**20230815 EA India SW Program Options and Trade Offs**

**Background:** Our team continues to look at alternative program designs and smaller grant options. We understand the importance of working through all possible scenarios and below outlines some trade offs of our most recent designs.

**Requirements for National Policy Upside:** We continue to prioritize the national policy upside given the importance and time-sensitivity. To achieve this we have prioritized within a $40M GiveWell envelope 1) establishing a program of sufficient scale to show sizable impact in each of our states and 2) doing the program in 2 states. For #1, we are targeting a minimum coverage threshold of 25-30% of our target population by Year 4 to demonstrate that the program is truly scalable and not simply a success story in a subset of districts in each state.

As discussed previously, we believe a two state program is vital to show application across multiple states, diversify program exposure, and reduce risk, among other points expanded on here ([[External] Notes on grant options](https://docs.google.com/document/d/16L1-Me08aIo2Ssn_ON-yQJpbMeoS7WFX/edit)).

With both of those in mind, our team has re-reviewed the program, reduced fixed costs, built and budgeted multiple two state scenarios aiming to keep the budget at or around $40m ($56M with Evidence Action fundraising and contributions). Doing this for 6+ years led to very low levels of coverage, running afoul of #1, and so we shortened it to 5 years.

**Scenario:** $56m Program ($40m GiveWell grant, balance Evidence Action fundraising/unrestricted)

**States:** AP & MP

**Length:** 5 Years

| **% Target Population Reached** |
| --- |
| **Length** | **State** | **Y1** | **Y2** | **Y3** | **Y4** | **Y5** |
| 5 years | Both AP and MP | 1% | 5% | 15% | 30% | 30% |

**Budget:** [[EXTERNAL] MP-AP 5 Year India SW SVS Implementation Budget](https://docs.google.com/spreadsheets/d/1wlZH9Ti2X6kn9_yUcx2qzP0VIXqn_9cfs3X_hw-5GC0/edit#gid=0)

A $56m total envelope provides all of the above benefits increasing the likelihood of achieving the national policy upside. We’d fundraise and use unrestricted for the balance. We are already seeing some recent and promising signs of this program’s fundraising potential, including in sourcing new donors to Evidence Action which can bring broader benefits. We have the upcoming Philanthropy Asia Summit where this work will be featured in front of 100+ philanthropists, and in recent weeks have been introduced to King Philanthropy, Ajay Piramal, and Skip Foundation as a direct result of this project.

**Trajectory:** This envelope allows us to maintain the trajectory from [our initial 7-year program](https://docs.google.com/spreadsheets/d/1vjRbg-72Jh1RnBNz2o9hk7KKCXAxVFLN9vqvKgkPZaM/edit#gid=2078948992) provided we secure funding by end of year 4. We will be able to operate at a sufficient scale to capture lessons learned on how to run a sizable program, maintain the scale required for national policy upside, and provide GW with the optionality to reinforce your investment with a grant renewal in the event that the program is successful.

**Length:** A five year timeline creates some risk of doing suboptimal development, but we also believe that strategic decisions are fundamentally about making tough decisions within limited resource envelopes. Our thinking about timescale and the minimum % coverage has evolved, in part thanks to the thoughtful analysis of one our external donors/advisors which spurred further internal conversations:

1 - *Decision tree re: coverage levels/coverage*: We had previously been assuming that reaching coverage levels below 50% (targeted by year 5) would jeopardize our national scale-up efforts, and had been holding this coverage level as fixed. Our advisor (a Harvard economics professor who does this type of modeling for his ‘day job’) helpfully did some program timeline and decision tree mapping, and noted that:

A) By late year 4 we’ll have a lot more information on the program - national scale-up should be showing traction, the Evidence Action installations and government procurements/tenders/installations will be complete, and we’ll have reached a fork: either the program was going well and we are in a resource-rich environment (with GiveWell and/or other donors re- funding current states and national scale-up) OR we are in a resource-poor environment, in which case we couldn’t fund new states nor continue our current planning - and likely wouldn’t want to. (This is deliberately a simplification, as there are scenarios in-between).

