DIV FUND: REQUEST FOR PROPOSALS

SECTION A: OVERVIEW

Who we are: The DIV Fund is a tiered, evidence-based, open innovation fund that identifies and supports solutions with the potential to cost-effectively improve the lives of millions of people living in poverty around the world. We aim to serve as a discovery engine for global development, building a pipeline of evidence-driven innovations that drive impact at scale.

How we fund: Our goal is to maximize the expected social return on our investment. To enable this, we support innovators and researchers through three funding tiers, calibrating funding according to our three core principles: evidence of impact, cost-effectiveness, and potential for durable scale. At earlier stages of funding, we look for potential. At higher funding levels, we look for demonstrated results. This tiered approach balances measured risk-taking with progressively higher requirements, in order to discover new ideas, validate what works, and catalyze the scale-up of proven solutions.

What we fund: The DIV Fund supports innovators and researchers piloting, rigorously testing, and scaling ways to meaningfully and measurably improve the lives of people living in poverty. We are deliberately open to all kinds of innovations, operating across all sectors, with potential to impact the lives of millions of people when delivered at scale. We are open to innovations with any viable pathway to scale, be that through public systems, philanthropic support, private markets, or a combination of funding sources. Our tiered criteria outline distinct requirements for three different stages, based on innovations' proposed pathways to scale.

Where we fund: The DIV Fund supports innovations addressing challenges in low- and middle-income countries (as classified by the World Bank).[1] We prioritize proposals based on their expected social return (see section B for more information), and give more weight to improvements expected to benefit people with lower incomes.

What we mean by "innovation": We take a broad view of innovation, considering any solution with real potential to generate impact at scale more affordably or more efficiently than existing approaches. Innovation is not limited to physical inventions. A relevant innovation could be a product, service, policy, program, or delivery model that delivers better results. An innovation might be an entirely novel idea, but it could also be a new way of delivering an existing solution, or a simple process improvement that unlocks impact. We also invest in evidence generation for widely-used approaches that don't yet have rigorous evidence.

Who is eligible to apply: We accept applications from non-profit organizations, social enterprises, universities and research institutions, technical assistance providers supporting government innovation, and businesses, as well as partnerships among multiple types of organizations.[2] If you have a promising idea that could generate impact at scale, we want to hear it.

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[1] This includes low-income and lower-middle-income and upper-middle-income countries. See the World Bank income classification here.
[2] We are unable to support individuals. If your institution is a public or legal entity and you are uncertain about whether you are eligible, please get in touch.

SECTION B: CORE PRINCIPLES

Our review process is guided by three core principles: **(1) evidence of impact** on the lives of people living in poverty; **(2) cost-effectiveness** in improving development outcomes; and **(3) potential for durable scale.** We provide tiered funding based on an innovation's demonstrated track record of – and potential for – achieving each of these principles.

1. **Evidence of impact:** We rely on evidence of impact to guide our funding decisions, and at earlier stages, we help grantees build it. We look for different indicators of impact and require different evaluation methodologies depending on both the stage of financing that the applicant is seeking and the innovation's proposed pathway to scale.[3]

   All applicants must present a credible theory of change grounded in existing evidence. The stronger the evidence an applicant presents in support of their innovation's theory of change and impact on development outcomes, the stronger the application.

   We ultimately value outcomes with intrinsic value such as improved health, higher earnings, or academic achievement. We also accept evidence that captures intermediate outcomes for which rigorous evidence of impact on these end outcomes already exists (e.g., increasing vaccination rates, which have an existing evidence base of causal impact on improved health), or outcomes with clear policy importance (e.g., reduced tax evasion or reduced emissions).

   By rigorous evidence, we mean causal measurement of impact. This should demonstrate that an innovation *caused* measurable improvements in people's lives, not merely that it was correlated with improvements.

2. **Cost-effectiveness:** We look for innovations with the potential to deliver greater impact per dollar than the status quo or viable alternatives. Cost-effectiveness is a function of both cost and impact and does not simply mean that an innovation is the cheaper solution; an innovation can increase its cost-effectiveness by reducing its costs, by increasing its impact, or both. We carefully consider current costs as well as projected costs at greater scale. We expect applicants to be clear about both the assumptions underlying their cost projections and the evidence behind their impact estimates.

