usaid.gov/data/frequently-asked-questions>
- USAID Branding and Marking Policy: <https://www.usaid.gov/branding>

[END OF Amendment 1 to APS No: 7200AA20APS00013]

All other terms and conditions of the FY2020 Development Innovation Ventures (DIV) Annual Program Statement (APS) remains unchanged.

Sincerely,

/s/

Roderick Watson
Agreement Officer

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

FY2020 Development Innovation Ventures

Annual Program Statement (APS)

APS-7200AA20APS00013

CFDA #: 98.001

Issuance Date: April 1, 2020
Closing Date: March 31, 2021

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), U.S. Global Development Lab, invites applications for the [Development Innovation Ventures](#) (DIV) program.

The purpose of this APS is to disseminate information to prospective applicants so they may develop and submit applications for USAID funding. This APS: (A) describes the types of activities for which applications will be considered; (B) describes the funding available and the process and requirements for submitting applications; (C) explains the criteria for evaluating applications; and (D) refers prospective applicants to relevant documentation available on the internet. USAID/LAB anticipates awarding multiple grants as a result of this APS.

To be competitive under this solicitation, applications must be fully responsive to all directions under this APS document.

Issuance of this notice does not constitute a binding commitment on the part of the Government to issue an award, nor does it commit the Government to pay for costs incurred in the preparation and submission of any concept papers, engagement, collaboration, co-creation, or full applications. USAID reserves the right to fund any or none of the applications submitted under this APS.

Sincerely,

/s/

Roderick Watson
Agreement Officer
Office of Acquisition and Assistance M/OAA/SIDP/B

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Section A: Program Description

Through a year-round grant competition, Development Innovation Ventures (DIV) sources proposals for development innovations that improve the lives of people living in poverty in the developing world. DIV provides tiered funding to pilot, test, and transition to scale those innovations that demonstrate evidence of impact, cost-effectiveness, and the potential to scale.

DIV's portfolio approach enables it to tolerate risk as it identifies and supports innovations that improve the lives of individuals living in poverty and that address international development challenges. DIV is deliberately open across sectors and countries in which USAID operates and aims to help transition the best innovations to scale, thereby improving the lives of millions of people around the world. Note that DIV supports only those innovations that are at the post-prototype stage (*i.e.*, the innovation has already tested critical aspects of how the innovation will work).

DIV accepts applications from anyone, including businesses, not-for-profit organizations, researchers, faith-based entities, and governments. DIV supports innovations across all countries and development sectors in which USAID operates, including health, education, water, energy, economic development, and other sectors.¹

What DIV might fund. DIV recognizes that innovation can take multiple forms. Some examples of development innovations that DIV may support include the following:

- New technologies;
- New ways of delivering or financing goods or services;
- More cost-effective adaptations to existing solutions;
- New ways of increasing uptake of existing proven solutions and scaling to new geographies;
- Policy changes or shifts based on insights from behavioral economics;
- Social or behavioral innovations; and
- Data collection and rigorous evaluation to measure the social impacts of promising innovations.

¹ Please note that DIV's funding to support activities in certain sectors may be limited or not available during a given fiscal year based on the nature of its appropriated funding from Congress. For example, USAID might be restricted from funding activities in a particular country (*e.g.*, Iran or Cuba) or in a particular sector (*e.g.*, certain funding to the military, police, or intelligence authorities in a developing country). If you have questions about whether DIV may be able to support specific activities, please contact div@usaid.gov.

What DIV typically does not fund. There are some types of projects that are not a good fit for DIV's objectives. These include but are not limited to the following:

- Innovations at the idea stage that have not yet been created (*i.e.*, that are in the ideation phase);
- Projects with limited potential to scale or minimal potential to demonstrate impact and cost-effectiveness (*e.g.*, a jewelry business or construction of immobile physical infrastructure, including schools, power plants or lines, and factories);
- Basic scientific research (*e.g.*, laboratory research of a prototype with no field testing);
- Expansion of businesses that are unlikely to lead to significant development impacts (*e.g.*, businesses that lack a base-of-the-pyramid customer focus);
- Planning, diagnostic, and other tools that are difficult to link directly to measurable development impacts for people living in poverty and that reach millions of people only indirectly (*e.g.*, a stand-alone monitoring or evaluation platform);
- Innovations that are applicable only in very limited contexts that will limit scale potential (*e.g.*, projects that target a very rare disease);
- Pure research or research that will provide evidence of impact but will not assess cost-effectiveness or scalability; and
- Intermediaries with an indirect impact on development outcomes (*e.g.*, incubators, accelerators, start-up boot camps, and other conveners).

DIV funds innovations through partnerships that save lives, reduce poverty, strengthen democratic governance, and help people emerge from humanitarian crises and progress beyond assistance. Consistent with USAID's Private Sector Engagement (PSE) policy, DIV welcomes proposals from a broad variety of applicants, including applicants that engage with the private sector for greater scale, sustainability, and effectiveness of development and humanitarian outcomes. Consistent with USAID's New Partnerships Initiative (NPI), DIV welcomes applications from organizations that have limited or no experience working with USAID. More broadly, by engaging with innovators, businesses, researchers, developing country governments, and other parties, DIV helps partner countries in their Journey to Self-Reliance, through which USAID and host countries work together toward a time when foreign assistance is no longer necessary by achieving locally sustained results, strengthening local capacities, and accelerating enterprise-driven development.

Please see other general information on DIV's main web site at <https://usaid.gov/div>.

