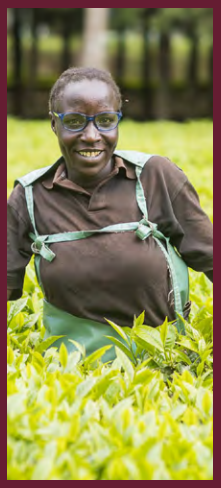
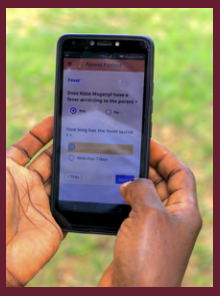
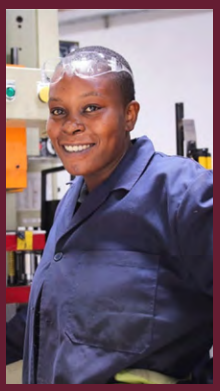
DEVELOPMENT INNOVATION VENTURES

A Decade of Turning Bright Ideas into Global Solutions

OCTOBER 2021







USAID
FROM THE AMERICAN PEOPLE

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FRONT COVER, IN ORDER LEFT TO RIGHT: © Muso; © Burn Manufacturing Co.; © Burn Manufacturing Co.; © d.light; © VisionSpring; © VisionSpring; © SafeBoda; © Muso; © Living Goods; © VisionSpring; © Instiglio; © APOPO; © Burn Manufacturing Co.; **PAGE 1:** A farmer holds a handful of beans from a healthy crop produced with Stage 2 grantee KickStart's irrigation systems that were made affordable with financial programs such as layaway and rent-to-own. © Esther Havens; **BACK COVER:** Two smallholder farmers in sub-Saharan Africa who were able to purchase farming tools from Stage 2 grantee KickStart thanks to financing options. © KickStart

ACKNOWLEDGMENTS

The DIV team would like to thank its many partners and collaborators who supported our work over the last decade. To the amazing innovators, DIV alumni, colleagues across USAID's Missions and Bureaus, hundreds of reviewers who have lent their expertise along the way, and our co-funding and strategic partners, including the Bill & Melinda Gates Foundation; CRI Foundation; Omidyar Network; Skoll Foundation; the William and Flora Hewlett Foundation; U.K.'s Foreign, Commonwealth, and Development Office; Australia's Department of Foreign Affairs and Trade; and Swedish International Development Cooperation Agency—thank you. We couldn't have identified and supported these life-improving innovations without you.

A Decade of Turning Bright Ideas into Global Solutions

An Angaza pay-as-you-go solar customer shows off her affordable solar-powered lamp. Angaza used a Stage 1 Award to test sales and scalability of a solar lamp design. © Angaza Design, Inc.

In October 2010, USAID launched Development Innovation Ventures (DIV)—an open innovation grant fund—to invest in breakthrough solutions to some of the world's most intractable development challenges. DIV provides grant funding to global innovators, entrepreneurs, and researchers to test new ideas, build evidence of what works, and scale cost-effective, high-impact solutions. DIV's tiered, evidence-driven funding model allows for risk-taking at early stages while mitigating risk at later stages, maximizing impact per dollar spent.

Over the last decade, DIV made 252 investments in the form of grant awards and improved the lives of more than 99 million people in developing countries.* DIV's unique model continues to expand the frontiers of aid effectiveness, inspire new funds, and drive the adoption of innovative and effective development approaches around the world.

By prioritizing innovation and focusing on rigorous evidence, DIV impacted millions of lives at a fraction of the usual cost.

As DIV celebrates ten years, we look back on the tremendous impact of the fund and our portfolio of innovators on global development—from Apopo's trained rats that prevented 154,000 tuberculosis cases through early detection—to Zola Electric's affordable solar distribution model that enabled 1.1 million people to access affordable electricity in their homes. DIV supported a new generation of game-changing innovations, brought new partners to USAID, engaged private sector companies, and created a testing ground for development innovation. As we look to the future, DIV looks forward to supporting the evidence-based innovations of the next decade to improve millions of more lives.

"[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)

DIV BY THE NUMBERS

DIV'S INNOVATIVE MODEL ENABLED THE PROGRAM TO MAXIMIZE VALUE, SCALE, AND COST-EFFECTIVENESS

$172 MILLION	INVESTED IN INNOVATIVE SOLUTIONS
252 AWARDS	PILOTED, TESTED, OR SCALED
47	COUNTRIES
11,762 APPLICATIONS	RECEIVED SINCE 2010
50% OF INNOVATORS	ARE NEW PARTNERS FOR USAID
99+ MILLION LIVES	IMPROVED BY DIV INNOVATIONS*
17:1 SOCIAL RATE OF RETURN	PER DOLLAR OF DIV'S FUNDING*

* Analysis of DIV's early portfolio from: Kremer, Michael, Sasha Gallant, Olga Rostapshova and Milan Thomas. "Is Development Economics a Good Investment? Evidence on scaling rate and social returns from USAID's innovation fund" (University of Chicago, 2021).

Letter from the Co-Founder

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

"As a founder of DIV, Michael revolutionized innovative approaches to solving humanity's greatest challenges by lowering bureaucratic barriers to encourage anyone to submit innovative ideas to USAID and subjecting those innovations to rigorous analysis of impact, cost-effectiveness, and ability to scale."

— Former USAID Administrator Mark Green in a statement congratulating Dr. Kremer for receiving the Nobel Prize in Economic Sciences (October 14, 2019)

In 2010, Dr. Rajiv Shah, Dr. Maura O'Neill, and I founded Development Innovation Ventures to apply the best tools to innovation in international development. With sustained bipartisan support, DIV's mission remains the same today as it was then: to support innovators and researchers as they test new ideas, take strategic risks, build evidence of what works, and scale the highest impact and most cost-effective solutions to development challenges.

When DIV started, we decided to take a portfolio approach to impact. In the same spirit as venture capital, we don't expect every award (our equivalent of an investment) to be successful, but we expect that enough innovations will make a big enough impact that they will outpace the costs of the whole portfolio. In 2010, we set an ambitious 15 percent target for the social rate of return on investment for the portfolio.

In a recent analysis, my coauthors and I examined the innovations DIV supported in the first two and a half years. These early innovations have improved the lives of more than 99 million people worldwide, with nine of the first 43 innovations reaching more than one million beneficiaries each. Analyzing the benefits of just five of these innovations, we estimate that DIV's funding generated $281 million in social benefits. Comparing that to the full cost of the entire portfolio during this period, **DIV's early portfolio created more than $17 in social benefit for each dollar spent by the American taxpayer**—a social rate of return of more than 143 percent.

The social benefit of an innovation is the number of people reached by the innovation times the average net benefit per person. The benefit per person could be increased income due to improved job productivity after receiving a pair of glasses or Disability Adjusted Life Years saved due to the availability of clean, chlorine-treated drinking water. As you will read below, over the last ten years, DIV's support led to the scale-up of highly impactful innovations around the world. Our approach influenced international development, and our portfolio improved millions of lives.

I believe there are four factors critical to DIV's success:

1. **DIV takes innovation to heart.** DIV is open to all kinds of innovations and all forms of innovators, in all sectors and countries in which USAID works.
2. **DIV funding is principles-based.** The program combines best practices from investors and academia to maximize results while managing risks.
3. **DIV takes evidence seriously.** The experimental approach to development—for which my colleagues, Abhijit Banerjee, Esther Duflo, and I were awarded the Nobel Prize in Economic Sciences in 2019—helps innovators and researchers generate rigorous evidence to support the iterative process of bringing innovations to scale.
4. **DIV isn't afraid to take risks.** Using a tiered funding approach, DIV funds a variety of relatively early-stage innovations, awarding larger amounts to innovations only if they have proven successful through rigorous testing.