3. **Scale:** We fund innovations with the potential to generate impact at scale, and that have a clear path to lasting financial sustainability. For DIV, "at scale" typically means improving the lives of at least one million people over ten years. However, in especially compelling cases, we may consider innovations that generate an exceptionally large benefit for a slightly smaller population. We are open to innovations with any viable pathway to scale, be that through public systems or philanthropic support, private markets, or a hybrid of the two, as long as the model can ultimately grow and sustain impact over time without continued DIV Fund support.
   We assess proposals distinctly according to their anticipated pathway to scale.
   - If the innovation is designed to scale with government, donor, or philanthropic funding, it will be considered as following a **public pathway to scale**.

[3] Note that for later-stage innovations scaling through the public sector or with philanthropic support, we require rigorous evidence of impact (described in detail in Section C below).

- If the innovation is designed to scale commercially, for example, financially supported by customer payments or advertising revenue, it will be considered as following a **commercial pathway to scale**.
- If the innovation is designed to scale with a combination of commercial revenue and public or philanthropic funding, it will be considered as following a **hybrid pathway to scale**. For "hybrid" applicants, we apply a blend of our public and private pathway review criteria, and applicants must demonstrate how they meet each relevant criterion.[4]

Across all stages, we prioritize investments that **maximize expected social returns**. This is our estimate of the total benefit of investing in the innovation, relative to the size of the proposed grant. To assess the expected returns of an investment, we consider the per-person impact, unit costs, potential scale, and the increase in probability of scaling over time as a result of DIV Fund investment. This approach is informed by applicant data, existing evidence, external expert reviews, and informed judgment. We ask targeted questions during application review and diligence to inform this assessment. Since the number of people ultimately reached by innovations varies dramatically, scaling potential is weighted heavily in our analysis. For example, an innovation with expected long-run annual benefits of $5 per person and costs of $3 per person might look only modestly cost-effective at the pilot stage. However, if a DIV Fund grant increases the likelihood that a national government adopts and finances the program, bringing it to reach 100 million people annually, those same per-person gains could translate into very large total social benefits (generating $200 million in value each year). If the proposed activities under a DIV Fund grant would increase the chance of such large-scale adoption, it could be a good fit for support. It is this combination of per-person net impact, potential for durable scale, and the DIV Fund's catalytic role that drives our assessment.

The DIV Fund seeks to support people living in poverty. We aim to operationalize this in a way that avoids having an arbitrary sharp dividing line between poor and non-poor. When evaluating applications that aim to generate income gains, we will estimate the percentage gain in income for recipients and value projects that improve financial well-being based on the percentage increase in living standards. For example, we would value a $10 increase for someone living on $100 a month the same as we would value a $20 increase for someone living on $200 a month. This means we give higher weight to a given dollar gain for poorer people. When evaluating applications that aim to generate health gains, we value comparable health improvements (e.g., a death averted) equally for all. In practice, this typically leads us to focus on areas with a higher disease burden, as we assess innovations based on the magnitude of expected benefits (e.g. number of deaths that could plausibly be averted) and the cost of reach at scale.

[4] If the fraction of costs that would have to be covered by public or philanthropic funds in the long run is minimal, then we can consider the innovation as following a commercial pathway to scale.

SECTION C: CRITERIA FOR DIV FUND APPLICANTS BY STAGE

We offer three award tiers – Stage 1 (Piloting), Stage 2 (Testing), and Stage 3 (Scaling) – with requirements calibrated according to the strength of the evidence of impact, cost-effectiveness, and the potential for durable scale of the proposed innovation. Applicants should apply for the stage that best reflects the current state of development of the innovation and its readiness to generate stronger evidence and prepare for scale. While you do not need to start at Stage 1, if applying for later stage awards, your application should credibly demonstrate that you have already met the criteria for earlier stages.

As a general guideline, we anticipate awarding Stage 1 grants of up to $300,000; Stage 2 grants of up to $1,000,000; and Stage 3 grants of up to $4 million. These are ceilings – actual amounts depend on the scope and needs of each proposal. In especially compelling cases, grants may exceed these ceilings. However, we assess applications based on value for money, and encourage applicants to request only what is truly needed. All else equal, we value co-funding, but this is not a requirement, and we consider the opportunity cost of non-DIV funds in our cost-effectiveness analysis

DIV Fund aims to be catalytic with its funding, which means that grantees should be able to achieve results after receiving a DIV grant that they would not have been able to achieve without that grant. Applicants should state explicitly why they are coming to DIV Fund now and how a grant will catalyze their innovation.

DIV Fund awards are designed to fund based on results. Funding is tied to clear milestones, allowing innovators flexibility while maintaining accountability for outcomes. Applicants should propose a project timeline that aligns with their goals.

