



**USAID**  
FROM THE AMERICAN PEOPLE

USAID 50 ANNIVERSARY

## THE OFFICE OF INNOVATION AND DEVELOPMENT ALLIANCES (IDEA)

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**Innovation and Partnerships are critical to creating the conditions where foreign assistance is no longer necessary. USAID's Office of Innovation and Development Alliances (IDEA) was created to pioneer, test, and mainstream models, approaches, and mechanisms that can lead to drastic (not incremental) improvements in development outcomes while establishing and coordinating partnerships that can lead to more sustainable development outcomes. IDEA's current priorities include:**

**Development Innovation Ventures:** Provides a mechanism for identifying and testing promising development solutions, and scaling proven successes.

**Mobile Solutions:** More people now have access to a mobile phone than a clean toilet, and mobile banking has the potential to accelerate development outcomes related to financial inclusion, transparency, and accountability among others. IDEA seeks to spur the adoption of mobile banking in several key countries, establish mobile payments as a viable alternative to cash payments, and mainstream mobile banking within development programming.

**Establishing High-Impact, Agency-Wide Global Partnerships:** IDEA manages the the Global Development Alliance (GDA) program. Established in 2001, GDA has led to nearly a thousand alliances (i.e. public-private partnerships) with over 3,000 distinct partners to leverage more than \$9 billion in combined public and private resources. IDEA's Global Partnership Division has both an external and internal function in that it pursues partnerships on specific Agency priorities while helping offices across the Agency develop their own partnership capacity.

**Supporting Locally Sustainable programming:** Working closely with local implementing partners and building their capacity is a key aspect of the Agency's implementation and procurement reform efforts. IDEA manages several different grant programs -- including the Development Grants Program, Cooperative Development Program, and the Small Projects Assistance Program -- as well as the registration of private voluntary organizations aimed at improving aid effectiveness and sustainability by supporting local organizations.

**Advocating for Innovation across the Agency:** In addition to incubating selected approaches, IDEA seeks to encourage innovation -- the pursuit of drastic (not incremental) increases in the reach, cost-efficiency, and effectiveness of development solutions -- across the Agency by identifying, highlighting, and rewarding innovations across the Agency, and supporting other Offices, Bureaus, and Missions in integrating innovation into their work.

For more information please visit: <http://idea.usaid.gov>



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## DEVELOPMENT INNOVATION VENTURES – *Testing Promising Solutions: Scaling Proven Successes*

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**“At USAID we’re pursuing market-driven solutions that really look to see how to involve the business community and we just unveiled a new venture capital style fund called Development Innovation Ventures (DIV), which will invest in creative ideas that we think can lead to game-changing innovations in development.”**

- Secretary Of State Hillary Clinton, October 15, 2010

The President’s Global Development Policy, the Quadrennial Diplomacy and Development Review, and USAID Forward all emphasize the importance of investing in innovation – identifying, testing, and scaling development solutions that can drastically improve outcomes and at a lower cost. Development Innovation Ventures (DIV) seeks to do just that.

**DIV emphasizes producing development outcomes more effectively and more cost-efficiently while managing risks and obtaining leverage by focusing on scale, rigorous testing, and evidence.** DIV is a mechanism for working with partners to identify and test potential development solutions, and helping to scale those that are proven to produce development impact.

**Breakthrough Solutions:** DIV encourages entrepreneurs, innovators, businesses, academics, NGOs, and others to submit proposals for cost-saving development solutions. DIV seeks proposals with the potential to *substantially* improve development outcomes, rather than only produce incremental changes.

**Cost-reduction and Leverage:** DIV seeks applications that have innovative ideas for addressing development challenges more effectively and more cheaply. DIV utilizes staged financing to maximize cost-effectiveness and minimize risk. In supporting projects with the potential to reach wide-scale, DIV also seeks to leverage other partners in the private, non-profit and public sectors.

**Rigorous Testing and Evidence of Impact:** The DIV model emphasizes testing potential solutions and rigorously evaluating impact – often through randomized control trials – in order to identify what works and what does not, and helping scale only those solutions proven to produce development outcomes.

**Scale:** Even at the first stage of funding, DIV is explicitly interested in development solutions that have the potential to reach wide-scale, i.e. tens of millions of beneficiaries.

## HOW DIV WORKS:

**DIV seeks applications through an Annual Program Statement.**

**DIV provides funding at three stages or levels.** Applicants can apply at any stage, and those who have received funding at a prior stage do not automatically advance to the next stage.