Core Principles of DIV

The following are core principles of DIV: (1) **evidence of impact** on improving lives of people living in poverty in the developing world, (2) **cost-effectiveness**, and (3) viable **pathways to scale**. DIV provides staged funding based on an innovation's demonstrated track record of and potential for achieving each of these principles. Below, we provide background on each of these concepts before outlining the requirements for each stage in subsequent sections.

1. Evidence of Impact

DIV supports the piloting and rigorous testing of innovations and helps those innovations that have successfully demonstrated impact to transition to scale. DIV looks for different indicators of impact depending on the stage of financing that the applicant is seeking and on whether the innovation has a public or commercial pathway to scale.

Public Pathway to Scale: To support later-stage innovations to transition to scale with public financing, including by government or philanthropic funding, DIV requires applicants to show rigorous evidence of causal impact on improving the lives of people living in poverty. DIV does not require applicants for earlier-stage awards for piloting and testing of innovations to show rigorous evidence of causal impact and will issue awards for earlier-stage innovations to help innovations get to the point at which they have this rigorous evidence of impact. Measurement of impact can encompass either final outcomes or impacts that can be taken as worthwhile objectives *per se* (e.g., reducing infant mortality). Measurement of impact can also encompass improvements to intermediate outcomes on the causal chain for solutions that have been previously demonstrated to have a causal impact on final outcomes (e.g., increasing vaccination rates, which have an existing evidence base of causal impact on improved health).

Commercial Pathway to Scale: To support later-stage innovations to transition to scale commercially, DIV requires applicants to show evidence of long-run market viability. DIV typically accepts customer willingness to pay the full costs of the innovation as such evidence. DIV does not require applicants for earlier-stage awards for piloting and testing to show such evidence and will issue awards for earlier-stage innovations to get to the point where they have this evidence. For example, an applicant may use a Stage 1 award to gather evidence on consumer reaction to and willingness to pay for the product. As an applicant progresses to higher stages of financing, DIV expects the applicant to demonstrate an increasingly compelling case for long-run market viability. In addition, DIV requires applicants at all stages to show stage-appropriate data on usage, or in some situations on proxies for social outcomes that track how the innovation is improving the lives of people living in poverty.

2. Cost-Effectiveness.

DIV seeks innovations that deliver more development impact per dollar than existing alternative solutions. Cost-effectiveness is a function of both cost and impact and does not mean that an innovation is the cheapest solution. Instead, an innovation can increase its cost-effectiveness either by reducing its cost or by increasing its impact. DIV recognizes that costs of an innovation at scale may be different than costs generated through earlier testing phases, so applicants should provide data around current and projected costs.

3. Pathways to Scale.

DIV's ultimate goal is to support impactful development solutions that will scale to improve the lives of at least a million people in a financially sustainable manner. Accordingly, innovations must have a potential pathway to scale through commercial scaling, public sector scaling, or scaling through a hybrid of the two. DIV recognizes that innovations can take a variety of pathways to scale but expects that they will be financially sustainable and ultimately grow without continued DIV support. For more information on the terms "pathways to scale" and "financial sustainability," see the glossary at the end of this APS.

Stages of Financing

DIV funds projects in three stages and also funds grants to generate evidence in the development sector. Applicants should apply for the stage that best reflects the current level of maturity of their innovation and do not necessarily need to enter at Stage 1. Given DIV's limited pool of resources, we assess whether an investment in a particular activity provides competitive social returns versus an investment in another activity proposed by other applicants. Accordingly, the more funding that an applicant requests, even within a stage of financing, the higher the expectations regarding development impact, cost-effectiveness, and ability to scale. To meet DIV's requirements, many successful applicants form coalitions of partners with diverse skills and may also leverage concurrent funding from other sources.

Applicants must meet the criteria listed below in each stage of financing. Note that DIV reserves the right to consider innovations for funding at a different stage than the applicant has requested, which may be addressed during the "co-creation process" following application submission.

While, in some places below, the criteria outline separate requirements for innovations that are on a public versus commercial pathway to scale, DIV welcomes innovations that are on a hybrid pathway to scale through a combination of public and commercial channels. To the extent that applicants propose such a "hybrid" path, they must demonstrate how they meet each relevant criterion.²

² For example, if an energy innovation that reduces pollution costs \$10 per unit, and the applicant proposes to scale the innovation through customer payments of \$7.50 and public support of \$2.50, the applicant must show that customer payments would cover \$7.50 and must also show rigorous evidence of causal impact of at least \$2.50 of

Across all stages, DIV aims to be catalytic with its investments, which means that grantees should be able to achieve something following a DIV grant that they would not have been able to achieve in its absence. Applicants should be explicit on why they are coming to DIV at this time and the way in which a grant will be catalytic for their innovation.

STAGE 1: Pilot	≤ \$200,000
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Purpose: DIV funds Stage 1 awards to support the piloting of innovations in a developing country context. DIV supports only those innovations that are at the post-prototype-stage and are ready to be field-tested. For more information on the terms “prototype” and “pilot,” see the glossary at the end of this APS. Examples of activities that Stage 1 awards may support include assessment of the demand from the public or private sector for the innovation, exploration of different delivery models, conducting further user testing on an existing prototype, and documenting social outcomes and real world costs to implement the solution. While not required, applications for innovations with some existing piloting or that have a theory of change that is backed by rigorous evidence of causal impact (*e.g.*, randomized controlled trials (RCTs), *etc.*) are stronger.

