

A conversation with Karen Levy, February 4, 2016

Participants

- Dr. Karen Levy – Director, Global Innovation, Evidence Action
- Elie Hassenfeld – Co-Founder and Co-Executive Director, GiveWell
- Sophie Monahan – Research Analyst, GiveWell

Note: These notes were compiled by GiveWell and give an overview of the major points made by Dr. Levy.

Summary

GiveWell spoke with Dr. Levy of Evidence Action about plans for scale-up of No Lean Season, a program offering subsidies for seasonal migration in northern Bangladesh. Conversation topics included the current model for the first year of scale-up, outstanding questions about the program's structure, potential challenges that would impede the four-year plan, and funding sources and timeline.

Year 1 plan

Evidence Action plans to spend the next year of No Lean Season scale-up ('year 1') working with RDRS (their implementing partner in Bangladesh) to develop a solid, evidence-based program design that can be consistently implemented and rigorously evaluated at scale in the following years. A total of 16,000 subsidies are expected to be offered in the first year through 15 of RDRS's branch offices, and approximately 9,000 households are expected to accept the offer.

As the lean season lasts from October through December, the implementation team will conduct a census to determine eligibility for the first year's subsidies in August and September 2016, and issue subsidies in October 2016.

Outstanding questions on program structure

Loans versus grants

Evidence Action has debated whether to offer subsidies in the form of loans or grants and has identified several advantages of using a loan-based model:

- **Improved targeting** – Offering loans instead of grants may allow for more precise targeting because people who would have migrated even without the subsidies, as well as people who might accept the money but not migrate, will probably be less likely to participate in the program. This may make loans a more cost-effective approach.
- **Year-round staff versus seasonal staff** – In its current design, the program will be run by permanent staff, not seasonal staff, according to RDRS's preferences. This should make the marginal cost of collecting loan repayments almost negligible, as staff will already be in place to collect the repayments in the off-season. (The current budget estimates assume year-

round staff for the program rather than seasonal staff and no additional costs of loan recovery.)

- **RDRS's preferences** – RDRS has expressed a strong preference for offering loans instead of grants. This is due in large part to RDRS's desire to maintain its well-deserved reputation as a successful microfinance organization, and to continue to foster a culture of financial independence and discipline.

Possible negative effects of loan-based model

Evidence Action has considered that under a loan-based model, RDRS officers might be overly aggressive in their attempts to recover the loans. However, in a previous test of the loan-based model, Evidence Action did not find this to be a problem. Another potential concern is that offering loans may exclude the poorest and most risk-averse individuals who might otherwise benefit from the program. This is a question that the Evidence Action Beta team will continue to examine as the program model is developed.

Disbursing subsidies in two tranches

Evidence Action has also considered disbursing the subsidies in two tranches. This might entail issuing part of the subsidy when a member of an eligible household commits to migrating, and issuing the remainder after the lean season begins, once that member has migrated. For instance, out of a total subsidy of 1,500 taka, the family might get 1,000 taka upon the household head's decision to migrate, and a household member who stays behind would then get the remaining 500 taka after the migration.

The benefit of this arrangement is that it would allow Evidence Action to track who has migrated. It may also help to reduce leakage (i.e., the portion of program participants who do not end up migrating) by providing an additional incentive to migrate. Assuming that RDRS hires year-round staff to run the program, disbursing in two rounds may not incur any additional cost. This option will be explored with RDRS counterparts as the program design process is underway.

Frequency of subsidy distribution

Evidence Action is also in the process of determining the optimal schedule for issuing subsidies. Currently it is considering issuing subsidies on a rotating basis so that each village's eligible households are offered subsidies every two or three years. For example, on a three-year cycle, each year each local RDRS branch office would distribute subsidies to households in one-third of the villages in its region. Maintaining a permanent presence in the branch office from year to year would mean that the program does not have to be repeatedly developed, dismantled, and rebuilt.

Other geographic settings

Evidence Action has conducted an initial assessment to determine whether other countries might be suitable for the No Lean Season program, but so far has not

identified any strong candidates. A scoping study showed that Malawi and Zambia are likely not a good fit for the program. Professor Mushfiq Mobarak, a lead researcher on No Lean Season and a member of Evidence Action's advisory board, believes that Indonesia might be a good candidate, and Dr. Levy is investigating some of the states in India closest to northern Bangladesh (e.g., Bihar, Chhattisgarh, and Jharkhand).

Evidence Action plans to conduct further desk-based research on this in the first half of 2016. As it gathers more evidence about key components of suitability for subsidized migration, it will have a better idea of its criteria for additional settings. Entering new areas would also require finding an implementing partner in those areas. Evidence Action is still in the early stages of this further project.

Potential challenges

Maximizing capacity for scaled implementation in RDRS's branch offices

For the program to be cost effective, each of RDRS's branch offices must be able to disburse a large number of subsidies. Finding that the branch offices are unable to disburse more than a couple hundred grants each might lead Evidence Action to postpone its plans to conduct a randomized controlled trial (RCT) in year 2.

Funding

Evidence Action is currently seeking a commitment from a funder which would allow it to sign a contract with RDRS and begin work on year 1 of the No Lean Season scale-up. By the end of February 2016, GiveWell will decide whether to recommend that Good Ventures make a grant to Evidence Action to cover these costs.

By the end of March 2016, Evidence Action will need to have secured funding at least to cover the balance of year 1. Ideally, it will have secured funding for year 2 as well, which will enable Evidence Action to plan and hire staff for two years at a time.

Potential funders

Currently there are no funders other than Good Ventures that can make a decision on funding year 1 quickly enough for the program's planned schedule. Other donors have expressed some interest in longer-term support. Evidence Action plans to approach other donors for funding years 2-4, with the latter two years contingent on the program's performance in year 2.

Long-term objective for Evidence Action Beta

Dr. Levy hopes that over time, Evidence Action Beta will specialize and develop expertise in scaling programs. Its experience with scaling a new program, like No Lean Season, will help it add value to existing initiatives.

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