

GAO Highlights

Highlights of [GAO-16-142](#), a report to congressional requesters

Why GAO Did This Study

USAID established the DIV program in 2010 with a goal of creating a portfolio of innovations that contribute to reducing global poverty. Borrowing from the venture capital model, DIV seeks to identify and test innovative development solutions based on three core principles: rigorous evidence, cost-effectiveness, and potential to scale up. As of 2014, India was the largest recipient of DIV funding, representing approximately one-third of the program's portfolio.

In this report, GAO examines the DIV program's (1) distribution of funding and (2) efforts to measure progress toward achieving its goals, and for DIV's activities in India, GAO examines (3) the extent to which DIV uses evidence to make funding decisions and assess results and (4) DIV's collaboration with similar U.S. development assistance innovation programs. GAO reviewed and analyzed DIV documents and data for fiscal year 2010 to 2015, and interviewed agency officials and grant recipients. GAO selected India as a nongeneralizable case study and conducted fieldwork in that country.

What GAO Recommends

GAO recommends that USAID establish (1) performance targets to assess DIV's progress toward its goal and (2) a joint approach to collaboration for similar programs in India, while considering such an approach in other countries, as appropriate. USAID agreed with these recommendations and noted steps it is taking to implement them.

View [GAO-16-142](#). For more information, contact David B. Gootnick at (202) 512-3149 or gootnickd@gao.gov.

December 2015

FOREIGN ASSISTANCE

USAID Venture Capital Approach Relies on Evidence of Results but Could Strengthen Collaboration among Similar Programs

What GAO Found

From fiscal years 2010 to 2015, the U.S. Agency for International Development's (USAID) Development Innovation Ventures (DIV) program obligated approximately \$72.5 million for innovation projects to reduce poverty across a range of sectors, including energy, health, and education. In India, for example, DIV funded intensive learning camps that group children by reading and math abilities rather than by grade level, and a solar micro-grid service providing lighting to off-grid customers for approximately \$0.27 per week. While DIV has a global focus and is open to applications regardless of source, approximately 52 percent of its funding is concentrated in two countries, India and Kenya, and 40 percent of its funding is concentrated with four grantees.

USAID Development Innovation Ventures Projects in India's Education and Energy Sectors



Source: GAO. | GAO-16-142

DIV is collecting data for several program-level performance measures, which show some positive outcomes, but has not established targets for these measures, making it difficult to assess DIV's progress. GAO's review of DIV's draft framework indicates that it does not include performance targets.

DIV has applied evidence-based requirements for awarding grants and assessing results, emphasizing rigorous evaluations. Specifically, applications that DIV funded in India have generally met the program's evidence requirements, such as including evaluation plans. DIV grantees in India have also provided final reports and evaluations that generally met DIV's requirements. In addition, DIV recently has taken action to ensure that the final reports and evaluations of its projects are publicly disseminated, as generally required by USAID policy.

DIV's limited collaboration with similar U.S.-funded innovation programs in India has contributed to missed opportunities to share information and leverage resources. DIV and several other U.S.-funded programs in India support similar objectives and beneficiaries. For example, the strategy of the USAID mission in India focuses, in part, on innovation and modeled its Millennium Alliance program after DIV. Such programs have funded some similar innovations, such as "clean" cook stoves and low-cost eyewear. Although DIV has begun implementing a plan to improve collaboration, it does not yet reflect a joint approach among similar programs, including those of other agencies. Without such an approach, DIV may not be capitalizing on opportunities to gain efficiencies and maximize the impact of its innovation programs.