Application Requirements: To be eligible to receive a Stage 1 award, applicants must demonstrate strong familiarity with local context. In addition, applicants are required to demonstrate the following criteria for each of the three DIV core principles:

1. Evidence of Impact

Applicants must make a credible case of the potential benefit to individuals living in poverty. While rigorous evidence of causal impact is not required at this stage, applicants must present a strong theory of change and justify how and why the innovation is likely to generate a positive development impact. Stage 1 innovations must have already undergone initial development and be ready for pilot testing with end users (*e.g.*, innovations that are still undergoing development in a lab or that are still at the idea stage that have not yet been initially created are premature for DIV’s support). Applications for innovations that have already undergone initial early stage piloting are generally stronger. For innovations that have not already undergone piloting, applicants must explain the questions that the piloting is designed to answer and how they intend to find the answers to those questions. Additional requirements for demonstrating evidence of impact depend on whether the innovation is intended to scale publicly or commercially.

Public Pathway to Scale: Applicants must demonstrate that the innovation could be sufficiently impactful to be cost-effective. Applicants should articulate plans to collect data during the award period that would test key assumptions in the theory of change and plans to iterate on the innovation so that it is ready for rigorous

social impact of reduced pollution costs. Applications for earlier-stage awards would not need rigorous evidence of causal impact but should help build towards the point at which such evidence would be available.

testing of causal impact.

Commercial Pathway to Scale: Applicants must demonstrate evidence of consumer demand or evidence that the innovation fills an identifiable need in the market, but applicants do not need to show revenue or paying customers at this stage. Applicants must also set out plans to assess potential customers' willingness to pay, to conduct initial market testing, *etc.*

2. Cost-Effectiveness

Applicants should articulate why their innovation has the potential to be cost-effective at scale. An adequate articulation will typically involve a discussion of the likely costs and cost-effectiveness of the innovation relative to alternative solutions and the major drivers of cost and cost-effectiveness of the innovation when it is at scale. DIV recognizes that innovations at this stage may not have robust financial forecasting data, but we want to understand the applicant's perspective on the potential for cost-effectiveness should the evidence demonstrate impact.

3. Scalability

Applicants must demonstrate that their innovation has the potential to reach millions of lives sustainably. Applicants must describe how they envision the innovation being financially sustained at scale and should make the case that there is potential for someone to pay for the innovation at scale. Applicants should also identify the types of partners that would be critical to scale an innovation and the types of partners that would pay for it (*e.g.*, government, manufacturers, other direct service organizations, *etc.*). If relevant, applicants should describe the extent to which relationships with partners have already been built.

STAGE 2: Testing & Positioning for Scale ≤ \$1,500,000

Purpose: DIV funds Stage 2 awards to support the further testing and expansion of innovations beyond the piloting stage. Applicants for Stage 2 awards will have already conducted successful pilot testing and are now ready to rigorously test an innovation's impact or market viability.

For innovations that are designed to scale publicly, successful applicants must either already have rigorous evidence of causal impact or conduct a rigorous evaluation of causal impact during the award. Applicants may also use award funds to simultaneously expand operations in ways that would position the innovation to transition to scale, *e.g.*, by testing alternative approaches to implementation or by finding ways to satisfy requirements for scaling that are likely to be imposed by long-run funders.

For innovations that are designed to scale commercially, awards may support the further testing of innovations to provide evidence on whether they are market-viable and deliver positive development outcomes for people living in poverty. For innovations designed to scale commercially, successful applicants may use award funds to conduct further market testing, market strategy development, expand operations, *etc.*

Application Requirements: To be eligible to receive a Stage 2 award, applicants must demonstrate the following criteria for each of the three DIV core principles:

1. Evidence of Impact

Public Pathway to Scale: Applicants must either demonstrate that there is existing rigorous evidence of the innovation’s causal impact on a development outcome and cost-effectiveness or provide a plan that explains how the applicant will demonstrate such evidence during the award period (*e.g.*, through a randomized controlled trial, *etc.*). Measurement must assess outcomes (*e.g.*, lives saved, additional income generated) or intermediate outcomes for which rigorous evidence already exists (*e.g.*, vaccinations are proven to improve health, and thus the application could measure increases in vaccination rates). The impact evaluation must have adequate statistical power and must include a credible counterfactual of what would have happened in the absence of the innovation. The evaluation should be designed to reasonably infer whether the innovation would be cost-effective at scale relative to alternative solutions.

Commercial Pathway to Scale: Applicants must demonstrate the following:

- A clear theory of change that draws upon existing evidence (though it need not be causal at this stage) that the innovation has the intended impact on development outcomes and plans to collect data on usage or, in some situations, on proxies for social outcomes;
- A compelling case of market viability. An applicant can make a compelling case of market viability by showing that the innovation has the potential to generate enough revenues to fully cover costs (including customer acquisition costs, distribution costs, headquarters costs, capital costs, depreciation, *etc.*), together with a plan to test whether the innovation can indeed cover such costs.

