



**USAID**  
FROM THE AMERICAN PEOPLE

# DIV

# Development Innovation Ventures

## Testing Promising Solutions : Scaling Proven Successes

**Let's start with the problem:** America is facing a time of fiscal austerity. Meanwhile, around the globe, development challenges of devastating scale continue to drive a strong moral and strategic imperative for the United States to stay a leader in international development. Given budget constraints, we need to work harder than ever to find solutions that produce the greatest impact for our development dollars.

In October 2010, USAID launched Development Innovation Ventures. Through DIV, USAID awards grants to compelling new development solutions, rigorously tests them, and helps scale those that are proven successful to become development grand slams.

### How it works

First, we run a competition for ideas. We recognize that development breakthroughs can come from anywhere—a lab in a university, a local person who has deep contextual knowledge, or a passionate entrepreneur. Perhaps it will come from you.

**We seek solutions that are several times more cost effective than current practice. These ideas do not have to be technological solutions, but also new business models, new processes, or even novel combinations of tried and true techniques. We look for the solutions potential to scale big, to tens of millions of beneficiaries within ten years.**

Next, we test if the idea delivers the targeted development outcomes, and at a dramatically lower cost than current best practice. We use rigorous and cutting-edge methods for evaluating project impact. Many of our current grants include randomized trials of development interventions, comparing treatment groups to control groups to analyze development impact.

We fund ideas that are in different phases of rollout, and depending on their current phase applicants can propose a project in any of the three stages below. As part of our model, we give awards incrementally—if your idea works, and only if it works, you can compete for additional stages of funding.

- **STAGE ONE** is for projects in the proof of concept phase. DIV will grant up to \$100,000 dollars over one year so that grantees can refine prototypes and gather the evidence they need to pull in more investment and grow.
- **STAGE TWO** is for larger projects, typically to expand across a country. DIV will grant Stage Two projects up to \$1 million. In exchange, Stage Two projects include rigorous testing of the project's viability at its larger size.
- **STAGE THREE** is for much larger projects. For grants of up to \$15 million over several years, solutions that already prove to work at a large scale will be expanded, often into multiple countries. By the end of Stage Three, successful projects will have rigorous evidence of multinational impact. At this point DIV will exit, and we expect that projects will commercialize or be replicated by developing country governments or donor institutions. Within ten years, the best solutions will be mainstreamed and reach tens of millions of beneficiaries around the globe.