

# D-Prize Grant Report for Thankyou Charitable

End of grant report, March 31, 2023

## Background on 2022

D-Prize seeds new organizations that scale access to poverty interventions where gaps exist.

Our core program gives founders a one-time startup grant to start a new venture, NGO, or charity. We only support ideas to expand access to existing, cost-effective poverty solutions.

We especially seed founders from low-to-middle income countries. Our theory is that if we plant a lot of seeds, some of these ventures will grow into large-scale and high-impact poverty alleviation organizations.

Last year we kicked off a novel experiment - potentially impacting this model in a big way. Our theory is that offering additional support beyond one-time seed grants could improve the trajectory of those we seed. We sketched a two-year plan to test this theory. With critical support from Thankyou and other donors, we raised enough capital to enact this plan and take the initial execution steps on time.

Summary of the experiment & our strategy:

- Seed 37 new organizations through 2022's core operating program.
- Segment those organizations into control and test groups:
  - 1/3 receive the regular one-time grant of ~\$18K, and have access to fundraising training
  - 1/3 would be selected to receive an additional \$15K at the time of their launch
  - 1/3 would be selected for a \$30K follow on grant three months after launch.
- We would analyze performance data after 12 months of operations

## Results summary

Milestone with Target	Actual
Seed award, core program	
✓ 16 orgs seeded via global competition #1 (launched in Q2 2022)	16 orgs offered seed funding
✓ 16 orgs seeded via global competition #2 (launched Q3 2022, concluding Q2 2023)	On track. Launched Sept 2022, expect to seed 16 winners in the coming months.
✓ 5 orgs seeded via three partnership competitions (concluding Q2 2023)	3 orgs seeded from Fletcher & IREX competitions; decisions on 2 more in June
Scale support, experimental program	
✓ Fundraising training launched for legacy founders, all orgs seeded from 2022 programs	On track. Fundraising training was given to 2 cohorts of legacy founders - good results.
✓ Larger Seed Awards offered to 1/3 of the 37 seeded orgs (includes after calendar year)	On track. 6 of the 17 ventures seeded to date were selected to receive larger awards.
✓ Follow-on Funding offered to 1/3 of the 37 seeded orgs (after calendar year)	On track. 5-6 of the 17 ventures seeded to date will be selected once their pilots conclude in Q2.
Fundraising	
✓ Raise enough capital to close budget gap	Gap amount raised

## Notes on Scale Support, the experimental program

We are in the early stages of our experiment. Our Fundraising Training program is operating, and we have dispersed our first group of Larger awards.

Fundraising Training is showing early traction. This program is a 9 week virtual course that teaches our seeded founders the art of fundraising. Along with a core seed award, every founder we seed has access.

So far 19% of those who completed the class have raised more than their initial startup grant from D-Prize (maxed at \$20K). This includes founders who only recently completed. We think these outcomes are significantly improved than before this course, though we don't have great baseline data to prove it.

Beyond being helpful to entrepreneurs, Fundraising Training provides us a data-collection touch point. Entrepreneur performance in this course will be a baseline comparison against ventures that are randomly selected to also receive a Larger Award, or Follow-on Funding.

Total Founders enrolled	37 <sup>1</sup>
Total Founders who responded to survey	26
Respondents who Raised	17
% of Total Respondents who Raised	46%
% of Total Respondents who Raised > \$20K	19%
Average Amount Raised	\$54,977
Average Amount Raised, Normalized (Less 1 Top & 1 Bottom Raise)	\$27,683
Program Cost / Participant	\$1,500

## Notes on Seed Awards, the core program

Our core program is healthier than ever. We recruit entrepreneurs by running two global social venture competitions, and several smaller competitions with key partners.

Our initial global competition led to 16 ventures seeded. Two partnership competitions identified another 3. We are still completing one more global competition, and one more partnership competition.

One challenge we faced is throughput capacity. It took us longer to evaluate entrepreneurs than expected. This was due to high turnout. We received 2,942 vs. 2,000 (47% over target). As a result we released our first round of seed awards and larger awards later than desired. This doesn't jeopardize our program, but it does suggest we must shore-up operational processes. We're testing fixes in 2023.

We're starting to think ahead in another way. While we're limiting ourselves to 16 seed awards per competition during the experiment, when we're ready we think we could quickly increase the number of awards by 25-40% or more:

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<sup>1</sup> These founders were seeded from programs previous to 2022. It is a coincidence that it matches the target number of those we'll seed through 2022's programs.

- Our current program has more immediate capacity. We actually identified 18 organizations worth seeding in our program. We strategically kept output at 16 because we are still raising capital to fund the second year of our experiment.
- We also think some changes to our evaluation process could pick up another 2-4 orgs to seed per competition. Our theory is that, for several reasons, we might be too strict on evaluations and are declining applicants that actually are worth seeding. We are testing this theory in 2023.
- Despite massive turnout our competition did not result in a similar number of organizations worth seeding. Our theory is that we have saturated our existing advertising channels. We have plans for two new channels that could lead to even more organizations ID'd. We are testing in 2023.

## Notes on Fundraising

Our first milestone in our two-year plan was raising capital to cover the first year - which we did.

We learned a lot about fundraising, primarily because we tracked more specific data than ever before. We expect to bake these lessons into 2023.

- 3.6% of all potential donors who attempted to pitch opted to support us. We think this is a pretty good rate. In 2023 we'll see if we can improve it.
- Interestingly, we found new donor-partners by attending conferences, joining membership networks, and getting introductions from new (non-funder) colleagues. We also cold-emailed one donor in 2022 who opted to give this year. In 2023 we are doubling down on these channels.
- The large gift from our board member's network also suggests that activating our board could help broaden our base. We are testing this in 2023.

## Notes on Impact and What's Ahead

Our current model seeds ~30-40 new organizations a year. Historically ~15% perform well. Our best estimate is that 4-5 will scale and serve at least 100K people each within five years.

Last year we asked Daniel Flynn about "Breakthrough Campaigns". He said there is often a lot of quiet preparation and building first. In many ways we are in that stage. Here is how we view 2023 and beyond:

- *Seed new orgs*: we'll hold steady and seed another 37 through 2023's programs. However we'll also be testing growth paths, so we're ready to increase this in future years.
- *Scale support*: we'll keep operating our experiment, with a focus on data collection. A year from now we'll have more confidence on how our additional support affects that 15% success rate.
- *Fundraising*: our budget is roughly the same. However we're sketching out a multi-year growth plan and capital campaign. We think we could be attracting and using exponentially more capital in the coming years - mainly to seed and effectively support many more aspiring entrepreneurs.