An applicant could also make a compelling case of market viability

by showing that it can reasonably expect to attract commercial capital on market terms by the end of the Stage 2 award, since an investor would invest only if it believed that revenue would eventually be sufficient to cover fully loaded costs.³ For products that are viable on purely commercial terms without an element of government or philanthropically motivated funding and that are sold primarily to people living in poverty, DIV does not require rigorous evidence of causal impact.⁴

An applicant could also make a compelling case of market viability by showing that it can reasonably expect to attract capital on concessional terms awarded due to the social impact of the innovation. DIV will consider such hybrid scaling strategies, but to the extent that the scaling path relies on philanthropically motivated funding such as impact investment or funding associated with corporate social responsibility, applicants will typically need during the award to demonstrate rigorous evidence of causal impact and show that the philanthropically motivated portion of funding is a cost-effective way to achieve the development objective;⁵ and

- A compelling case that the applicant will be able to show by the end of a Stage 2 award that the innovation's benefits exceed its costs, especially focusing on benefits and costs to those living in poverty.⁶

2. Cost-Effectiveness

Applicants must demonstrate plans to analyze cost-effectiveness or show that they have

³ Note that the applicant need not actually apply for and take commercial capital on market terms. Rather, the applicant need show only that it is able to attract such capital to make a compelling case of market viability.

⁴ For example, if people living in poverty are purchasing solar systems at a price that covers the systems' fully loaded cost, DIV would presume that the benefits exceed the costs and would not require rigorous evidence of causal impact for example on whether children are learning more in school because they could study at night. On the other hand, for innovations that are not sold directly to people living in poverty, applicants should propose an appropriate way to collect data that demonstrates benefits to people living in poverty, *e.g.*, if the innovation is a system designed to reduce injuries in factories, and the purchasers are garment factories, the applicant should produce rigorous evidence of a causal impact on injury rates.

⁵ An exception to the heightened evidentiary requirements for the philanthropic portion would be if the philanthropic portion were minimal, if the innovation had clear benefits to people other than paying customers, and if a rigorous test of causal impact and cost-effectiveness were unfeasible.

⁶ For most innovations, evidence of market viability can also serve as evidence that the innovation's benefits exceed the costs since customers' willingness to pay a price that fully covers costs is evidence that they place at least that much value on the product. One exception to this notion would be innovations that might generate net negative consequences for others, *e.g.*, pollution. Another exception would be innovations that consumers might pay for despite the innovation not being beneficial for them, *e.g.*, products sold based on misleading claims or addictive products. A third exception would be a product that is viable in the market due only to subsidies. For example, if an innovative energy source were more expensive than alternatives and viable only because of regulations that force firms to buy it, the innovation would be classified as a hybrid, and DIV would require the applicant to show that the benefits of the public subsidy exceed the cost.

already done so. Applicants should discuss the costs and cost-effectiveness of alternative solutions and should also discuss the major cost drivers and cost-effectiveness of the innovation at scale.

For innovations designed to scale publicly, applicants should provide data on likely current and future costs of the innovation; impact per dollar spent compared to alternatives; and information on how costs and cost-effectiveness will be measured. For innovations designed to scale commercially, applicants should be able to provide relevant commercial data, including a financial analysis of the innovation's potential to commercialize, analysis of market demand, and all relevant costs.

3. Scalability

Applicants must demonstrate that the innovation has the potential to impact millions of lives. Applicants must discuss the financial resources they expect to be required to scale the innovation over time and their vision for how such resources will be obtained. Proposals will be stronger if applicants have established relationships with the partners envisioned for scaling (*e.g.*, partnerships with distributors; orders from large customers; Memoranda of Understanding with the government indicating commitment to scale should evidence demonstrate a positive impact, *etc.*).

STAGE 3: Transitioning to Scale ≤ \$5,000,000

Purpose: DIV funds Stage 3 awards to transition proven approaches from piloting and testing to widespread scaling in new contexts or new geographies. Applicants should have completed the activities for Stage 2 innovations, with or without prior DIV support.⁷ Specifically, applicants should have already demonstrated either rigorous evidence of causal impact and a convincing case based on this impact measurement that the intervention would be cost-effective at scale (for public scaling) or market viability (for commercial scaling) at the time of their Stage 3 application. Successful Stage 3 applicants must collect data on costs and social outcomes during the award and may use award funds to adapt the innovation to new contexts, to prepare the innovation for scaling, to conduct further testing of the extent to which the evidence of an innovation's impact is applicable in new geographies or settings, and to kickstart the scaling process.

Most Stage 3 grants will be well under \$3 million. Occasionally, DIV may consider a Stage 3 grant of up to \$5 million, but DIV would review such applications with even greater rigor. For innovations designed to scale commercially, DIV is reluctant to crowd out commercial investors,

⁷ In general, Stage 3 applications are stronger if they leverage non-DIV support and, all else equal, the more support that is leveraged, the stronger the application is. Support can take different forms depending on the nature of the innovation. For example, it could consist of a commitment from a developing country government to implement the innovation in its original or adapted form, or it could consist of a financial commitment from an external investor.

and we target Stage 3 funding for adapting, improving, or expanding successful approaches to new markets.

Application Requirements: Applicants should identify and address operational challenges for scaling and should plan for activities that allow for refinement and iteration along defined pathways to scale. In addition, applicants are required to demonstrate the following criteria:

Public Pathway to Scale: Applicants for Stage 3 awards for innovations designed to scale publicly must demonstrate rigorous evidence of causal impact on a development objective and a compelling case based on the impact measurement that the solution will be cost-effective at scale relative to alternative solutions. Evidence of impact and a compelling case for cost-effectiveness (*e.g.*, through a randomized controlled trial, regression discontinuity, *etc.*) of the innovation must already exist prior to application. Applications will be stronger if the applicant can produce evidence of commitment from the developing country government and other entities that will be involved in scaling.