While DIV is now ten years old, its mission remains critical. We look forward to supporting and learning from the brilliant ideas of the next decade, and working with partners within and beyond USAID to help turn them into global solutions.

Best wishes,
Michael Kremer, *Co-Founder of DIV*

"Dr. Kremer's peer-reviewed research not only strengthens the effectiveness of foreign assistance, but can also build domestic support for the idea that what money we are spending on development is being spent well."

— Senator Chris Coons at America's Role in the World: Why Leading Globally Matters Locally, a conference hosted by the U.S. Global Leadership Coalition (October 28, 2019)

About DIV

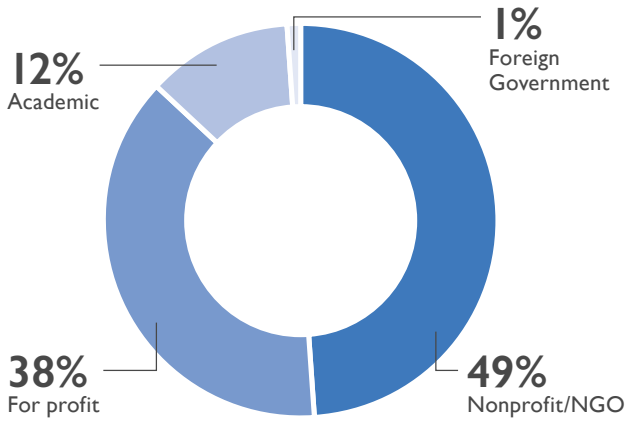
A mason demonstrates building an earthen floor. © EarthEnable

"DIV was game-changing for EarthEnable. We got our Stage 1 grant within a few months of operating, which gave us the breathing room to test our product, business model, and marketing strategies. Stage 2 has been by far our largest investment and enabled us to test a variety of growth and scale strategies that have paved the way to us scaling by an order of magnitude (10x) over the course of the grant period."

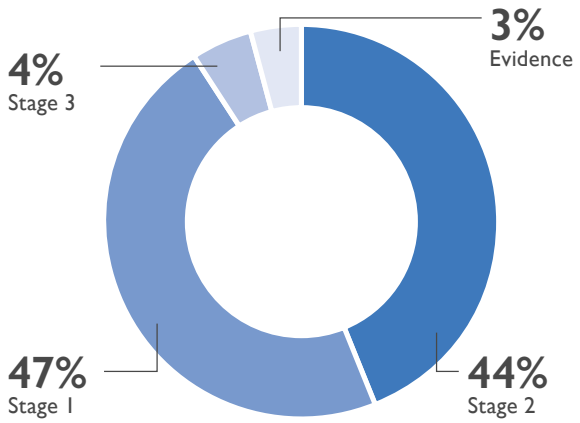
— EarthEnable Co-Founder and CEO Gayatri Datar

Built on the idea that game-changing ideas can come from anyone, anywhere, at any time, DIV accepts applications year-round from social entrepreneurs, nonprofit organizations, researchers, private sector companies, and others, working across every sector and country in which USAID operates. DIV incorporates best practices from academia and uses a peer review process to assess applications through the lens of its core principles: rigorous evidence of impact, cost-effectiveness, and potential for scale and financial sustainability. **DIV provides tiered funding that allows for risk-taking at early stages and mitigates risk at later stages, ensuring that funding maximizes impact per dollar spent.**

DIV Innovators by Organization Type



DIV Innovators by Stage



"Borrowing from the venture capital model, DIV was created to promote high-return and sometimes high-risk ideas and projects, catalyze game-changing innovations, and create new portals of entry for social entrepreneurs to work with USAID."

— Former USAID Administrator Dr. Rajiv Shah at the launch of DIV at the Columbia Business School Social Enterprise Conference (October 8, 2010)

INNOVATION

Through its always-open application window, DIV turns to the crowd to source the highest potential innovations from around the world. DIV recognizes that innovation can take different forms, including new technologies, services, and business models; new applications of behavioral interventions; improved ways of delivering goods and services; and even replications of proven innovations in new environments. DIV's flexibility allows it to support innovations across sectors—ranging from agriculture to water and sanitation—as well as innovators working in cross-cutting areas, such as traffic safety and early childhood development. Regardless of innovation type, sector, or geography, DIV looks for evidence of impact, cost-effectiveness, and potential for scale to find and test the brightest ideas and transform them into global solutions. DIV co-creates grants with winners to capitalize on collective knowledge and experience that will produce the greatest possible outcomes.

"[W]e cannot rely solely on traditional development—building roads, infrastructure, hospitals, training, doctors, nurses, teachers. Incremental change is a necessary, but not sufficient pathway to what we hope to accomplish. And that's why…[w]e've also created new funding mechanisms that will help bring new ideas to scale like our Development Innovation Ventures program."

— Secretary of State Hillary Clinton at a 2012 event at the U.S. Department of State in Washington, D.C.

TIERED FUNDING

DIV provides small amounts of funding to help advance a variety of relatively unproven ideas and greater amounts to help scale rigorously validated solutions.

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.

CORE PRINCIPLES

DIV's approach employs three core principles to assess applicants according to the stage or type of funding requested. DIV evaluates applications based on the extent to which they demonstrate:

- Rigorous Evidence of Impact: Evidence of clear, measurable, causal outcomes demonstrate what works in development. DIV looks for different indicators of impact—or plans to measure impact—depending on the stage of financing that the applicant seeks and the proposed pathway to scale. DIV relies on evidence and funds research to test new solutions to development challenges.
- Cost-Effectiveness: DIV invests in solutions that demonstrate the potential to deliver maximum impact for every dollar—those that can prove they are better, faster, cheaper, or more impactful than their alternative, which ensures maximum value for the U.S. taxpayer.
- Potential to Scale: DIV supports impactful solutions that demonstrate the potential to scale to improve millions of lives within ten years. 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.

DIV SELECTION CRITERIA

Rigorous Evidence
DIV values rigorous evaluation methods to assess what is working and what is not.

Cost Effectiveness
DIV invests in solutions that deliver maximum impact per dollar in comparison to other interventions.

Pathway to Scale
DIV supports solutions for long-term expansion and sustainability through the private and/or public sectors.

SELECTION AND FUNDING

DIV's funding decision process is unique within USAID. The due diligence process merges techniques used in academia with techniques used in venture capital. For example, DIV seeks internal and external technical experts across disciplines to review applications, uses an iterative process to learn more about innovations, and jointly shapes the work of top candidates. Based on feedback from DIV's due diligence teams and experts across and outside of USAID, decision panels composed of USAID and external experts discuss and select the most promising proposals. DIV engages a broad range of expertise to ensure that the best ideas rise to the top.

DIV provides grantees with funding that promotes performance and pay for results, while managing risk. DIV typically uses Fixed Amount Awards (FAAs)—a type of U.S. government grant—that are structured around the achievement of milestones, such as number of beneficiaries reached or amount of income generated, rather than inputs or grant activities. FAAs also reduce common compliance and reporting requirements that can be burdensome for grantees. This provides innovators with the flexibility to adapt and iterate under changing circumstances while optimizing for impact and cost-effectiveness. DIV is a leader in using Fixed Amount Awards within USAID and across the U.S. government. In addition, DIV offers Venture Assistance, which provides tailored consulting services to help select DIV grantees address core organizational challenges.

"DIV grants open up the space for great ideas that ultimately provide effective development solutions at a fraction of the cost."