STAGE 1: PILOTING
FUNDING UP TO $300,000

Purpose: Stage 1 grants support real-world pilots of early-stage innovations. Stage 1 innovations are typically early in their development and use DIV funding for pilot testing to refine the basic model and establish real-world viability at a relatively small scale. The DIV Fund only supports innovations that are post-prototype and ready to be tested in a real-world setting. This means that if your innovation is still in development in a lab or is still at the idea stage, it is premature for DIV support. We typically support pilots that are being tested with at least hundreds or thousands of people.

Examples of activities that we may support in Stage 1 awards include assessment of demand and willingness to pay for the innovation, exploration of different delivery models, conducting user or market testing, and documenting social outcomes and real-world implementation costs. By the end of a Stage 1 award, we want to know how the innovation functions in practice, if people will use it, and if it shows enough early promise to warrant deeper investment in evidence building and scaling.

Expectations for Stage 1 applicants:

1. **Evidence of impact:** We do not require causal evidence of impact at Stage 1, but we do expect a strong theory of change – your roadmap for how activities lead to real-world change – and a compelling rationale for how and why the innovation is likely to generate a positive development impact, relative to the status quo. Applicants should describe how they will collect, analyze, and use data during a grant to test the foundational assumptions in the theory of change.

   Specifically, innovations designed to scale through public or philanthropic funding should include plans to pilot the innovation so that it will be ready for rigorous testing of causal impact and cost-effectiveness by the end of the award period. Innovations scaling commercially should include plans to assess potential customers' demand and willingness to pay, or to conduct initial market testing. Innovations designed to scale through a hybrid pathway should follow the criteria for the public pathway for the portion of costs expected to be covered by public or philanthropic subsidy, and the criteria for the commercial pathway for the portion covered by user fees or other private funding.

2. **Cost-effectiveness:** We ask Stage 1 applicants to clearly articulate current costs as well as how they project those costs will change as the innovation reaches greater scale. Applicants should define the level of scale they are using for these projections and explain the assumptions behind them. We also look for a clear, data-informed case for why the innovation is likely to be cost-effective at-scale.

   Applicants should compare expected costs and outcomes to existing alternatives and identify the key cost drivers – such as technology, staffing, or distribution – that will shape cost-effectiveness as the innovation scales. We recognize that Stage 1 innovations may not have robust cost data, but want to understand applicants' perspectives on the potential for cost-effectiveness should the evidence demonstrate impact.

3. **Scale:** We want to see that applicants, regardless of their pathway to scale, can demonstrate that their innovation has the potential to reach millions of people. Applicants should describe how they expect the innovation to be paid for at scale and should make the case that there is potential for someone to cover these costs.

   Applicants should describe the types of partnerships needed to implement and scale the innovation, and identify who is likely to finance, adopt, or sustain it – whether that's government, philanthropy, households, consumers, businesses, or other implementing organizations. If relevant, applicants should describe the extent to which relationships with partners have already been built. For this stage, applicants do not necessarily need to have partners, funders, or implementers already committed.

STAGE 2: TESTING & POSITIONING FOR SCALE
FUNDING UP TO US$1,000,000

Purpose: Stage 2 grants are designed to determine if an innovation measurably and meaningfully improves people's lives and has a viable path toward scale. Applicants should have already conducted successful pilot testing – with or without the DIV Fund's support – and be ready to rigorously test their innovation's impact or market viability. Where such evidence is needed, Stage 2 awards may support a rigorous evaluation of the impact of the innovation.

Applicants may also use DIV funds to expand operations in ways that position the innovation for scale, e.g., by testing alternative implementation approaches, by conducting further market testing, or by exploring ways to satisfy requirements for scaling that are likely to be imposed by long-term funders. By the end of a Stage 2 award, we want to know whether the innovation has strong evidence that it significantly improves key outcomes or is market viable, that it is cost-effective, and that it has a clear, realistic path to scale.

Expectations for Stage 2 applicants:

1. **Evidence of impact:**
    - If you plan to **scale through a public pathway** and don't yet have rigorous evidence of the innovation's causal impact on key development outcomes, you will need to generate it as part of a DIV Fund award. In the initial application, you will be asked to provide basic details about your study design (including description of the treatment and comparison groups, the unit of assignment, power calculations and minimum detectable effect for the primary outcome(s)). Evaluations should be designed to provide information on impact and cost, to inform future cost-effectiveness analysis. If you advance to our diligence phase, you will be asked to submit a full study design plan.