Commercial Pathway to Scale: Stage 3 innovations intended to scale commercially should already have demonstrated market viability as described more fully above in Stage 2's "Evidence of Impact" descriptions of market viability. Applicants should therefore no longer need donor funding for regular operations; instead, they would use donor funds only to adapt and scale to new contexts. To enable maximum leverage of DIV funds, DIV will endeavor to allow commercial investors the opportunity to fund these innovations. In addition, applicants must demonstrate a convincing case using evidence and data for how and why these additional investments in adapting and scaling the innovation in new contexts will yield a high return for the poor. The additional DIV funding for adaptation should unlock significant additional capital or generate greater scale that allows the applicant to increase their social impact.

EVIDENCE GENERATION	≤ \$1,500,000
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DIV is committed to generating evidence on the causal impact of widely implemented development approaches that still lack sufficient rigorous evidence of impact and cost-effectiveness. DIV accepts applications for Evidence Generation grants for evaluations of development approaches that are widely used but do not already have sufficient evidence from rigorous evaluations of causal impact, even if those development approaches are not innovative. Evidence Generation grants fit within the larger DIV mission because if an approach that is evaluated under an Evidence Generation grant is found to be ineffective, then development implementers could innovate by not using the approach or by trying a modified version of the approach. Applicants for Evidence Generation grants are invited to apply on their own or in partnership with an implementer (*e.g.*, a host country government, social enterprise, nonprofit, *etc.*), and applicants should note such partnerships in response to the application question on key partner organizations.

If an applicant is applying for an award for a rigorous test of causal impact for a development

approach that is not yet widely implemented and thus could be considered innovative, then the applicant should apply for a Stage Two grant. On the other hand, if an applicant is applying for an award for a rigorous test of causal impact for a development approach that is already widely used but is not yet adequately tested, then the applicant should apply for an Evidence Generation grant.

Section B: Federal Award Information

The amount of resources made available under this APS will depend on the applications received and the availability of funds. DIV awards are typically grants with a maximum of three (3) years in length. DIV recognizes that its grantees will need flexibility to iterate and adapt innovations, and DIV strives to provide this flexibility through an outcomes-oriented award structure. DIV reviews applications year-round on a rolling basis and encourages applicants to submit applications at any time. Previous and current DIV awardees may apply for additional funds from DIV but must apply through the APS and compete for additional funds just like all other applicants.

Section C: Eligibility Information

Eligibility to Apply: DIV will make awards under this APS to successful applicants on the basis of their ability to further USAID’s goal of dramatically improving or saving the lives of the poor in developing countries, as well as their ability to adhere to DIV’s core principles and provide excellent value to the U.S. government to substantially contribute to these objectives. DIV welcomes applications from individuals; public, private, for-profit, and nonprofit organizations; institutions of higher education; faith-based organizations; public international organizations; non-governmental organizations; U.S. and non-U.S. governmental organizations; multilateral and international donor organizations. To be eligible under this APS, applicants must be responsive to this APS and must be sufficiently responsible to perform or participate in the final award. Awards are also contingent on DIV’s ability to obtain concurrence from the responsible USAID Mission.

Applicants that are organizational entities must be legally recognized under applicable law. Local organizations are eligible and encouraged to apply, as well as consortia of local organizations. Participation of foreign government entities is possible only through an approved subaward agreement with a prime recipient.

USAID encourages applications from new partners. Awards to new partners may require USAID to undertake necessary pre-award reviews of these organizations to determine “responsibility” with respect to fiduciary and other oversight responsibilities of the award. For all awards, the USAID Agreement Officer must make an affirmative determination that the applicant is “responsible” as set out in USAID ADS 303.3.9.7B

Cost-Sharing: DIV encourages applicants to consider providing reasonable cost-sharing, leverage, or other exchange of resource arrangements and are encouraged to suggest creative

approaches to securing resources for activities. Voluntary, committed cost-share becomes a binding requirement of any successful award.

Limit on Applications: There is no limit on the number of applications that an applicant may submit under this APS.

Section D: Application and Submission Information

Point of Contact Information: For any questions regarding this APS, contact div@usaid.gov. The Agreement Officer for this APS is Roderick Watson, rwatson@usaid.gov in USAID's Office of Acquisition and Assistance (OAA) Special Initiatives Development Partners. If an application is awarded, the Agreement Officer will appoint an Agreement Officer's Representative (AOR) at that time to provide technical and administrative oversight of the specific award.

Content and Format of Application: Applicants should apply by using the link found at www.usaid.gov/div/apply. Applications submitted by any other means will not be considered. The DIV website, www.usaid.gov/div, contains detailed content that is useful for applicants. In the event of technical difficulties with electronic submission of an application, please contact div@usaid.gov. Please do not contact USAID staff with general questions. DIV will contact those applicants that submit the most promising applications and will invite them to the due diligence process as described in Section E below. Due to the sheer volume and nature of applications received by DIV, it is possible that applicants may not receive detailed feedback on why an application was not accepted.

DUNS and SAM Numbers: All applicants, except those applicants that are individuals or certain excepted federal awarding agencies, must (i) be registered in the [System for Award Management \(SAM\)](#) before submitting an application, (ii) provide a [Dun and Bradstreet Universal Numbering System \(DUNS\)](#) number in its application; and (iii) continue to maintain an active SAM registration with current information at all times during which the applicant has an active federal award or an application or plan under consideration by a federal awarding agency. *USAID cannot make a federal award until the applicant has complied with all applicable DUNS and SAM requirements, and if an applicant has not fully complied with the requirements by the time USAID is ready to make a federal award, USAID may determine that the applicant is not qualified to receive a federal award and may use that determination as a basis for making a federal award to another applicant.*

Submission Dates and Times: DIV reviews applications year-round on a rolling basis and encourages applicants to submit applications at any time.

