A conversation with Claire Walsh and Samantha Carter, February 16, 2018

Participants

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- Samantha Carter – Initiative Staff, Government Partnership Initiative, Abdul Latif Jameel Poverty Action Lab
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Note: These notes were compiled by GiveWell and give an overview of the major points made by Ms. Claire Walsh and Ms. Samantha Carter.

Summary

GiveWell spoke with Ms. Walsh and Ms. Carter of the Government Partnership Initiative (GPI) at the Abdul Latif Jameel Poverty Action Lab (J-PAL) as part of its investigation into highly leveraged policy interventions. Conversation topics included GPI's current and planned activities, how GPI evaluates its own performance, and its recent fund flow reform scale-up in India.

GPI's activities

Current work

Ms. Walsh and Ms. Carter provide management for GPI but are not directly involved in grantmaking decisions in terms of voting on the proposals. They each spend approximately half of their time on GPI, and both work on many other projects as well.

Funding competitions

During request for proposal (RFP) cycles, the majority of Ms. Walsh and Ms. Carter's time is spent running the RFPs, doing every step beginning with the posting of the RFP announcements, all the way to completing the administrative steps that allow funds to be disbursed to grantees. They also process off-cycle requests for funds, and run 'revise and re-submits' in which they coach applicants to strengthen their proposals.

Learning across partnerships

In the time since the last GPI RFP cycle, Ms. Walsh and Ms. Carter have spent much of their time working to document the lessons they have learned from their partnerships with governments. In 2017, they conducted field visits and stakeholder interviews with eleven different government partners in Latin America, which led to the creation of an internal website with resources to help J-PAL staff learn how to work more effectively with government partners. With staff from J-PAL's Latin America and the Caribbean office, they are also writing an external report about

what they have learned about working with governments, which they plan to release in 2018.

Maintaining government partnerships

Ms. Walsh and Ms. Carter are responsible for any communications related to government partnerships, such as writing blog posts, presenting at conferences, and speaking with donors. They also sometimes personally support specific GPI-funded partnerships.

Fundraising

In 2017, Ms. Walsh and Ms. Carter spent ~5-10% of their GPI time on fundraising. This percentage has increased in 2018 due to their interactions with GiveWell.

Budget proposal

If it is fully funded, GPI would like to run funding competitions, hire policy staff for its regional offices, establish data analytics units, and help GiveWell learn about policy work. Any potential grant made by GiveWell to GPI would go through MIT, and the majority of funds would be sub-awarded out to individual projects or scale-ups in low- and middle-income countries.

Funding competitions

GPI currently provides funding for three types of proposals:

- **Type 1** – **Research grants:** Policy-relevant research with a government partner.
- **Type 2 – Technical assistance for a scale-up:** Providing technical assistance to governments to scale up programs which have already been evaluated and found effective.
- **Type 3 – Technical assistance for institutionalizing the use of evidence in policy:** Technical assistance to support governments in setting up systems or institutions that encourage greater use of evidence in policymaking.

If GPI were fully funded for the next three years, it would like to run four funding competitions. Two would accept proposals for all funding types, while the other two would be exclusively for Type 2 (scale-up) funding. GPI has not tried this model of RFPs before.

GPI wants to provide Type 2 funding because in the past this has led to concrete changes in policy more quickly than other kinds of funding. However, GPI would like to continue offering Type 1 and Type 3 funding because they are likely to deepen the pipeline of funding proposals for Type 2 funding.

If GPI were funded at a lower level, it would run three rather than four funding competitions – two for all funding types and one for scale-up funding. Each funding round would be slightly smaller than they would be if GPI were fully funded, but would still be larger than the rounds GPI has hosted in the past.

Permanent policy staff

In order to generate a pipeline for scale-up proposals, it is important to have full-time staff working in-country, building and deepening relationships over time; most of the scale-ups that J-PAL has seen in the past five years can be traced back to relationships supported by policy managers in J-PAL's regional offices.

GPI would like to hire four regional GPI policy managers, who could be mandated to work only on things that GPI would eventually like to fund through its RFPs.

Thanks to its endowment and general support of funders for policy outreach, J-PAL has had a larger policy team for a longer time than many other organizations in the space, and currently has 75 staff worldwide working on policy. However, there is currently only limited funding available to support additional hiring for regional policy staff.