      The proposed evaluation must have adequate statistical power for key outcomes and include a credible counterfactual (e.g., from a randomized controlled trial or a well-designed quasi-experimental study, such as a regression discontinuity design).[5] Applicants with existing rigorous evidence of impact should cite it clearly, and may apply for funding to test new implementation approaches in preparation for scale.

    - For innovations **scaling through a commercial pathway,** we do not require causal evidence of impact (though we certainly welcome it). We do expect the innovation to be built on a credible theory of change grounded in existing evidence that it has the intended positive impact on development outcomes. We also want to see plans to collect data on usage or, in some situations, on proxies for social outcomes. However, for innovations that are not sold directly to the end beneficiary, applicants should propose an appropriate way to collect data that demonstrates benefits to people living in poverty. For example, if the innovation is a system designed to reduce injuries in factories, and the purchasers are the factory owners, the applicant should generate rigorous evidence of a causal impact on injury rates.

[5] We anticipate most applicants will propose generating rigorous evidence of causal impact through experimental evidence from randomized controlled trials, but in principle, other evidence could be credible. For example, evidence from a valid regression discontinuity design (i.e., that passes a McCrary (2008) density test, with covariates that are smooth at the cutoff, and with results that are not sensitive to bandwidth choice or driven by bunching near the cutoff).

We expect applicants scaling through a commercial pathway to demonstrate a compelling case of market viability at the time of application, and a clearly articulated plan for how that will be validated during the Stage 2 award period as follows:

- Applicants can make a compelling case of market viability by showing that the innovation has the potential to generate enough revenue to fully cover costs of the product or service at scale (including customer acquisition costs, distribution costs, headquarters costs, capital costs, depreciation, etc.).

- Additionally, applicants should present a plan to test whether the innovation can cover such costs. If your plan relies on assumptions that per-unit costs will decrease as scale increases, you will need to justify these assumptions with supporting rationale. Over the course of a DIV Fund award, grantees will be expected to show growth metrics and real cost data to demonstrate measurable progress toward market viability.

- You could also make a compelling case of market viability by showing that the innovation can reasonably expect to attract commercial capital on market terms by the end of the Stage 2 award.[6]

  Commercially scaling applicants should also explain why, despite the potential for sustainable financing in the long run, grant funding is needed to develop or scale the innovation. In particular, we want to understand if there are market barriers that limit commercial investment at this stage.

- For innovations **scaling through a hybrid pathway,** (i.e., where commercial revenue covers some costs but a subsidy bridges the remainder), applications must show that any subsidies required to fund the portion of costs not covered by commercial revenue are justified by the social value they create.[7]

2. **Cost-effectiveness:** Stage 2 applicants should either demonstrate that they have already analyzed the cost-effectiveness of the intervention, or present a credible plan to do so during the award period.

   Applicants should articulate the current and projected costs of their solution, and the major cost drivers of the innovation at scale. Applicants should define the level of scale they are using for these projections and explain the assumptions behind them. Applicants should also provide a detailed explanation of how their solution compares to alternatives on a cost-per-impact basis.

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[6] Applicants do not need to actually take commercial capital on market terms. For example, if applicants are offered both a commercial loan with a higher interest rate and a subsidized loan with a lower interest rate, we would not penalize them for taking the subsidized loan. Rather, to make a compelling case of market viability, the applicant needs to show that it is able to attract such capital, since investors would support an innovation only if they believed that revenue would eventually cover fully loaded costs.

[7] For example, consider a clean cookstove that costs $50 to produce and distribute. We would consider a hybrid model that might combine $40 in customer payments with a $10 public or philanthropic subsidy, if the applicant can provide evidence on two fronts by the end of the award. The first is commercial viability (e.g., market demand): demonstrate that target customers are both willing and able to pay $40 for the product. The second is social value (justification for subsidy): provide credible estimates of the additional $10 in social benefits that are not reflected in market demand. This could, for example, be from rigorous causal evidence on the impact of the cookstove purchase on customers' use of different fuels, combined with estimates of the negative externalities created by those fuels. For example, the applicant could demonstrate that the reduction in carbon multiplied by the social value of carbon reductions for people in low- and middle-income countries is sufficient to cover the remaining $10 in costs. In this example, the applicant would be required to demonstrate that the clean cookstove actually reduces carbon to this degree, and that customers use them at a rate that would generate this offset.

- For **publicly scaling innovations,** applicants should provide data on current and anticipated future costs of the innovation, and explain how costs and cost–effectiveness will be measured during the grant. Any impact evaluation should also be designed to assess whether the innovation would be cost–effective at scale relative to alternatives.