Other Funding Restrictions: USAID reserves the right to fund any or none of the applications submitted. DIV may select projects across a wide range of technical and regional areas across all three stages. USAID will not fund applications that, 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.

Section E: Application Review Information

Selection Criteria: DIV uses the six criteria below to assess and rate applications throughout the selection process, with sections weighted equally. DIV's expectations of fulfilling these criteria vary by stage. See Section A above for more details on DIV's stage-specific expectations.

- 1. Innovation & Impact:** DIV will assess the application for the degree to which it demonstrates the following:
 - Clear explanation of the innovation and compelling problem statement in the development context addressing issues related to poverty.
 - Credible explanation of how the problem impacts people's lives and how solving this problem would lead to improvements.
 - Realistic explanation and clear articulation of the number of people (*i.e.*, beneficiaries/customers) impacted by the proposed activity locally and globally, as well as the potential for impact over time.
 - Clear identification of target beneficiaries/customers and general information by demographic disaggregations (*e.g.*, gender, income, *etc.*).

- 2. Cost-effectiveness:** DIV will assess the application for the degree to which it demonstrates the following:
 - Credible justification that the innovation can achieve better results at lower cost or be more effective at solving the problem than the status quo or alternatives.
 - An explanation of full costs, including both fixed and variable costs, customer acquisition costs, distribution costs, headquarters costs, capital costs, depreciation, *etc.*, as well as an analysis of major drivers, and how these are all expected to evolve in the near future and at scale. Full costs should also include costs necessary for the end-user to access the innovation.
 - Legitimate justification for funding amount requested, and reasonable project budget and costs.
 - That DIV funds will be used catalytically and that the applicant brings additional stage-appropriate resources to the table (*e.g.*, funding, in-kind contributions, networks, *etc.*).

3. Evidence & Evaluation: DIV will assess the application for the degree to which it demonstrates the following:

- A credible theory of change that draws upon existing evidence when applicable or available, either from valid sources or previous implementation experience.
- A clear explanation of the key questions that the proposed activities are designed to answer and how the applicant intends to find the answers to those questions.
- Well-defined metrics or key performance indicators to judge success of the project such as operational viability, commercial viability, full costs, causal impact, cost-effectiveness, reach, and other social impact.
- Clear explanation of how the metrics would be collected including relevant assumptions for early stage applicants.
- Stage and scaling pathway-appropriate choice of evaluation methodology to measure commercial viability, cost-effectiveness, and development impacts of the innovation. Description of statistical power and corresponding assumptions for those evaluations generating rigorous evidence of causal impact.

4. Implementation: DIV will assess the application for the degree to which it demonstrates the following:

- Stage-appropriate record of achievement thus far.
- Stage-appropriate plans to build operational capacity, systems, and partnerships to drive the project or organization towards scale.
- A strong understanding of local contexts, current implementation challenges and barriers to success.
- Ability of the applicant to successfully implement and execute the project as designed.
- Reasonable tests of technical, organization, distribution, and financial viability in a real-world setting that can inform future implementation.
- Commitment to testing the underlying theory of change and pivoting when necessary to achieve greater impact and scale.

5. Pathway to Scale and Financial Sustainability: DIV will assess the application for the degree to which it demonstrates the following:

Scale

- The possibility of reaching millions of individuals within ten years.
- Stage-appropriate partnerships or resource commitments from government, private sector, or other donors or funders to attain social impact goals.
- Realistic assessment of future challenges and risks anticipated and practical mitigation plans to address them.

Sustainability

- An analysis of the financial resources expected to be required to scale the innovation over time.
- A stage-appropriate, targeted strategy and track record of securing long-term financial viability and engagement of stakeholders that will drive the organization towards sustainability after DIV funding has ended.
- Clear and realistic plans to sustain long-term financial viability of the project or organization at scale by way of growth in revenue, increased beneficiaries or customers, greater adoption, acquisition, *etc.*

Note that DIV will assess Evidence Generation applications for this criterion on the degree to which the program to be evaluated has already reached scale and financial sustainability.

6. Project Team: DIV will assess the application for the degree to which the project team (including partners) shows the following:

- Clear demonstration of expertise and relevant experience to execute the proposed plans.
- Clear assignment of key roles and level of effort (percent of full time) across the team, as deemed necessary for success.
- For Stage 2 proposals, involvement or commitment of partners will typically make proposals stronger; for Stage 3 proposals, involvement or commitment of those stakeholders essential to ensure significant scale will be important beyond initial preparatory stages.