— Former Secretary of State John Kerry at a 2011 event that recognized DIV grantee Sanergy

DIV HAS SUPPORTED INNOVATION IN
47 COUNTRIES OVER 10 YEARS

DIV RESULTS
The Social Rate of Return

A woman stands with a chlorine dispenser that enables her to treat her water with a safe dose of chlorine at the source, making it safe to drink. © Evidence Action

At DIV, the case for investment in development innovation rests not on the outcomes of each individual award but on portfolio-wide returns. A recent analysis by Kremer and colleagues demonstrates that the social returns on DIV's funding significantly outweigh the costs. Looking at DIV's early portfolio of 43 awards, **Kremer et al. found that only five awards—a fraction of DIV's portfolio—generated $154 million in social benefits, which is *$17 in social benefit for each dollar spent* for a social rate of return of 143 percent.** This return offsets the fully-loaded costs of the 43 awards in DIV's early portfolio manyfold.

This analysis demonstrates that open innovation funds can deliver large and measurable results. The return on investment is substantially greater than typical estimates of the rate of return on foreign aid (ten percent), historical stock market returns (seven percent), and the typical financial returns on impact investment funds (six percent).

A frontline worker in India reviews information on Dimagi's CommCare app with a client. © Dimagi

The following five innovations generated $17 in social benefit for each $1 spent by DIV in its first 43 awards:

- Dimagi's CommCare
- VisionSpring's Affordable Glasses for Presbyopia
- Georgetown University's Road Safety Stickers
- Evidence Action's Chlorine Dispensers for Safe Water
- Abdul Latif Jameel Poverty Action Lab's (J-PAL) Digital Attendance Monitoring

Kremer et al.'s analysis also brought several other important findings to light:

- Innovations often find paths to scale that are very different from what was initially proposed. This finding supports DIV's long-standing belief that some deviations from the original plan do not reflect failure, but are essential to the innovation process.
- Pilot grants are less likely to scale than later-stage awards, but they reach more people per dollar spent. This shows the value of experimentation: it can be inexpensive to try out new, high-potential, but perhaps higher-risk ideas, and they can be enormously impactful when they succeed.
- Innovations with rigorous evidence of impact are more likely to scale. This calls into question a supposed trade-off between rigorous evaluation and scaling-up. While not all ideas will lead to successful innovations, the experimental approach can help generate rigorous evidence to support this iterative process.
- Much of the social returns on innovations are often outside the initial country of development, demonstrating that the support of innovations is a global public good.

Transformative Innovations

A teacher works with her students by flipping and discussing letters in a TaRL classroom in Zambia. © TaRL Africa

DIV constructed its portfolio by taking many smart, relatively small bets; being open to ideas from nontraditional actors; testing rigorously; and providing larger amounts of funding to scale the highest impact and most cost-effective innovations. Over the last decade, many of DIV's supported innovations—including the four described below—helped transform their respective fields and improved the lives of millions of people around the globe, including by supporting innovations that improve health systems, elevating education outcomes, and providing affordable access to clean energy. For more examples of DIV's awards, see the Portfolio Highlights on page 25.

Dimagi CommCare

STAGE 1 (2010); STAGE 2 (2012, 2020)

India: Reached 100 million households

Frontline workers—70 percent of whom are women—play essential roles in providing both preventative and treatment-based health care for billions of people around the world. A typical frontline worker in India cares for more than 1,000 people and often keeps records with just pen and paper, which is inefficient and carries a high potential for error. To improve data collection, analysis, and case management efficiency, Dimagi, a social enterprise, developed CommCare, an open-source mobile data collection and service delivery platform now used by frontline workers in 130 countries.

Frontline workers in India learn how to use a mobile service delivery application built on Dimagi's CommCare platform. © 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 ten years are due in no small part to the DIV funding we received at the very beginning."

— Dimagi Co-Founder and CEO Jonathan Jackson

With a Stage 1 DIV award in 2010, Dimagi piloted CommCare in India to demonstrate its viability. In 2012, Dimagi received a Stage 2 DIV award to standardize and test the effectiveness of the platform, which enabled it to scale to 40 organizations in India. DIV's flexible support enabled Dimagi to build its organizational capabilities and shift the platform from one that required significant direct support from Dimagi's programmers, to one where organizations can build a custom platform themselves. In 2020, Dimagi received a second Stage 2 award to enhance CommCare by integrating cutting-edge artificial intelligence technology to improve frontline worker productivity, increase diagnosis accuracy, detect outbreaks, and improve health care delivery in remote areas.

Dimagi reports that CommCare has been used by one million frontline workers across multiple sectors—including community health, education, and smallholder agriculture—to improve efficiency and outcomes for the people it serves. Several USAID challenges and prizes also supported Dimagi as it has become a trusted partner to global NGOs, USAID Missions, and the Indian government. More than 60 peer-reviewed studies demonstrate CommCare's impact in improving people's lives, such as through reducing infant and maternal mortality in Guatemala, improving maternal nutrition in India, and increasing institutional deliveries in Tanzania. Additional third-party evaluations by USAID, Johns Hopkins University, and others also recognize CommCare as a leading platform for public health, nutrition, and the COVID-19 response. In India, Dimagi's digital platform supported the largest digital nutrition intervention in the world, with more than 600,000 frontline health workers, who are mostly women, registering 100 million households for services.

In 2020, public health officials in 40 countries, including the United States, equipped more than 30,000 users with CommCare-based tools for contact tracing and case investigation in the fight against the spread of COVID-19.

Teaching at the Right Level

STAGE 1 (2013); STAGE 2 (2017); STAGE 3 (2020)

India, Zambia, Botswana: Reached 50 million students and teachers

Although school enrollment worldwide is increasing, over half of the students in low- and middle-income countries are going through school without acquiring the foundational skills they need. For example, primary school enrollment in Africa more than doubled over the past two decades, but 88 percent of primary and lower secondary school children in sub-Saharan Africa are not proficient in reading and 84 percent are not proficient in math. Many teachers must follow dense curricula and prepare students for high-stakes exams, so they teach to the top of the class while children who are behind struggle to catch up.

"Starting with support to a key [randomized controlled trial (RCT)] to test the approach in India to supporting the scale up of the first international collaboration for Teaching at the Right Level in Zambia, DIV has been a significant support in the Teaching at the Right Level journey, enabling foundational skills for children."

— Pratham Head of International Collaborations Devyani Pershad

A teacher discusses letters with his students at a Pratham Learning Camp in India. © Pratham Education Foundation

In response to similar challenges in India, the Indian NGO Pratham developed Teaching at the Right Level (TaRL), a learner-centered approach to teaching that helps students catch up on basic foundational skills of reading and math. The TaRL methodology has three key components:

1) Use a simple tool to assess students' learning levels.
2) Group students by learning level, not age or grade.
3) Use an interactive, activity-based teaching approach to facilitate learning of basic skills, regularly reassessing and regrouping children as they learn

Students progress through skill level groups until they reach proficiency in reading and math.

In 2013, DIV awarded Pratham a Stage 2 grant to evaluate the cost-effectiveness of TaRL models in India. DIV also supported the testing and scale-up of this highly effective learning approach in Africa through additional awards. In 2017, DIV supported the Abdul Latif Jameel Poverty Action Lab (J-PAL) Africa—in partnership with USAID/Zambia and the Government of Zambia—to scale the TaRL model subnationally with a Stage 3 DIV award. In 2020, DIV awarded Botswana-based NGO Young Iove a Stage 2 award to test variations of the program to maximize impact and cost-effectiveness.