- For **commercially scaling innovations,** applicants should provide relevant commercial data, including a financial analysis of the innovation's potential to commercialize, analysis of market demand, and all relevant costs.

3. **Scale:** We recognize that scaling takes resources and strong partnerships. All Stage 2 innovations, regardless of path to scale, must describe the financial resources needed to scale the innovation over time, and explain how those resources will be secured. Proposals are strongest when applicants have established relationships with the partners envisioned for scaling (e.g., partnerships with distributors; orders from large customers; Memoranda of Understanding with the government indicating intention to scale should evidence demonstrate a positive impact, etc.)

We are also open to applications for generating evidence on the causal impact of widely–implemented development approaches. Applicants can apply for a Stage 2 grant to evaluate development approaches that are widely used but do not have sufficient evidence from rigorous evaluations of causal impact and cost–effectiveness, if they can make the case that evidence generation would affect policy choices and inform decisions regarding the future scale, adaptation, or continuation of the approach. These proposals will be evaluated on the same criteria of evidence of impact and cost–effectiveness applied to other Stage 2 proposals, and will be judged, like other proposals, based on the expected social return.

STAGE 3: TRANSITIONING TO SCALE
FUNDING UP TO US$4 MILLION

Purpose: Stage 3 grants support the transition of proven innovations from piloting and testing to widespread scale. Applicants should have satisfied the criteria for Stage 2 – with or without prior DIV Fund support – and be ready to address the operational challenges of scaling. Specifically, applicants should have already demonstrated either: (1) rigorous evidence of causal impact and a convincing case based on this impact measurement that the intervention would be cost–effective at scale (for public scaling); (2) market viability (for commercial scaling) at the time of their Stage 3 application; or (3) a combination of these for hybrid scaling.

Examples of activities we support at this stage include adapting the innovation to new contexts, accelerating the scaling process, providing technical assistance to support public sector scaling, and conducting further testing to validate the generalizability of the solution (i.e., whether the innovation's impact holds in new settings). By the end of Stage 3, the innovation should be operating at scale in a way that can be financially sustained over the long–term.

Expectations for Stage 3 applicants:

1. **Evidence of impact:**

- For innovations intended to be **scaled through public or philanthropic funding**, applicants must demonstrate existing rigorous causal evidence of impact and a compelling case based on impact measurement that the solution is cost-effective at scale relative to alternative solutions. Applicants should be able to demonstrate this evidence – showing impact relative to a credible counterfactual – prior to application (e.g., from a randomized controlled trial or a well-executed quasi-experimental evaluation such as a regression discontinuity design).

- For **commercially scaling innovations**, applicants should already have demonstrated market viability consistent with our Stage 2 criteria. We target our Stage 3 funding for adapting, improving, or expanding successful approaches to new markets – not for core operations – and are mindful of not crowding out private investment.

  Applicants should make a strong case for why an investment from the DIV Fund will yield a high social return, including why this investment will meaningfully increase social impact by, e.g., unlocking additional capital beyond what the market would provide otherwise, enabling entry to new markets, or driving greater scale.

2. **Cost-effectiveness:** At this stage, we expect applicants to demonstrate a strong understanding of what it costs to deliver their innovation and clear evidence that those costs are justified by the benefits created. We expect Stage 3 applicants to have credible estimates of the cost per person reached or per outcome attained.

   For Stage 3 applicants, we also look for signs that the innovation's cost structure makes it viable at scale, either because costs are already low enough to make the innovation cost-effective at scale, or because applicants can provide concrete evidence explaining how costs will fall as the innovation scales (e.g., because once the innovation is scaled, a specific input can be purchased in-bulk for a lower unit cost, or because a manufacturing mold is expensive to create initially, but can be reused once the innovation is scaled). All Stage 3 grantees will be expected to collect data on costs and social outcomes during the award period.

3. **Scale:** At Stage 3, we expect applicants to present a credible plan for how DIV Fund support will enable the innovation to achieve durable scale. We want to see that applicants have a way of sustainably covering long-term costs (such as customer purchases for commercial scaling or government funding for public-sector scaling), as well as the plans, partnerships, and delivery systems in place to carry growth – and impact – forward.

Applications in the public sector pathway will be stronger if the applicant can produce evidence of commitment from the government or philanthropic systems that will be involved in scaling. Public sector applicants should plan for integration into public or philanthropic systems, budgets, and priorities by the end of the grant.