**Stage 1** focuses on proof of concept and projects must demonstrate that their innovative solution cost-effectively addresses core development challenges and has the potential for mainstream adoption.

**Stage 2** focuses on testing and rigorous evidence collection, and projects must demonstrate clear evidence of cost-effective development impact for thousands of people.

**Stage 3** focuses on transitioning solutions to scale once they've been proven successful. Projects must demonstrate cost-effectiveness, and be widely scalable to tens of millions of beneficiaries. The most competitive Stage 3 projects replicate solutions across multiple countries and leverage substantial resources from additional partners.

For more information visit: <http://idea.usaid.gov/organization/div>



## GLOBAL PARTNERSHIPS

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**“We are witnessing an unparalleled opportunity for innovative, large-scale private sector partnerships to achieve meaningful results in global development.”**

– USAID Administrator Raj Shah, June 27, 2011

### Partnering for High-Impact Development

With over 1,000 partnerships in the last decade, USAID is a recognized global leader in public-private partnerships. USAID builds public-private partnerships that have significant and sustainable impact on major development challenges – from food security and economic opportunity to global health and everything in between. USAID combines private sector partnerships in cross-sector alliances with businesses, non-governmental organizations, foundations, associations and others to combine valuable resources and innovative approaches that can more than double the impact of economic and social development initiatives.

**The Global Partnerships Division** establishes partnerships in key priority areas and also helps offices across the Agency build the capacity to establish partnerships of their own by providing training, thought leadership, coordination, and best practices. The Global Partnerships staff provides technical guidance and support to:



- Build alliances focused on USAID priorities – food security, climate change, global health, along with economic growth, education, technology, and water;
- Provide alliance development consultations, assessments, alliance strategy development, training and alliance building tools to Missions, Technical Offices and Regional Bureaus through;
- Assist in scaling up successful partnership models with the support of Regional Alliance Builders and Alliance Officers in the field; and
- Pilot new alliance models around Agency priorities and provide greater coordination across the Agency and with other donors.

**The Global Development Alliance (GDA) Model:** Established in 2001, the GDA model is USAID's premier tool for crafting public-private partnerships. The GDA program has led to nearly a thousand public-private partnerships with over 3,000 distinct partners to leverage billions of dollars in combined public and private resources.

The most sustainable and successful partnerships under the GDA model originate at the intersection of businesses' core interests and one or more of USAID's development objectives. Alliances are co-designed, co-funded (mutual investments of cash, professional expertise, and in-kind resources), and co-managed by partners so that the risks, responsibilities, and rewards of the partnership are equally shared. Additionally, innovative alliances often leverage the private sector's expertise, systems, networks, supply chains and market access, achieving development solutions that no single actor could hope to attain alone.

For more information on Public-Private Partnerships at USAID, visit <http://idea.usaid.gov/organization/gp>



## LOCAL SUSTAINABILITY

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***“The goal is not simply to get the work done... Our goal is to do the work in a manner that builds the institutional capacity so that we're no longer necessary.”***

– USAID Administrator Raj Shah, June 14, 2011

Working closely with local implementing partners and building their capacity is a key aspect of the Agency's implementation and procurement reform efforts. The Local Sustainability Division is at the cutting edge of these efforts and is implementing several pioneering programs related to collaboration and capacity building of local partners, while strengthening local development outcomes.

**Through the Local Sustainability Division, IDEA manages and supports more than \$50 million in several grant programs including the Development Grants Program, Cooperative Development Program, and the Small Projects Assistance Program.** This division also manages Private Voluntary Organizations (PVO) registration and the Limited Excess Property Program, which enable U.S. PVOs to support USAID priorities overseas.

**The Development Grants Program** is a multimillion dollar annual grant program focused on building and expanding partnerships with U.S. and local, in-country organizations that have little or no direct experience in working with USAID. The DGP program enables grantees to develop their organizational and technical capabilities while implementing innovative development activities in their home countries. Through DGP, USAID's aims to create stronger, flexible and sustainable organizations which can rapidly respond to the evolving needs of those they serve. In addition to receiving funding for activities and institutional support, DGP grantees have access to capacity development support to enhance their organizational and/or technical capabilities. This support is nimble, and customized to grantees' needs, with a focus on empowering local capacity building services to providers. Working closely with colleagues in the field, the DGP program is able to benefit and contribute to the expertise of USAID's Mission staff and regional USAID Local Capacity Development Teams.