With USAID support, TaRL has proven to be among the highest impact and most cost-effective learning interventions, costing just $3.25 to produce significant improvements in a student's learning. **DIV's support helped catalyze more than $25 million from external funders** to bring the model to at least ten countries across Africa. Globally, millions of children now benefit from TaRL.

ZOLA Electric Solar Home Systems

STAGE 1 (2013); STAGE 2 (2014); STAGE 3 (2015)

Tanzania: Reached 1.1 million people

Two out of three people in sub-Saharan Africa lack access to electricity. In many countries, households without power may have to wait years for the government to build up the grid and plug them in. To bridge the divide, solar home systems offer small-scale energy solutions for off-grid households.

ZOLA Electric, formerly known as Off-Grid Electric and M-Power, launched in 2013 not only to build effective solar home systems, but also to understand customers' needs and what they can afford. DIV, an early funder, awarded ZOLA with a Stage 1 grant to pilot an affordable solar leasing service where a local sales team delivers rooftop panels. Using mobile money or convenient kiosks, customers prepay for the service in increments as small as a single day. If a customer requires a repair, replacement, or upgrade, Off-Grid's service agents provide in-home service at no cost. Off-Grid's Stage 1 award showed that customers saved nearly $200 per year by switching to solar from candles, oil lamps, wood-burning stoves, and other non-electric sources of energy.

ZOLA went on to win a 2014 Stage 2 award and a 2015 Stage 3 award that enabled it to grow and gather more evidence that demonstrated the economic viability and scalability of its approach. DIV support allowed the company to secure additional financing to continue expanding its coverage area. The company is the only organization to win all three stages of DIV awards.

Throughout its journey to provide affordable, reliable off-grid energy to people living in rural communities, ZOLA innovated relentlessly as it evolved from distributing solar home systems to helping businesses and households stay connected with clean, affordable, reliable 24/7 power no matter where they are. By providing distributed smart storage combined with accessible and affordable solar technology, ZOLA helps typical households and businesses leapfrog traditional grids at the lowest possible cost. Since receiving its Stage 3 award, ZOLA has raised more than $200 million in debt and equity investments and now provides energy to over one million people each day across Tanzania, Rwanda, Ghana, Côte d'Ivoire, and Nigeria.

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

Living Goods Door to Door Community Care

STAGE 3 (2016)

Kenya: Reached 8 million people

A Living Goods community health worker meets with a new mother and her baby to promote maternal and child health in communities in need © Living Goods

Millions of children die each year from treatable conditions like pneumonia, diarrhea, and malaria due to poor access to basic health care. In response, Living Goods provides mobile technology, training, supervision, and compensation to government community health workers to deliver health care to the doorsteps of their neighbors in Kenya and Uganda.

Living Goods began operating in Uganda in 2007 with entrepreneurial community health workers who provide care in their communities and sell high-impact health products to beneficiaries. A randomized controlled trial showed Living Goods' model reduced under-five mortality by 27 percent and stunting by seven percent. This evidence laid the groundwork for a $5 million DIV Stage 3 award to scale the model to Kenya in 2016. With DIV's support, Living Goods grew in Kenya from supporting just 400 community health workers to more than 2,700, serving more than two million people. By 2019, Living Goods brought its cost per person in Kenya down from $4.76 to $3.54. Living Goods also secured an innovative co-financing contract with Isiolo County—a remote county with some of Kenya's poorest health outcomes—in which the county government will absorb increased financing and implementation responsibility from 2019 to 2023. With technical assistance from Living Goods, the county will eventually be ready to take on full ownership of the program.

DIV's funding allowed Living Goods to learn, fail, and adjust its model in Kenya while continuing to deliver quality care to those who need it most. Its original business plan was to expand direct operations and help other NGOs implement effective community health workers models. Living Goods learned that governments are central to building sustainable community health systems and pivoted to a health systems strengthening approach that builds public sector capacity through technical assistance. Living Goods now increasingly relies on the government to finance community health programs—including supplying free essential medicines through community health workers. DIV's milestone-based funding—where payments are made according to incremental results rather than specific activities—provided Living Goods the flexibility to adapt and decide how to achieve this new vision for success in a changing environment. In Uganda, through a 2019 DIV Stage 3 award to the Global Development Incubator, Living Goods is now scaling a novel results-based financing mechanism for community health.

Since 2015, Living Goods raised more than $86 million and now supports more than 11,000 government community health workers to deliver care to 8.5 million people across Kenya and Uganda. It receives more requests for technical assistance from new governments than it can accept. Living Goods will continue to expand to new countries where it can effectively partner with governments to build and implement evidence-based, cost-effective community health programs and policies.

Fueling Innovation in Global Development

In addition to directly funding ideas that impact millions of lives, DIV's influence extends across USAID and other development funders.

Mrs. Karan Thabar, 40 years old from Kherla village in Gurgaon, a satellite city of Delhi, uses VisionSpring eyeglasses while working on her sewing machine.
© Warby Parker/VisionSpring

OPENING A DOOR INTO USAID FOR NEW AND NON-TRADITIONAL PARTNERS

DIV's rolling, open application process breaks down entry barriers to USAID, opening opportunities to local, non-traditional partners. DIV was designed to make USAID more accessible to a wider range of partners—from local entrepreneurs such as Grillo, to researchers such as the Pontificia Universidad de Chile, to high-growth start-ups such as Dimagi, a U.S.-based small business trying to take its innovation global. Many grantees work in areas that do not fall into sectors typically supported by donors, such as transportation safety and earthquake monitoring. Since 2018, 40 percent of DIV awardees are organizations with fewer than 50 employees. Half of DIV grantees are new to USAID at the time of their first award.

DIV support is catalytic and encourages collaboration; to increase their odds of scaling impactful work, 72 percent of DIV grantees had at least one partner and 40 percent of DIV grantees had two or more partners.

DIV is also an important means for private sector companies that deliver social outcomes to engage with the Agency; 88 companies have received DIV funding, demonstrating DIV's alignment with USAID's Private Sector Engagement Policy. In general, entrepreneurs find it easier to access early-stage funding, but this is not enough to get them to the next phase, which is too big for angels who invest their own money, and too small for traditional investors. Thus, a DIV grant may serve as the bridge from early-stage or seed-funding to the next phase of funding in the form of equity or debt financing from development finance institutions, and impact and commercial investors.

DE-RISKING INNOVATIONS FOR SCALE THROUGHOUT USAID

As a research and development resource for all of USAID, DIV tests early-stage innovations to de-risk and prepare them for adoption by other Agency Missions and Bureaus. By allocating relatively small amounts of money to generate evidence early in an innovation's development, DIV has enabled the Agency to make evidence-driven funding decisions to back proven solutions. Sixteen Missions and operating units have contributed funding to awards managed by DIV; some Missions later invested significant resources to scale innovations from DIV's portfolio.

For example, DIV's early support of Teaching at the Right Level (TaRL) paved the way for the USAID Mission in Zambia to support scaling efforts across the country in partnership with the Zambian government. Alongside DIV, the Mission is now supporting the scale-up of the TaRL program to reach 1,800 schools across Zambia.

With a Stage 2 award in 2012, DIV supported VisionSpring to test their "hub and spoke" model and improve access to affordable eyeglasses and vision care across India. This success led to support from the Innovation Investment Alliance, a funding collaboration between USAID and the Skoll Foundation. Later, DIV partnered with the USAID Mission in Bangladesh and the Women's Global Development and Prosperity (W-GDP) Fund in 2019 to fund testing and scaling of VisionSpring's Clear Vision Workplace Alliance across Bangladesh, India, and Vietnam with a Stage 2 award that benefitted 6,775 women in its first two years. VisionSpring provides low-cost corrective eyeglasses to nearly seven million people globally.

