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# Mashing Economists and Venture Capitalists to Innovate in Development Assistance

From [DevEx News](#): USAID's Chief Innovation Officer, Maura O'Neill, wrote an informative article on using innovation and systematic research to create sustainable development solutions, using IPA's [Safe Water Program](#), specifically the Chlorine Dispenser project in Kenya, as an example.

Read the full text below or [click here](#) to open a window with the original article.

A few miles outside of Busia in Western Kenya, Carol Nekesa brings us out to a small village that is enjoying a regular supply of clean water for the first time. Next to the stream where the villagers regularly fill up their containers of water, a chlorine dispenser has been installed.

For years, we have known that adding a little bit of chlorine to water can kill the bacteria that make people sick. And getting sick from bad water can too often turn fatal for people already ravaged by disease.

But until recently, only 10 percent of Kenyan families have been using chlorine. Why was that and how could that change? Carol, a Kenyan from Busia, was part of a team that was pioneering not just a particular solution, but a systematic method for creating more cost-effective solutions again and again.

As the OECD Development Assistance Committee holds the Fourth High Level Forum on Aid Effectiveness in Busan, South Korea, at the end of this month, we all seek better answers to "what works" in the fight against poverty. How can we uncover what people really will use to lift themselves out of extreme poverty and debilitating disease instead of what others think they need? How do we source and deploy solutions faster and cheaper? And how do we discover innovative ways to finance them?

Official Development Assistance as cataloged by DAC is now over \$128 billion dollars a year. We need to be as prudent as possible with the U.S. taxpayer's dollars and also leverage private investment. Net private capital flows to

developing countries were as high as \$1.1 trillion in 2007, according to the World Bank. While up from \$152 billion, in just six years, with the global downturn, private investment was down in 2009 but still a big number: \$598 billion. With our economic climate and the stakes as high as they are for so many in desperate poverty, we need to leverage every dollar as effectively as we can to deliver development results. We need to test what works – not just what products or services yield the highest impact for the lowest cost, but also what business or public sector deployment models allow for sustained impact.

Let's return to Carol. She is the Kenya deputy country director for Innovations for Poverty Action, a nonprofit group whose members include some of the world's foremost development economists. It is an organization dedicated to researching what works to fight poverty. Carol is part of a team of 500 researchers and practitioners in 40 countries that use tried and true methods pioneered by pharmaceutical researchers and adapted by leading economists to systematically test development solutions. As IPA researchers sought to improve chlorine uptake in Kenya, they considered adding chlorine to piped water like we do in most U.S. cities.

But Kenya's desire to bring piped water to its 40 million people has far outstripped its financial and institutional abilities to do so in the last decade. Waiting for this infrastructure means millions of Kenyans would suffer from stunted growth or die in the meantime.

Researchers tried selling or giving away small bottles of chlorine so that people could add a little to their water jug. But people used the chlorine once or twice and the bottles then just decorated the shelf. It was only when researchers installed a dispenser right at the water hole that they saw terrific, persistent results. IPA manufactured the device in Kenya with a special valve imported from Minnesota. The dispenser capital costs (US\$1 per person) were a tenth of the piped costs, with annual operating costs (30 cents U.S. per person) much less as well.

Suddenly, clean water for millions in rural East Africa could become a reality in the next decade if we figure out a sustainable financing model for scaling.

This article was originally published on [DevEx's website](#) on November 21.

November 21, 2011