**The Small Project Assistance Program (SPA)/ Peace Corps** is a joint collaboration with the Peace Corps through which volunteers support USAID development efforts by helping to implement small, self-help activities to support community-level development projects in sectors ranging from health to agriculture to small enterprise development. SPA sponsored projects focus on developing local community groups, including local associations, local government entities, schools and nongovernmental organizations (NGOs). Volunteers also work with NGOs to improve services to surrounding communities. Participants learn key development skills including program design, implementation, monitoring and evaluation, integrated planning and service delivery.

**The Cooperative Development Program** builds the intellectual capital of major US cooperatives and cooperative development organizations as partners, and has led to notable achievements including new research on cooperative law and regulation, the development of tools to measure cooperative development, and the creation of a Comprehensive Guide for Rural Electric Cooperative development. Through its modest support, the CDP enables partners to address critical challenges to cooperative development to develop and test solutions and, where successful, to incorporate these solutions in their broader programs, consequently creating substantial impact and significant multiplier effects.

**The Limited Excess Property Program (LEPP)** enables USAID approved Private Voluntary Organizations (PVOs) to access government excess property for use in their overseas development programs. LEPP partners are able to obtain property, such as hospital beds, vehicles and computers, through access to the [U.S. General Services Administration](#) and the [Defense Logistics Agency's Disposition Services](#)' excess property programs.

**Private Voluntary Organization (PVO) Registration** provides an effective tool for identifying and evaluating PVOs with the capacity to support USAID priorities overseas, and is the means through which PVOs become eligible to compete for USAID assistance grants and cooperative agreements. Registration also facilitates PVOs and USAID to effectively mobilize for foreign disasters and development.

For more information and to learn about partnership opportunities visit:

<http://idea.usaid.gov/organization/ls>



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## MOBILE SOLUTIONS

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**“Today, thanks to mobile technology, we are able to make transformative progress against almost every single challenge in development without the need for traditional infrastructure. For the 2.5 billion adults who lack access to basic financial services, money banking can accelerate financial inclusion, reduce the potential for corruption and inspire individual empowerment.”**

*– Administrator Raj Shah, October 2011*

Mobile money (mMoney) can transform development. In a world with 500,000 bank branches and 4 billion phones, mMoney can drastically increase access to financial services while helping to root out corruption and improve governance. But we are not quite there yet—there are dozens of sub-scale mMoney efforts that have yet to achieve viral growth because the business model is not profitable, the regulatory environment is not yet conducive, clients either do not trust the channel, or the product does not meet their needs. Mobile Solutions seeks to bridge these gaps by:

1. **Working with host governments** to help identify big payment streams that could catalyze demand for mobile money (e.g. salary payment, utility collections).
2. **Encouraging the use of mobile payments** within our own programming and our implementing partner’s programming.
3. **Promoting regulatory reform**, including in Indonesia and Philippines, by working with in-country regulatory authorities to develop risk-based norms and standards that guide a safe and robust mobile financial services sector. We will also work with the G20 to integrate new financial inclusion commitments and establish minimal set of principles for USG involvement in MFS programming.

## ILLUSTRATIVE ACTIVITIES

**Afghanistan:** USAID launched a \$5 million Mobile Money Innovation Grant Fund managed by the Financial Access for Investing in the Development of Afghanistan (FAIDA) program. Through this initiative, USAID hopes to convert more of the 400,000 Afghan civil servants and security personnel salaries currently being paid in cash onto the mobile phone, facilitate bill payment for the 750,000 electricity customers, and encourage USAID implementing partners to use mobile payments. When USAID helped the Afghan Government use mobile phones to pay 500 Afghan National Police, the officers thought they had received a nearly 30 percent raise. In reality, they just received their salary in full for the first time.

**Haiti:** USAID partnered with the Bill & Melinda Gates Foundation to launch the Haiti Mobile Money Initiative (HMMI) to encourage the start-up and scaling of mobile money products in Haiti following the earthquake. If successful, this effort will result in 5 million transactions. In January 2011, one year after the earthquake, HMMI awarded Digicel and its partner bank Scotiabank, its “First to Market” award of \$2.5 million for “Tcho Tcho Mobile.” In August, HMMI awarded mobile operator Voila and their bank partner Unibank \$1.5 million for “Ti-Cash.” By the end of July, our partners reached 300,000 subscribers and Haitians have conducted nearly 1,000,000 transactions.

For more information on our work, visit: <http://idea.usaid.gov/organization/ms>