The Graduation Approach is a holistic livelihoods program designed to address the multidimensional needs of those living in extreme poverty. It was developed by BRAC in 2002 (then known as Targeting the Ultra-Poor or Hardcore Poor) and has since been widely tested by many organizations. The Graduation Approach has consistently demonstrated large and lasting impacts on participants by sustainably boosting livelihoods, income, and health. In 2014, DIV supported Bandhan-Konnagar

LEFT: Bandhan-Konnagar field staff provide functional literacy training to ultra poor women during their weekly small group meetings. © Bandhan-Konnagar; **RIGHT:** A mother and her baby in Yirimadio, on the outskirts of Bamako, Mali, receive care through a proactive door-to-door home visit by a Muso community health worker. © Muso

with a Stage 2 award to test scaling strategies for the Targeting the Hardcore Poor (THP) program in India. Bandhan-Konnagar and other organizations are now scaling the Graduation Approach to more than 30 countries where it may reach millions of people in need.

Since 2015, the USAID Mission in Ethiopia has worked with the Ethiopian Government and other donors to take up and scale the graduation program. Ethiopia's graduation model is now one of the largest safety net programs in the world, accessible to over ten million people nationwide in 2020. In 2018, in response to the extensive evidence on the Graduation Model, USAID reported to Congress that it is shifting away from traditional microfinance and moving toward multidimensional approaches, including the Graduation Approach for poverty alleviation.

In 2020, USAID's Center for Innovation and Impact (CII), which applies innovation, market-based solutions, and digital health approaches to critical health challenges in the Global Health Bureau, launched the Global Health Innovation Index, which identified four of DIV's grantees (Dimagi, Keheala, Living Goods, and Muso) as "potential game-changers." DIV support enabled these innovations to demonstrate evidence of impact, strong organizational capacity, a case for sustainability, and a viable path to scale, and CII recommended that they be scaled into larger programming.

DIV's Collaboration with USAID Missions and Bureaus

DIV works alongside partners across the Agency to evaluate, support, and scale the best innovations by:

- Providing access to new partners and a potential funding source for unsolicited proposals
- Amplifying priorities within USAID's Country Development Cooperation Strategies (CDCS) and other strategies, and filling funding gaps for other development challenges
- Sourcing proposal reviews from experts across the Agency
- Fully managing or sharing award management duties based on capacity and interest of Missions and Bureaus
- De-risking innovations for Missions and Bureaus to scale through other programs

"USAID created Development Innovation Ventures, a venture capital-style fund that brings financial resources and technical expertise to global startups and policy interventions based on data, performance, and promise...

It's not the government 'doing venture capital,' but it's improving federal grantmaking by adopting the methodologies of risk mitigation and Lean Startup philosophy...

Programs like these exemplify social innovation—they use better information to determine which programs work and can scale, and therefore improve lives, better optimize taxpayer resources, and build enduring ecosystems to solve old problems in new ways."

— "The Lean Startup Goes to Washington," Stanford Social Innovation Review, April 3, 2014

CATALYZING PARTNERSHIPS AND FUNDING TO SCALE HIGH-IMPACT PROGRAMS

DIV brings together partners within and outside of USAID to test innovations, catalyze funding, and scale the best solutions. Many DIV innovators contribute additional public or private co-funding to their awards, which reduces risk for USAID. For example, One Acre Fund brought $13 million from other sources to supplement its $5 million 2017 DIV Stage 3 award to scale its agricultural services distribution model in Malawi and Uganda, for a total of $18 million.

DIV's grant funding also catalyzed debt and equity investments from private sector investors into innovations and markets, showing how the public sector can play a pivotal role in de-risking private investment in nascent innovations that improve the lives of people living in poverty. In 2016, the Scaling Off-Grid Energy Grand Challenge for Development (SOGE) partnered with DIV to mobilize $3.5 million to develop, test, and scale solar home systems and other energy innovations, which then spurred hundreds of millions of dollars in additional funding from the private sector for solar businesses and enabled them to make affordable, reliable electricity available to tens of millions of people.

Fueling Growth

As part of its longstanding commitment to mitigating climate change, DIV made 26 awards to organizations that are piloting, testing, and scaling solutions to bring power to people living outside of traditional power grids, which helped fuel the ten percent annual growth of the off-grid energy sector.

In 2016, DIV and SOGE made a Stage 2 award to Fenix International to expand its affordable solar home systems (SHS) from Uganda into Zambia, which was a largely underserved market. By the end of the grant, Fenix was the leading SHS company in Zambia. In 2017, ENGIE, a multinational electric utility company, acquired Fenix and expanded into four new countries—Benin, Côte d'Ivoire, Nigeria, and Mozambique. Fenix has since delivered clean, affordable energy to 3.5 million people across six countries in Africa.

In 2018, ENGIE also acquired Simpa Energy India from parent company Simpa Networks, a 2013 Stage 2 DIV grantee, as part of its efforts to transform energy through decarbonization, decentralization, and digitalization. Simpa Energy also received investment from the Overseas Private Investment Corporation (now the U.S. Development Finance Corporation) following the DIV award.

In addition to building partnerships to scale proven solutions, DIV supports de-risking efforts by helping innovators pilot or test their innovation and generate evidence of whether their innovation is likely to be successful, making them attractive to large companies that can help them scale. Several DIV grantees were acquired by larger companies, which enabled them to significantly increase their reach and impact. For example, Babajob, a Stage 2 DIV grantee in India that developed a job matching platform for informal workers, raised more than $10 million in multiple funding rounds. In 2017, Babajob was acquired by Quikr, an Indian online marketplace and classified advertising platform. Laborlink, a labor rights monitoring platform developed by Good World Solutions, a two-time Stage 1 DIV grantee operating in India and Bangladesh, was acquired in August 2017 by ELEVATE, a business risk and sustainability solutions provider.

In addition to acquisition by larger companies, several DIV-funded innovations attracted outside investment. In 2020, DIV Stage 2 grantee Sparkmeter, which provides novel reliable meter solutions in densely populated areas, raised $12 million in private equity financing to help the company optimize its product. In 2019, DIV Stage 1 grantee Safeboda also closed a round of private equity financing designed to take the company past the development stage and scale it to meet customer demand. In 2021, DIV Stage 2 grantee Ampersand secured Sub-Saharan Africa's largest-ever private investment In electric mobility with $3.5 million from the Ecosystem Integrity Fund.

SETTING THE EXAMPLE FOR EVIDENCE-BASED INNOVATION FUNDING

Over the last decade, DIV's pioneering model inspired the development of several new funds to prioritize tiered funding of evidence-based, scalable innovations. New funds include the Global Innovation Fund (GIF), USAID/India's Millennium Alliance, Feed the Future Kenya Innovation Engine, Korea's Creative Technology Solution Fund, and in late 2020, France's Fund for Innovation in Development (FID).

U.S. government programs that work domestically can also learn from DIV's approach. A 2013 Memo from the Executive Office of the President describes the "Next Steps in the Evidence and Innovation Agenda" and cites DIV as an illustration of innovative, tiered, evidence-based competitions that should be replicated across federal departments and agencies. In 2015, Harvard University named DIV a Top 25 Innovation in American Government. Results for America recognized DIV in their Invest in What Works Federal Standards of Excellence every year from 2013 through 2020.

"The U.S. Agency for International Development now has a highly-promising evidence-based initiative – Development Innovation Ventures (DIV) … DIV's evidence focus is the real deal."