Evaluation Matrix: DIV uses the following scoring methodology to assess each application:

Rating	Description
Excellent	Exceeds expectations in that it is comprehensive, thorough, and with exceptional merit, demonstrating that the proposed project will likely result in effective and efficient performance. Exhibits no significant deficiencies.
Very Good	Demonstrates overall competence, meets all minimum requirements, and exceeds requirements in some areas, but not in all. Even if there are some identified weaknesses, the applicant demonstrates that it can successfully complete all deliverables in a timely, efficient, and economical manner.
Good	Meets requirements. While the applicant demonstrates an ability to complete the work in some areas, there are some significant weaknesses or deficiencies. However, these combined weaknesses or deficiencies still represent a manageable performance risk.
Fair	Minimally meets basic requirements or demonstrates a limited understanding of the requirements. Implementation of the proposed project would likely lead to unsatisfactory performance. Contains deficiencies and significant weaknesses that may negatively affect performance.
Poor	Many deficiencies and/or gross omissions, including failure to address key elements, failure to understand work necessary to perform the required tasks, or failure to provide a reasonable approach to fulfilling requirements.
Nonresponsive	Fails to address all elements of the criteria; fails to understand the work necessary to perform the required tasks; fails to meet the requirements of the solicitation.

Cost-Sharing: DIV encourages applicants to consider providing reasonable cost-sharing, leverage, or other exchange of resource arrangements, and are encouraged to suggest creative approaches to resourcing projects. DIV reminds applicants that voluntary, committed cost-sharing becomes a binding requirement of the award if USAID issues an award.

Review and Selection Process: The review process under this APS has the following steps:

E.1. Application. All interested organizations must submit an application in English through <https://www.usaid.gov/div/>. DIV is unable to review applications written in any other language.

E.2. Application review. Each application receives an initial review, through which DIV gauges the extent to which it satisfies the six (6) selection criteria above. If the initial review indicates that the application satisfies DIV's selection criteria, a second member of the DIV team will rate

the application. From there, the two DIV team members who reviewed the application will reach a consensus on whether to move the application to due diligence.

E.3. Due Diligence Process and Co-creation. If an application proceeds to due diligence, DIV will conduct a range of activities to more deeply evaluate whether the innovation is aligned with DIV's criteria. The due diligence process may involve asking follow-up questions through email or phone, requesting supplementary materials that further outline the applicant's technical approach and its responsiveness to DIV's core principles and selection criteria, and contacting references and previous funders and partners. The DIV team also typically seeks reviews from experts in the public and private sectors, the academic community, the philanthropic sector, and internal parties at USAID to better understand the extent to which an application satisfies DIV's selection criteria. DIV may request applicants to submit supplementary materials throughout the process including but not limited to financial statements, a financial model, a full budget for the proposed grant, an implementation plan, recent board materials, and pitch decks.

During the diligence process, DIV may engage in "co-creation" with the applicant and reserves the right to re-classify applications in different stages, to increase or decrease funding amounts, and to change the proposed activities in the application. DIV may also work with the applicant to change the scope of an application and may request an updated application. Regardless of DIV's funding decision, DIV may introduce applicants to potential partners or investors or other parts of USAID.

E.4. Decision Panels. Applications that make it through due diligence without being rejected will be reviewed for their technical merit by a Decision Panel, composed of USAID and non-USAID experts. USAID may request applicants that have submitted applications for larger awards to present their application to the Decision Panel and answer questions via teleconference, video-conference, or to travel to USAID/Washington at their own expense. The Decision Panel will meet with applicants only when the Decision Panel determines that a meeting is necessary; applicants should not contact DIV to schedule a presentation.

Based on the criteria outlined above, the Decision Panel will score applications and vote on which applications to advance to the Agreement Officer for award instrument negotiation and finalization. Using its technical expertise, the Decision Panel may suggest revisions or additions to the grant application, including the funding amount, as well as additional potential partners and resources, if desired. The inclusion of additional partners will only occur when it makes technical sense and when there is an agreement to include additional partners between the applicant and DIV.

E.5. Agreement Officer Determination. DIV will share positive Decision Panel recommendations with the Agreement Officer for further review and to inform award instrument negotiation and finalization. During this process, the Apparently Successful Applicant and DIV can further refine the technical approach, general resource requirements, and management control of the project under the guidance of the Agreement Officer.

E.6. Request for Additional Information. If necessary, the Apparently Successful Applicant and

DIV may also work with partners identified by the Decision Panel, to provide additional information on the approach. The Apparently Successful Applicant may also be asked to provide more information about its technical approach, capacity, management and organization, past performance, and budget, as well as certifications and representations, or other information, as needed.

E.7. Final Review and Negotiation. The Agreement Officer, in conjunction with DIV, will engage in final review, negotiation, and determinations of award instrument type, responsibility, and cost reasonableness, and will craft an award instrument with the Apparently Successful Applicant. Milestones and associated funding amounts throughout the award period are also identified, negotiated, and agreed upon during this step. If the Apparently Successful Applicant and USAID cannot arrive at a mutually agreeable arrangement, the Agreement Officer will cancel the project at no cost to the Government.

E.8. Award. The USAID Agreement Officer will award the instrument. See Section F below for more information.

E.9. At a time mutually agreed upon by DIV and the grantee, 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. USAID will post data sets publicly on the DIV website. Grantees must also make their evaluation reports public.

Section F: Federal Award and Administration Information

Federal Award Notices: A notice of award signed by the Agreement Officer is the authorizing document, which may be provided to the applicant electronically.

