Conversations with Evidence Action, February 10 and 13, 2017

Participants

- Kanika Bahl – Interim Chief Executive Officer, Evidence Action
- Laliteswar Kumar – Director, Africa Region, Evidence Action
- Steve Denne – Chief Operating Officer, Evidence Action
- Leann Bankoski – Senior Manager, Africa Region, Evidence Action
- Natalie Crispin – Senior Research Analyst, GiveWell

Note: These notes were compiled by GiveWell and give an overview of the major points made by Ms. Kanika Bahl, Mr. Laliteswar Kumar, Mr. Steve Denne, and Ms. Leann Bankoski.

Summary

GiveWell spoke with Ms. Bahl, Mr. Kumar, Mr. Denne, and Ms. Bankoski of Evidence Action about Evidence Action's request for a grant of $2.9 million to support organizational infrastructure building over the next 2-4 years. Conversation topics included expected uses of the grant funding, the proposed budget for the grant, Evidence Action's Dispensers for Safe Water program, and projects it may pursue in the future.

Expected uses of grant funding

Infrastructure building

Evidence Action would like to invest in infrastructure building to enable it to increase its capacity for growth, improve its efficiency, and fundraise more effectively. Given its rapid program, staff, and revenue growth in the past several years, Evidence Action's existing infrastructure is fragmented and less than optimally efficient. This has had several negative effects, including:

1. Causing staff to use their time inefficiently. For example:
   a. A large amount of staff time is spent on the logistics of setting up offices in new countries, such as getting the office registered, setting up contracts in the country, creating tax arrangements, and hiring staff overseas.
   b. Large amounts of custom work are required for recurring tasks.
   c. Similar difficulties apply to putting together representations of future plans and budgets.
2. There are challenges with providing timely information for optimal donor and program management.
3. Creating information gaps.
4. Slower growth than program capacity and donor interest would allow.

Increasing capacity for growth

Evidence Action is currently using the majority of its capacity on existing programs. Additional infrastructure would enable it to shift its attention to growing existing programs and creating new ones.

Evidence Action Beta programs

Without additional funding, in the near term, Evidence Action Beta would focus on growing No Lean Season. With the requested grant, Evidence Action Beta would likely be able to:

1. Create three new programs over the next 4-6 years, two of which would be expected to grow into full-size flagship programs.
2. Grow No Lean Season faster (provided that there is evidence that the program works on a large scale).

Considerations that would go into a decision on what interventions to support with new programs include:

- Evidence of effectiveness and overall impact of the intervention.
- Cost-effectiveness.
- Ability to leverage existing deworming infrastructure, such as in-country offices and relationships with state and national governments in India. Evidence Action's India team is currently working with Evidence Action Beta to identify programs with strong evidence of effectiveness that fit well with Evidence Action's strategic competencies in India and are aligned with government priorities.

Based on these criteria, Evidence Action is preliminarily considering micronutrient fortification (of Vitamin A, iron, or folic acid) and interventions to treat pneumonia or diarrhea. Evidence Action staff would be open to discussing possible new programs with GiveWell before moving forward with any of them in order to get the opinions of GiveWell staff on considerations such as cost-effectiveness and the strength of the evidence base for the intervention supported.

Expanding Deworm the World Initiative programs

This grant would enable Evidence Action's Deworm the World Initiative to focus on building new programs rather than on investing as heavily in managing internal issues. Its plans for new growth would include some or all of the following:

- Expediting/facilitating work begun to build new deworming programs in four states in Nigeria and two provinces in Pakistan in 2017 (though deworming may not begin in these places until 2018). This would enable Deworm the World to reach up to 5 million more children.

- Expanding to either one new country (possibly Indonesia) or multiple new states in India and Nigeria over the next three years. If Deworm the World is able to expand to Indonesia, its target population would increase by as many as 30 million children.
- Scoping new partnerships in countries where lymphatic filariasis programs are scaling down.
- Piloting use of the deworming platform for complementary interventions (e.g. vitamin supplementation).
- Deworm the World is currently supporting deworming programs in Kenya, Ethiopia, India, and Nigeria. Current constraints on deworming programs include insufficient support from financial/operational staff, insufficient technological support, and inability of accounting systems to support current programs and expansion to new countries. These constraints have prevented Deworm the World from setting up new programs as quickly as it would have liked in Nigeria over the past 6-8 months.