Data analytics units

In response to enormous demand from governments for data science and data analysis, GPI plans to create data analytics units, which will provide technical support to governments to help them connect their administrative datasets and put them into more usable dashboards for use by government. This will make it easier for the governments to use their own data to make day-to-day decisions, and will also lower the cost of evaluations and reduce the time they take by making it possible to use existing administrative data for impact evaluation.

Through Type 3 grants, GPI is already starting to provide technical support of this nature to the government of Tamil Nadu and the Institute of Public Security in Rio de Janeiro.

If GPI is not fully funded, it will seek other sources of funding for data analytics units.

Helping GiveWell learn about working with governments

GPI would like to help GiveWell learn about policy work through this collaboration. This could take the form of field visits, meeting and talking with government partners, writing reports about evidence-to-policy, and academic or practical briefs.

Evaluation

Foundational to GPI's work is the recognition that policy work is complex, and that philanthropic actors who have embedded staff or provide technical assistance have a better chance of effecting change. GPI asks for a letter of support from the government partner along with every grant application to ensure that the government is interested in and committed to making better use of data and evidence in policy. GPI is interested in taking this further in future iterations.

Measuring GPI's performance

GPI measures its success in instances of governments doing any of the following after receiving support from GPI:

- Adopting rigorous evaluation techniques,
- Scaling up effective reforms informed by evidence,
- Using evidence in policy decisions, and/or
- Establishing improved systems or institutions for evidence use.

Concrete indicators of success or failure

According to Ms. Walsh, the following are some potential indicators of GPI's success in the next three years if GPI receives funding and continues to support promising projects:

- **Scale-ups and systems for evidence use** – There should be at least two more scale-ups or cases of governments adopting improved systems for evidence use, and the monetized benefits of those scale-ups should outweigh the costs of the grants GPI makes.
- **Long-term partnerships** – Because policy change requires long-term partnerships on the ground, it will be an indicator of success if J-PAL or its affiliated researchers are still working with at least a quarter of the government partners to which it has provided initial funding, or if the institutions that it helped to start or policies that GPI's funding helped to change are still continuing.
- **Practical lessons about policy work** – One of J-PAL's goals with GPI is to generate knowledge that it can use internally to figure out what makes partnerships with governments to use evidence in policy more effective. GPI should continue to deliver concrete practical lessons on how to inform evidence-based policy in governments.

Evaluating grant performance

GPI currently evaluates grant performance based on internal supervision and data from grantee reports. It would like to strengthen its systems for formally evaluating grant performance, including visiting projects and meeting with the government partners, or convening government partners to share their experiences working with GPI and brainstorm how to better structure GPI, but has not been able to do so due to a lack of resources and capacity.

Reporting

GPI tracks key performance indicators (KPIs) for the grants it makes using data from grantee reports. There are three types of grantee reports:

- **Three-month startup reports** – Three months after award letters are issued, grantees report on their activities so far, and whether they have

started to spend the grant money. These reports are intended to help GPI catch early issues, so that it can provide support.

- **Annual progress reports** – These are five-page reports summarizing the grantee's activities, any instances of evidence informing policy, main meetings with policymakers, and use cases of evidence with policymakers.
- **Final reports** – These include the same information as progress reports, but are more extensive and are submitted at the end of a grant. Type 1 grantees also submit reports containing the results and analysis of their pilot or RCT research.

Supervision

Over the course of a year GPI makes calls or visits to about half of its grantees. In addition, at least half of the partnerships that GPI has funded are implemented by J-PAL offices, and the senior management and policy management teams in the regional offices provide ongoing management support and advising to the partners.

Case study: Fund flow reform scale-up

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) fund flow reform scale-up in India is one of the largest policy changes GPI has contributed to so far. It was spearheaded by an Indian policymaker, Dr. Santhosh Mathew, and supported by J-PAL South Asia and GPI.

Timeline of the scale-up

2012

- Drs. Banerjee, Duflo, Imbert, and Mathew conduct a randomized controlled trial[1] (RCT) studying the impact of a fund flow reform on the MGNREGS program in Bihar, and find that the new system significantly reduces corruption. It was not clear before the evaluation whether the reforms would increase, decrease, or have no impact on corruption.