Award Administration: USAID administers awards consistently with the following regulations and policies:

- General Information: www.usaid.gov/div
- Working with USAID: <https://www.usaid.gov/work-usaid/how-to-work-with-usaid>
- Information regarding the award solicitation and award process and Standard Provisions for U.S. organizations and Non-U.S. Non-governmental Organizations is available in ADS 300 (Chapter 303 is particularly helpful): <https://www.usaid.gov/who-we-are/agency-policy/series-300>
- Grant and Contract Process (most relevant for applicants include steps 7 and 8): <http://www.usaid.gov/work-usaid/get-grant-or-contract/grant-and-contract-process>
- For U.S. organizations, 2 CFR 200, 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: <http://www.usaid.gov/ads/policy/300/303mab>
- Intellectual property and related issues: In general, awardees may elect to pursue ownership of intellectual property that is developed as a result of an award from this APS. In such cases, USAID would typically retain a nonexclusive, non-transferable, royalty-free license to use any such intellectual property. https://www.ecfr.gov/cgi-bin/textidx?SID=d3769da5cf0d02900f539c8deb2cd59c&mc=true&node=se2.1.200_1448&rgn=div8.%20
- USAID Open Data Policy: <https://www.usaid.gov/data/frequently-asked-questions>
- Environmental Compliance background information: http://www.usaid.gov/our_work/environment/compliance
- Information on how USAID ensures environmental soundness and compliance in design and implementation when required by the 22 CFR 216 determination (ADS 204): <http://www.usaid.gov/who-we-are/agency-policy/series-200>
- Branding and Marking policy and Frequently Asked Questions: <https://www.usaid.gov/branding/faqs>
- USAID's Gender Equality Policy <http://www.usaid.gov/sites/default/files/documents/1870/GenderEqualityPolicy.pdf>

Reporting: Awards made under this APS may have reporting requirements consistent with the regulations and policies listed above in “Award Administration.”

Section G: Federal Awarding Agency Contacts

For any questions regarding this APS, contact div@usaid.gov. The Agreement Officer for this APS is Roderick Watson rwatson@usaid.gov in USAID’s Office of Acquisition and Assistance (OAA), Special Initiatives Development Partners. If an application is awarded, the Agreement Officer will appoint an Agreement Officer’s Representative (AOR) at that time to provide technical and administrative oversight of the specific award.

Section H: Other Information

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

applicants to review the Principles for Digital Development published at <https://digitalprinciples.org/> and to incorporate those principles into their applications where appropriate.

DIV applicants or winners may be added to a public innovation list from which DIV encourages USAID and other development implementers to source potential innovations. Placement on the public innovation list means that USAID or external parties might have potential application or use for a DIV innovation in their programs or activities and will have contact information for DIV applicants or winners.

DIV expects applicants and winners to cite the support they receive from USAID/DIV to any journalists, press, or content outlets that inquire or write stories about the innovation that was supported by DIV and USAID.

Glossary

Cost-effectiveness

Cost-effectiveness is generally calculated as the **impact of an innovation** on an outcome of interest divided by the **cost of implementing an innovation**.

- The **impact of an innovation** is understood as the total impact generated and measured (*e.g.*, an x% reduction in the infant mortality rate).
- The **cost of implementing an innovation** is the total cost of activities implemented to achieve the aforementioned outcome (*e.g.*, the sum of salaries, rent, promotional and activity materials, *etc.*).

For example, to derive a cost-effectiveness ratio for a literacy intervention with the objective of improving student test scores, one would (1) determine on a per-student basis the improvement in test scores attributable to the literacy intervention, (2) add up all costs associated with improving student test scores, and (3) compute a ratio of the impact generated per dollar spent by dividing point 1 by point 2.

Cost-effectiveness implies a comparison of one intervention's cost-effectiveness to that of alternative solutions for achieving the same outcome—there are almost always alternative solutions or proposals for achieving the same goal. In the example above, the final step of analysis would be to compare the cost-effectiveness ratio of the literacy innovation to the ratios of alternative solutions. Cost-effectiveness ratios for the innovation or alternatives are not available or easily developed, and they require the existence of data on an innovation's impact. Nonetheless, regardless of scaling path, the applicant should make the case that the innovation is more cost effective than alternatives, citing convincing, objective data to support this claim. Successful applicants almost always demonstrate a concrete understanding of alternative solutions and explain how what they are doing is likely to be more cost effective. (Note that in some circumstances it may be enough for the applicant to make the case that the innovation is more cost effective than the status quo or than mutually exclusive alternatives, not necessarily to all other alternatives, *e.g.*, an innovation in pedagogy should be more cost effective than the existing curriculum in raising test scores, but it need not be more cost effective than non-mutually exclusive approaches, such as providing low-cost eyeglasses to children with vision problems who cannot see the blackboard.)

Financial sustainability

Financial sustainability refers to the ability of an innovation to sustain itself over a period of time that is necessary to achieve development impact. Financial sustainability may be reached using the commercial sector, the public sector, or a hybrid approach.

Pathways to scale

- “Commercial scaling” refers to an innovation that is designed to scale as a business, financed with, for example, customer payments, advertising revenue, or commercial capital.
- “Public scaling” refers to an innovation designed to scale with the financial support of developing country governments, donors, or philanthropists.
- “Hybrid scaling” refers to an innovation designed to scale through a combination of commercial and public pathways (*e.g.*, partially through donor or philanthropic grant funding and partially through sales revenue).

Pilot

A pilot goes beyond the prototype stage to test whether the innovation will work in a developing country context. The purpose of a pilot is to test *whether and how people will actually use the innovation* in a developing country context.

Prototype

For a tangible innovation, a prototype can be a mock-up of the innovation that shows how the innovation can be developed. For an intangible innovation, a prototype can be a detailed diagram or other draft of the innovation that shows how the innovation would work. The purpose of all types of prototype is to demonstrate *how* the innovation will work.

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