Efficiency gains

Evidence Action estimates that improved operational strength resulting from this grant would enable it to operate 10-20% more efficiently overall. Efficiency gains would include:

- Improved staff retention and morale as a result of allowing staff to do the work that they do best.
- Improved analytics, including better financials. This would enable Evidence Action to produce more punctual monthly updates on program expenditures, operate more efficiently, and increase programs' visibility. Currently, there are often delays of several months before program expenditures are known.
- Improved staff management.

Funding

Timeline

These investments are expected to take place over approximately three years, since some of the new positions will not begin immediately. At the end of the two-year period during which these staffing costs will be funded by the grant, Evidence Action will need to have increased its an annual budget by $4-5 million in order for its overhead base to be large enough to cover the costs of these new positions and ongoing costs. Evidence Action staff believe that this is a realistic annual budget size.

Evidence Action staff expect to spend the majority of the grant funding in the first 2-3 years, but believe that it would be useful to include a fourth year to the grant period for greater flexibility.

Potential to find other funders

It can be difficult for nonprofit organizations to find funding for core infrastructure, given that donors typically prefer to fund specific programs and to cap the amount of their donation that is spent on overhead. The main source of flexible funding typically comes from individual donors, though most individual donors to Evidence Action restrict their donations to either Deworm the World or Dispensers for Safe Water. An overhead rate of 12-15% is often insufficient to fund steady-state operations, and does not allow for catch-up investments.

Size of the grant

The requested grant size of $2.9 million is Evidence Action's realistic best guess at the amount of funding it will need to accomplish its goals; it is neither aggressive nor conservative. The proposed budget has been reviewed in detail by Evidence Action's senior leadership team, as well as its teams in the U.S., Africa, and India. Evidence Action staff are confident that the budget is an accurate representation of the organization's needs, though it is possible that the new CFO will make some minor changes to the timelines or ordering of activities.

If Evidence Action received less funding, it would slow the pace of growth, be more frugal, and attempt to find funding from other sources. Evidence Action staff believe that a holistic approach to growth would have the greatest impact on improving the organization's efficiency and effectiveness in the long term, and therefore have not identified budget items that it would likely cut in the absence of funding.

There is nothing that Evidence Action staff would like to add to the proposed budget in terms of investing in operations. Evidence Action is considering pursuing two additional projects (discussed below).

Dispensers for Safe Water

Evidence Action is currently conducting an updated evidence review on the basis of recent studies, including speaking with leading experts in the space and undertaking a review of the studies.

Ms. Bahl is interested in re-evaluating the program's cost-effectiveness in light of the significant amount of carbon tax revenues that the program receives as a result of a large, long-term purchase agreement with the South Pole Group. Evidence Action expects that carbon tax revenues will cover a significant portion of the costs of the program in future years, which may increase the cost-effectiveness of individual donations.

Other potential projects

Creating an evidence assessment team

Evidence Action is considering building a team to assess the evidence behind its programs, with a goal of improving program selection and design to make programs increasingly effective and efficient. Hypothetically, this team could consist of:

- A team leader with experience in operations and operations research.
- A technical lead to conduct in-depth evaluations of the evidence, who would be able to both engage with academics and help Evidence Action to make decisions regarding new or existing programs.
- Analysts.

Increasing Beta's ability to leverage existing platforms

Evidence Action is contemplating ways in which it could significantly increase organizational capability to leverage existing platforms, possibly by hiring a dedicated team member(s) to focus on building on these platforms. This may or may not be fully separate from the evidence team discussed above. Ms. Bahl is currently evaluating whether or not this goal could be achieved using Evidence Action's existing capabilities.

All GiveWell conversations are available at http://www.givewell.org/conversations