— Coalition for Evidence Based Policy (2013)

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

CREATING A TESTING GROUND FOR DEVELOPMENT INNOVATION

DIV pioneered new approaches to improve development practice more broadly and increase aid effectiveness. Examples of new approaches tested by DIV include:

IMPACT EVALUATIONS

In 2019, DIV's Co-Founder, Michael Kremer, became a joint awardee of the Nobel Prize in Economic Sciences for his "experimental approach to alleviating global poverty." The Nobel committee recognized Kremer for "a new approach to obtaining reliable answers about the best ways to fight global poverty." Over the last decades, the use of impact evaluations—particularly randomized controlled trials (RCTs)—in development, has fundamentally changed the sector and enabled implementers, researchers, funders, and governments to make increasingly evidence-based decisions in program and policy design.

DIV is one of a small but growing community of funders that support and encourage impact evaluations, helping to fill an important gap in international development. Evidence of clear and measurable outcomes helps demonstrate what is and is not working to improve the lives of the poor. Since 2010, **more than 40 percent of DIV's grants have supported RCTs**, many of which have been led by some of the top development economists in the world.

A BPNT beneficiary in South Sulawesi, Indonesia using electronic food vouchers to redeem food assistance. © J-PAL Southeast Asia

CASH BENCHMARKING

The concept of establishing a minimum rate of return on a project or investment by using cash grants as a reference point and a rigorous comparison has gained traction, particularly as the evidence base for the impact of cash has deepened over the past several years.

Starting in 2015, DIV supported the Rwanda Mission to launch the first cash benchmarking experiments in collaboration with Google.org and GiveDirectly through the Development Impact Lab at the University of California, Berkeley, which is one of USAID's Higher Education Solutions Network (HESN) programs. As the two experiments in Rwanda got underway, DIV negotiated an expansion of the cash benchmarking initiative with GoodVentures and USAID Missions in Malawi, Liberia, and the Democratic Republic of the Congo. DIV's strategic Cash Transfer Benchmarking Partnership mobilized $17 million in commitments from high-profile external funders, which enabled it to attract an additional $17 million in matching funds from these USAID Missions. Under this effort, USAID piloted randomized controlled trials using unconditional cash transfers to households to gather rigorous evidence of impact per dollar. These trials represent the first significant attempt by a large development institution to benchmark the cost-effectiveness of large-scale "traditional" programs against cash transfers. The bold

initiative has received much positive public attention and support for USAID from the development community.

This effort spurred the adoption of cash transfer programs by USAID Missions in Morocco and Uganda. The Agency continues to gather rigorous evidence to understand how cash performs relative to other traditional development solutions, with an eye toward improving aid effectiveness.

"The cash initiative has taken root inside a small [USAID] unit called Development Innovation Ventures, a seedbed for new ideas and rigorous evaluations."

— "Is Cash Better for Poor People Than Conventional Foreign Aid?," New York Times, September 11, 2018

Smallholder farmers in East Africa received a bundle of agricultural services, including access to financial services, seeds and other inputs, and training to increase their profitability. © One Acre Fund

OUTCOMES-BASED FUNDING

DIV has pioneered the use of results-based payments and shapes all of its grants around the achievement of milestones. DIV uses USAID procurement mechanisms to incentivize outcomes while testing cutting-edge financing mechanisms that pay only for results.

Through its support to Instiglio in 2017, DIV is an outcomes payer on the Village Enterprise Development Impact Bond, the world's first development impact bond (DIB) for poverty alleviation in Africa and USAID's first DIB. In 2013, DIV also supported Instiglio's early work in Mexico and Colombia to pilot the use of social impact bonds (see page 28 for more information).

Through an award to the Global Development Incubator, DIV is now testing a results-based financing mechanism within Living Goods' community health programming. DIV provides a testing ground for payment structures that drive impact and lessons for the Agency and the development community around how to enhance the effectiveness of development funding.

"DIV's support has been catalytic for Instiglio and for the entire sector of international development, as it allowed us to test the very first application of Social Impact Bonds as a mechanism that can accelerate social outcomes in developing countries. That early demonstration laid the foundation for the rapid expansion of our results-based financing in multiple sectors and regions."

— Instiglio CEO Avnish Gungadurdoss

THE VIEW FROM HERE
The Next 10 Years

Development Innovation Ventures was founded in late 2010 to further open USAID's doors to partner with new innovators and social entrepreneurs, and to take smart risks while rigorously testing and catalyzing breakthrough solutions. Over the last decade, DIV has supported life-changing innovations and field-changing research that impacted the lives of millions of people and influenced the development sector. DIV's commitment to rigorous evidence and open innovation has proven successful—looking only at our early portfolio, DIV's principles-based, risk-calibrated funding generated over $17 in social benefit for each dollar invested by the American taxpayer—a social rate of return of over 143 percent.

DIV still strives to live up to its ambitious expectations. Going forward, DIV will increase outreach to innovators in under-represented geographies; we will grow our network of expert reviewers; we will invest even more in monitoring and evaluation; we will significantly strengthen our collaboration with donors, philanthropists, impact investors, and USAID Missions and Bureaus; and we will find new ways to encourage the adoption, replication, and scaling of the innovations best placed to deliver a brighter future for people around the world.

In 2020, we watched our innovators rise and adapt their solutions to meet the great challenges posed by the COVID-19 pandemic. Many of DIV's innovators have been part of the response, from serving as critical partners to national governments to adapting their supply chains to produce essential goods. As the world has come together to meet this crisis, these innovators show how investing in evidence and innovation today can reap benefits down the line, for challenges both predictable and unprecedented.

A family in India uses the efficient, woodburning HomeStove by BioLite to prepare meals, which uses less wood and cuts toxic pollutants by 95 percent. © BioLite

As we look to the next ten years, DIV will continue to crowd in the next generation of bright ideas from innovators and researchers around the world. We are grateful we will have the opportunity to continue to work with partners inside and outside of USAID to test out new approaches to development practice, build cross-sectoral partnerships, and support global solutions that transform millions of lives. If you have a transformative development innovation that needs support to pilot, test, or scale, please reach out to us at www.USAID.gov/DIV.

Sincerely,
Kimberly Rosen, Deputy Assistant Administrator,
Bureau for Development, Democracy, and Innovation

Portfolio Highlights

Below is a sampling of DIV's diverse portfolio of 252 awards. For more information on all of the innovators DIV has supported, please visit divportal.usaid.gov.

APOPO

STAGE 1 (2015–2018) TANZANIA, MOZAMBIQUE

An estimated ten million new cases of tuberculosis (TB) arise each year worldwide, yet many patients are not diagnosed. Inefficient testing leads to longer delays to receive care and greater spread of the disease. APOPO trains African giant pouched rats—nicknamed "HeroRATs"—to detect TB by scent in clinical samples in Tanzania, Mozambique, and Ethiopia. Through scent testing, the rats can screen as many samples in 20 minutes as a lab technician can scan in four days, which expedites diagnosis and enables more TB patients to receive treatment. With DIV Stage 1 support, APOPO tested prison inmates in Tanzania and Mozambique for TB and assessed the sensitivity, specificity, and cost-effectiveness of detection rats as a triage tool when paired with GeneXpert, a relatively expensive, but highly accurate, DNA diagnostic test endorsed by the World Health Organization (WHO). To date, APOPO's HeroRATs have screened more than 680,000 sputum samples and detected more than 18,000 TB cases that were missed in public clinics. APOPO has increased case detection rates in public clinics by up to 40 percent, which translates to preventing up to 154,000 additional infections.