2013

- Dr. Mathew becomes Joint Secretary of the Central Ministry of Rural Development (MoRD). Dr. Mathew is transferred from his post as Principal Secretary of Rural Development in the state of Bihar.
- The Electronic Financial Management System (e-FMS) and the Central Plan Scheme Monitoring System (CPSMS) are combined.
- At this point, MGNREGS is a 'centrally-sponsored scheme,' so funds flow from the central to the state government in advance, and are temporarily

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[1] https://www.povertyactionlab.org/evaluation/enhancing-local-public-service-delivery-through-financial-reform-india%E2%80%99s-employment

held in the state government before going to beneficiaries. This system is implemented across all states.

2015

- J-PAL Global announces GPI internally across J-PAL offices in February 2015
- In April 2015, J-PAL asks Sharanya Chandran to spend about 50% of her time providing research support on the fund flow reform effort.
- Dr. Mathew and Ms. Chandran's work contributes to the approval in August of a cabinet note recommending the fund flow reform as a system for MGNREGS nationwide.
- J-PAL Global announces the launch of GPI externally in June 2015 and holds its first funding round in the third quarter of 2015. J-PAL South Asia submits a proposal to hire a full-time staffer to continue to provide research support to get the funds flow scheme adopted in programs outside of MGNREGS.
- In August, a new GPI-supported staffer, Bhumi Purohit, is hired to provide research support with the goal of getting the fund flow scheme adopted in programs outside of MGNREGS.
- After the approval of the cabinet note and the deputing of Ms. Purohit, Ms. Chandran returns to her previous work at J-PAL South Asia.

2016

- In January, Dr. Mathew pitches a just-in-time payment scheme for all centrally-sponsored schemes to a group of secretaries that was set up by the prime minister to advise on innovative budgeting and effective implementation. The prime minister's office invites Dr. Mathew to develop a policy implementation plan, which he presents to officials in the prime minister's office in May. Ms. Purohit provides research support and supports in developing the presentations for policymakers.
- In July, the Ministry of Finance mandates that every centrally-sponsored scheme adopt the Public Financial Management System (the successor to CPSMS) to facilitate just-in-time payment releases like NREGS did.

2017

- In May, Dr. Mathew meets with the prime minister's office to discuss just-in-time payment reforms.
- Late in the year, Dr. Mathew takes premature retirement from government work in order to pursue his policy goals outside government.

Now

- The wage component of MGNREGS has been converted to a 'central sector scheme,' meaning that the central government is responsible not only for funding the program but also for implementing it and disbursing the

funds. Under this system, following India's direct benefit transfer protocol, MGNREGS wages notionally travel through the State Employment Guarantee Fund and then are directly deposited into the workers' bank accounts, and payments are made based on expenditures rather than advance payments. This system was approved in the August 2015 cabinet note and has been implemented in 24 out of 29 Indian states so far.

- The government has announced a new national financial management system that it claims will facilitate more efficient and less corrupt delivery of money to beneficiaries. It plans for the system to be used across all programs. Details are still unknown.

Core learnings from the RCT

There were three interventions tested in the Bihar RCT:

- Removing administrative tiers in a fund flow system.
- Making payments electronic and automatic in one complete system that can send payments 'just in time.'
- Sending payments based on documented expenditure rather than advances based on forecasted expenditure.

The RCT showed that implementing all three of these together can reduce administrative burden, reduce fund float, and have a large anti-corruption effect. The anti-corruption effect was surprising to the researchers, because their theory was ambiguous about what effect the reforms would have on corruption. Removing layers of government review could have increased corruption by reducing oversight or it could reduce corruption by removing opportunities for additional government officials to channel funds for private gain.

Impact and role of J-PAL, GPI, and the Bihar RCT

There were three main instances in which the principles learned from the Bihar RCT were applied in policy decisions, with various levels of contribution from J-PAL, GPI, and the RCT.

Integration of electronic financial management systems

In 2013, Dr. Mathew and a Principal Secretary from Andhra Pradesh successfully advocated for e-FMS, an electronic financial management system that had been piloted since 2012, to be combined with CPSMS, which was at the time the government's main electronic system for managing financial flows.