Babajob

STAGE 2 (2013–2016) INDIA

Income diversification has been identified as one of the most important factors related to escaping poverty, but access to information about better jobs has traditionally been limited for job seekers in the informal sector, including day laborers and low-wage workers. Babajob leveraged mobile technology to create a digital jobs platform that enabled these job seekers to create digital resumes, search and apply for jobs, and receive updates for free. DIV supported Babajob to develop an Interactive Voice Response (IVR) platform so lower-literate users with a basic mobile phone can access the service. In total, more than 8.5 million job seekers and five million employers used Babjob, including 850,000 people who used the IVR service. Following DIV's funding, Babajob raised more than $10 million in multiple funding rounds and in 2017 was acquired by Indian online classifieds website Quikr.

Bandhan

STAGE 2 (2014–2018) INDIA

Economists have long explored the idea of a poverty trap: that those living in poverty may be poor due only to the fact that they started out poor. Bandhan has worked to transform the lives of the poorest in India—particularly women and their dependent families—by lifting them out of this trap through its evidence-based Graduation Approach. The program provides a productive asset, temporary allowance, mandatory savings, and two years of training or mentoring to a female in each household. A set of RCTs has proven that this model improves women's financial inclusion, income, and household food security, and recent studies show that positive effects on households' economic wellbeing grow and remain persistently higher than the control group ten years later. Since launching the Graduation Approach (previously known as THP) in 2006, Bandhan has scaled to 63 districts across 12 states and lifted more than 112,000 households out of extreme poverty. With DIV Stage 2 support, Bandhan scaled the approach in Bihar and Odisha to demonstrate the model's broad potential. Bandhan is collaborating with the Government of Odisha to scale up the program to cover 10,000 families from 2021 to 2022 and with the Government of Bihar to reach 100,000 families by 2023.

BURN Manufacturing

STAGE 1 (2015–2018) KENYA

STAGE 2 (2017–2020) UGANDA

More than three billion people—nearly 40 percent of the world's population—cook over open fires and with traditional cookstoves every day. Smoke inhalation from traditional cookstoves leads to more than four million deaths every year—more than the deaths from HIV/AIDS, tuberculosis, and malaria combined. Despite global attention on this issue, the challenges of addressing traditional cookstove use persist as it is difficult to influence and change something as fundamental as cooking style. One company, Kenya-based BURN Manufacturing, has seen widespread success with its improved and efficient cookstoves that significantly reduce smoke emissions and save its customers money by reducing fuel use. DIV supported BURN Manufacturing with two grants, one to refine product design and one to increase its production capacity and expand to two new countries, which enabled the company to achieve profitability. With more than one million stoves sold, BURN has helped more than five million people so far.

EarthEnable

STAGE 1 (2015–2018) RWANDA

STAGE 2 (2018–2021) RWANDA, UGANDA

Dirt floors are breeding grounds for bacteria and parasites that cause disease and lead to infection, especially in children. EarthEnable is a social enterprise that developed a method to provide durable adobe floors that are 70 percent less expensive than other clean floor alternatives. Early funding by DIV supported EarthEnable to test different business models for scaling up, expand geographic reach, and serve lower-income households. A later Stage 2 award supported an RCT of EarthEnable's health impact. EarthEnable has built clean floors for more than 8,000 families, serving more than 36,000 people in Rwanda and Uganda. As of 2020, 99 percent of customers reported that they would recommend EarthEnable's floor to a friend and that they enjoyed health improvements as a result of their EarthEnable floor.

Entrepreneurial Finance Lab (EFL)

STAGE 2 (2015–2018) INDIA, MEXICO, PHILIPPINES

In emerging markets, small businesses are often shut out of the financial system because they lack traditional credit data and banking histories. To bring unbanked people into the market, LenddoEFL (formerly the Entrepreneurial Finance Lab or EFL) developed an alternative credit score that can be applied to anyone, making access to credit possible for those typically excluded from the formal financial sector. Its solution leverages psychometric questionnaires as a low-cost automated screening tool to identify high-potential borrowers who lack traditional credit data. With early support from DIV, LenddoEFL tested and scaled its system in India, the Philippines, and Mexico, and enhanced its risk assessment tool for those with limited formal education. In India, EFL partnered with Axis Bank to deploy their psychometric assessment for over 10,000 group loan applications. In 2019, EFL merged with Lenddo to become LenddoEFL, and now together provide financial inclusion opportunities across more than 20 markets, powering more than seven million credit assessments and over $2 billion in responsible loans.

Evidence Action

STAGE 3 (2012–2015) KENYA, MALAWI, UGANDA

In rural regions of low-income countries, most water sources are untreated, leaving water unsafe to drink directly from the source. Treating water with diluted chlorine reduces the likelihood of early childhood diarrhea, which is a major cause of child mortality. Evidence Action's free, uniquely engineered chlorine dispensers are installed at common water sources and are a visual cue for people to treat their water when they collect it so that it is a part of their routine.
In 2012, a DIV Stage 3 award supported the scale-up of chlorine dispensers installed across East Africa. To date, Evidence Action has installed more than 27,000 dispensers across Kenya, Malawi, and Uganda that have served more than four million people. In 2019 alone, Dispensers for Safe Water prevented an estimated 450,000 cases of diarrhea among children under five years of age. By averting child mortality and morbidity, this innovation has returned more than $44 in social benefit per dollar invested by DIV.

Fenix International

STAGE 2 (2016–2019) ZAMBIA

Fenix offers expandable, lease-to-own, solar home systems financed through ultra-affordable installments over mobile money. In 2016, DIV partnered with USAID's Scaling Off-Grid Energy team (SOGE) 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 solar home systems company in Zambia. In 2017, Fenix was acquired by ENGIE, a multinational electric utility company, and is now called ENGIE Energy Access. ENGIE Energy Access has expanded into four new countries: Benin, Côte d'Ivoire, Nigeria, and Mozambique. In total, Fenix has now delivered clean, affordable energy to more than 700,000 households or 3.5 million people across six countries in Africa.

Grillo

STAGE 1 (2015–2018) MEXICO

Each year, earthquakes cause nearly 40,000 deaths; nearly a third of the world's population lives in seismically active areas. Grillo, a Mexico-based social enterprise, developed an earthquake early warning system that is more accurate than traditional systems and costs just $100 per unit versus the typical $10,000–$20,000. DIV supported Grillo to further develop its technology, test its sensors in multiple countries, and iterate its business model. Grillo has since served 22,000 customers and recently partnered with the Linux Foundation and IBM to make its software available open source to accelerate the development of similar systems around the world.

Harvard University

STAGE 2 (2019–2022) INDONESIA

Millions of people rely on social safety net programs, but governments struggle to deliver them efficiently and without leakages. In Indonesia, the government has distributed billions of dollars of free or heavily subsidized rice to the poor over the past two decades, but struggled to ensure that it reaches the people who need it. To reduce or eliminate leakage and secure distribution, the Government of Indonesia is converting all of its primary social protection programs to digital distribution by 2022. This transformation is already underway with the subsidized rice program and the largest targeted transfer program. To assess the welfare impact of these reforms, DIV is supporting researchers at Harvard and the Massachusetts Institute of Technology in partnership with the Government of Indonesia's anti-poverty think tank, TNP2K, to run a randomized evaluation comparing delivery of social assistance via electronic and traditional methods. With this conversion to digital distribution, 20 million poor households across Indonesia now receive food assistance through electronic vouchers.

Innovations for Poverty Action (IPA)

STAGE 2 (2013–2015) ZAMBIA

In Zambia, young girls drop out of school at higher rates than boys. A large portion of dropouts occur between primary and secondary school when families must start paying fees for their children to continue attending school. Researchers developed Girls Arise!, an innovative training program that teaches girls how to negotiate health and education decisions with authority figures. With DIV support, IPA partnered with a research team to conduct an RCT that randomly gave girls access to the negotiation program or a standard empowerment program. Results showed that Girls Arise! participants were more likely to stay in secondary school due to their improved negotiation skills with their parents. With these results, the Zambian Ministry of Education developed a life skills and sexual health curriculum, including the Girls Arise! program for all early secondary school students that has since reached over two million students.

Innovations for Poverty Action (IPA)

STAGE 2 (2013–2016) KENYA

More than one million children under five die annually from diarrhea and pneumonia, the leading causes of childhood mortality worldwide. Hand-washing with soap and water has been shown to reduce diarrhea by 31 percent and acute respiratory infections by 16 percent. However, conventional approaches to encourage hand-washing fail to adequately support this behavior, and as much as 40 percent of the global population lacks access to basic hand-washing facilities. In Kenya, Innovations for Poverty Action (IPA) developed the Povu Poa, a hand-washing system that includes a foaming soap dispenser and water-efficient tap. DIV supported IPA to conduct an RCT and pilot studies to measure the impact and cost-effectiveness of the Povu Poa and test scaling approaches. The Povu Poa increased hand-washing with soap after toilet use from zero to 32 percent among schoolchildren, and from zero to 76.5 percent among staff in clinics. The Povu Poa conserves water and uses 94-99 percent less soap than conventional systems and can pay itself off within one year from money saved on soap and water purchases. Plans are underway to take Povu Poa to commercial scale.

Instiglio

STAGE 1 (2013–2015) COLOMBIA, MEXICO

STAGE 2 (2017–2020) KENYA, UGANDA

Instiglio develops innovative results-based financing models that tie funding directly to measurable impact to incentivize high-impact program implementation and focus decisions on outcomes. With a DIV Stage 1 award in 2013, Instiglio pioneered the use of social impact bonds with the Government of Colombia to improve employment outcomes and with the Government of Mexico to improve diabetes management. Social impact bonds are pay-for-performance government contracts where the implementer gets paid only when they produce agreed-upon social outcomes. The momentum from this early testing of outcomes-based funding led to the creation of development impact bonds, where a development organization—also known as an outcomes funder—pays for the results rather than a government. Through a 2017 Stage 2 award to Instiglio, DIV became an outcomes payer on the Village Enterprise Development Impact Bond, one of the first in the world and the first for poverty alleviation in Africa. Through this impact bond, Village Enterprise aims to transform the lives of over 12,000 households in rural Kenya and Uganda by creating over 4,000 microenterprises with payments from outcomes funders to Village Enterprise tied to outcomes verified through a randomized controlled trial. With Instiglio's pivotal role as project manager during the design and implementation of the project, this impact bond offers broad lessons about the potential for results-based financing to increase the impact and cost-effectiveness of global development programs. Since its founding in 2012, Instiglio has launched dozens of results-based financing instruments around the world.

Johns Hopkins University

STAGE 2 (2015–2021) STAGE 2 (2020–2023) BANGLADESH

Diarrhea causes 1.3 million deaths per year, due in part to lack of proper hand-washing with soap and water. Johns Hopkins University (JHU) developed the Cholera Hospital-Based Intervention for 7 Days (CHoBI7) mobile health (mHealth) program in Bangladesh, which targets household members of hospitalized diarrhea patients who are at high risk of developing diarrhea. DIV's initial support to JHU supported an RCT that showed the CHoBI7 mHealth program significantly reduces diarrhea and stunting among young children in Bangladesh at $2 per diarrhea episode averted. With DIV's second award, JHU is further evaluating whether the impact of CHoBI7 holds in rural areas and in a nationally scalable model.

Lively Minds

STAGE 2 (2019–2022) UGANDA

Nearly 250 million children under five in low- and middle-income countries are at risk of not achieving their development potential, in part due to a lack of quality early childhood development programs. In Uganda, Lively Minds equips local government officials and village health teams to train mothers to run low-cost educational playgroups for children ages three to six and provide parenting workshops for local families. Building on a successful evidence base in Ghana, DIV's support enables Lively Minds to expand the program in Uganda to reach 39,000 children and more than 9,000 mothers, as well as to position the model for government ownership and scale-up.

Muso

STAGE 2 (2016–2020) STAGE 2 (2020–2023) MALI

In 2019, more than five million children died before their fifth birthday and in 2017, nearly 300,000 women did not survive pregnancy or childbirth. To improve early access to quality health care in Mali, Muso implements its Proactive Community Case Management (ProCCM) model in which community health workers seek out patients through door-to-door visits, provide lifesaving care at doorsteps, and accompany patients to Muso-supported rapid access government health facilities. DIV's initial support enabled Muso to test and scale its model to more than 300,000 people in partnership with the government. With a second award, DIV is supporting Muso's research activities on the ProCCM trial—one of the world's largest studies in community health—to inform Mali's national health reforms and efforts to improve community health globally.

One Acre Fund

STAGE 2 (2017–2021) MALAWI, UGANDA

One Acre Fund delivers market-rate financing for high-quality farm inputs, crop insurance, farmer education, and post-harvest sales facilitation to more than one million smallholder farmers across East Africa, enabling them to improve their livelihoods and agricultural productivity. With DIV Stage 3 support, One Acre Fund is scaling by expanding to Uganda and Malawi to reach tens of thousands of farmers. It has the potential to improve net farmer profitability by 40 percent and is investing in organizational infrastructure to foster future growth. In 2019, One Acre Fund improved farmer incomes in Uganda and Malawi by 20 percent and across its network by 44 percent. By 2020, One Acre Fund helped improve the lives of 34,000 farmers and 189,000 individuals across Uganda and Malawi.

Pontificia Universidad de Chile

STAGE 2 (2014–2017) DOMINICAN REPUBLIC

Many people decide to go to school based on their perceived returns of education, but may still underinvest in education if their perceptions are inaccurate. In the Dominican Republic, more than 90 percent of children complete primary school, but only half of those who graduate from eighth grade reach the end of secondary school. In partnership with the Dominican Ministry of Education, the J-PAL affiliate at the Pontificia Universidad de Chile implemented a three-year policy pilot called Learning the Value of Education. Building on earlier research on the effect of information campaigns on educational attainment, J-PAL implemented a nationwide RCT where half of the country's public schools received treatment and half did not—to test how informing students about the economic returns to education affects their decisions to attend and remain in high school. Results suggest the program reduced school dropout rates by 2.5–3 percent after a year, which resulted in approximately 6,500 more students staying in school. Further, the intervention improved national examination scores by between 0.05 and 0.12 standard deviations. Given this impact and cost-effectiveness, the government has scaled the program nationally. Following its success in the Dominican Republic, the Learning the Value of Education model has been replicated and scaled up in Peru while Chile is piloting a digital version of the program.

SafeBoda

STAGE 1 (2015–2018) UGANDA

Uganda has one of the highest rates of motor vehicle accidents in the world with 29 road deaths per 100,000 people in 2017. Motorcycle taxis, or boda bodas, are involved in the majority of these crashes. SafeBoda offers safety training to boda drivers and provides safety vests, helmets, and a mobile app to link drivers with customers. DIV supported SafeBoda's early expansion across Kampala, during which SafeBoda hired and deployed 1,225 drivers. SafeBoda's customers experienced improved safety and drivers increased their revenue by 40 percent. SafeBoda has now grown to more than 15,000 drivers and one million customers across Uganda, Kenya, and Nigeria, and closed Series B investment in 2019.

USAID
FROM THE AMERICAN PEOPLE

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