Contributions

The RCT's findings of anti-corruption effects from the adoption of e-FMS helped Dr. Mathew get support for the motion internally. GPI expects that Dr. Mathew would have been able to successfully advocate for the motion without J-PAL's support.

Cabinet note

Before the 2015 cabinet note, funds in e-FMS flowed from state governments to beneficiaries in most states, but the system was not completely delayered because the central government payment to states was still on an advance basis in all states. Because of this extra layer, many states encountered long delays in getting MGNREGS funds out of state consolidated funds into state rural employment guarantee funds, where they needed to be in order to be disbursed to end beneficiaries.

The cabinet note estimates that the monetary returns to eliminating the central-to-state layer are at least 500 crore rupees (~$78 million) in savings from reducing parked funds.

Contributions

The RCT's findings of anti-corruption effects from the reform were critical in convincing many central government policymakers to support the cabinet note.

It was partly thanks to J-PAL South Asia's research support that the cabinet note was drafted and approved, and J-PAL South Asia only decided to deputize a policy manager to work on the project part-time because it anticipated having a strong application that was likely to receive funding from GPI to hire a full-time staffer to work on this project for a longer period of time.

Central scheme reform

In July 2016, the Indian prime minister's office made an announcement mandating that all central schemes move to the Public Financial Management System and adopt a scheme of just-in-time payments like MGNREGS. This reform is important because moving centrally sponsored schemes onto e-FMS is a necessary precursor to implementation of the completely delayered fund flow system across all central government programs beyond MGNREGS. However, it is difficult to evaluate the impact of this reform because implementation of the just-in-time payment reforms has not yet been completed.

Contributions

Dr. Mathew was able to successfully pitch the just-in-time model to the prime minister's office thanks to research support from J-PAL in drafting documents and slide decks. Ms. Purohit was a new hire and would not have been providing research support on the fund flow reform effort without the GPI grant. The adoption of the just-in-time model would likely not have happened without GPI's support because Dr. Mathew did not have time to do the research and drafting himself without additional support.

Delays

Delays compromise the NREGS auditing process because beneficiaries will not remember how many hours they worked if they are asked many months after the

fact. For this reason and many others, Dr. Mathew believes that in any good financial management system, payments should be electronically triggered and given immediately. The pre-existing e-FMS system before the cabinet note in 2015 did not have these features even though it had delayering from state to beneficiary, because the funds got stuck so long in state consolidated funds before being sent to beneficiaries.

Delays due to muster roll entry

A muster roll is a log of workers, their activities, and what wages they should be compensated with. In the status quo in Bihar, the muster roll was entered as an auditing tool to reconcile what the state claimed it had spent with what it had actually spent. In the Bihar RCT, Gram Panchayat (GP) officials were required to enter the muster roll twice – once to trigger the automatic fund flow from the state to the panchayat account, and then again into a public database on a national platform managed by the central government.

The need for double entry might have contributed to the increased delays found in the RCT relative to the status quo. To address this, the cabinet note made it so that single entry now triggers automatic fund flow from the center. Delays in the RCT were also increased because GPs entered the muster rolls in large batches, and banks were not equipped to process the large volume of small payments.

Factors contributing to the cost of the reform

Material costs

- **Designing software** for the fund flow management system. This would involve making it possible to connect the central government directly to beneficiaries, among other things.
- **Increasing server capacity** to be able to handle the reforms in the move to the fully post-cabinet-note system. The server capacities of e-FMS, CPSMS, and other previous systems were inadequate, and had to be increased to be able to handle the additional queries.
- **Providing GPs with infrastructure** to be able to implement the reforms. The new system requires access to a computer that is connected to the internet and can talk to the server in order to trigger fund flow, but not all GPs have computers.

Time costs

- **Administrators' time** – The reform should reduce the time that block administrators, district administrators, and state administrators need to spend on transferring funds. Previously, block and district officials had to review and sign off on all payments, and state officials had to spend large amounts of time moving funds out of the state consolidated fund into the rural employment guarantee fund.
- **Staff time at MoRD** – There is staff time at MoRD associated with each of the material costs.

- **Other** – Time spent by Dr. Mathew, the Principal Secretary from Andhra Pradesh, Ms. Chandran, Ms. Purohit, and the principal investigators on the Bihar RCT, all contributed to the success of the reforms.

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