If we’re in a resource-rich environment, then we continue scaling up in our states and beyond on the planned timescale. If we are in the resource-poor setting, then the theory of change re: national scale-up wasn’t really holding (either due to the program itself or funding availability), in which case continuing to drive coverage increases in our states holds less value.

B) We weren’t planning to reach 50% until after this fork - i.e. in year 5. As such, assuming a plateau in year 4 could work since the outcomes in year 4 would determine whether the program is in expansion or wind-down mode. If we are in expansion mode, then it’s straightforward to work with governments to get to the 50% coverage by year 5.

In the resource-poor setting, we’d potentially only have 1 year to help the Government of India build capacity to maintain new devices installed in year 4. This is suboptimal and will likely lead to broken or unsupplied devices. This leads us to #2 below.

2 - *Strategic decision-making:* With $40M available, it’s imperative we make strategic choices. On balance we think the risk/cost of missing the window on the upside opportunity is significantly greater than the downside risk of leaving devices behind with the Government of India which are poorly maintained. Moreover, we think there are multiple potential outcomes, and in reality the likelihood we have a ‘hard’ exit at year 5 is effectively one of four potential scenarios (scenario 3 below). We’re willing to assume the chance that scenario 3 comes to pass so as not to jeopardize the upside opportunity (i.e. by doing one state only or slowing coverage rates in the early program years).

With a 5 year grant we see the following potential scenarios. Again this is a simplification, but is shared as a general outline of potential scenarios:

**Scenario #1)** By year 4 the program is successful and both EA & GW want to continue the program. GW is willing to provide a grant renewal and the program extends.

**Scenario #2)** By year 4, EA evaluates the program is worth continuing, but GW does not. EA has been able to achieve significant support from other sources and continues the program.

**Scenario #3)** By year 4, EA evaluates the program is worth continuing, but GW does not. EA has not been able to fundraise from other sources. In that event EA would plateau growth in year 4 and help build systems for an exit in year 5. (There’s also a fairly decent likelihood of a hybrid between #2 and #3, where EA has identified some additional funding resources and/or savings and uses this to extend the program an additional 6-12 months). If this outcome occurs, it’s also possible that we’d know it’s heading in this direction before the end of year 4 (eg. GW’s thinking of funding shifts or its available funding reduces significantly; we are not successful in bringing in new donors in the first few years, etc), and could thus begin planning for a responsible wind down early, further mitigating this risk.

**Scenario #4)** Either at or likely before year 4, the program is not successful and both EA & GW think it is best to end the program. In this circumstance, both EA and GW would want to allocate resources where they would be most effective. EA would stop growth and seek to appropriately transition or shut down operations.

**Grant Renewal Decision:** As outlined in a previous call, we assume GW may need clarity in the following areas in order to consider a grant renewal or extension decision:

a) Do the devices work?

b) Can and will the government budget, tender, and install the devices?

c) Will the government procured devices be maintained and operated effectively?

d) Is the program impactful in terms of Water Quality?

We believe A, B, and C will generally be answered by year 3.5-4 (or earlier) through experience operating EA procured devices (a), and government budget allocations, tender development, government procured installations and operations (b). We are also looking at potential adjustments to our program to bring learnings further forward and provide GW with decision-relevant data as soon as possible. For example, in Year 2 while EA will still be procuring the devices, we will work with the government to have them set some funding aside and release tenders to have government contractors install the devices. This will provide early data on the performance of government installations (c), and display government commitment through allocating funds. We have and incorporated these considerations into our [[External] 20230724 India SW Proposed Gates](https://docs.google.com/document/d/17gUi6UDC3zqVsjI71E_zBytmKOqToiXaw8Pf3WP2mJ4/edit). We continue to be open to creative opportunities and solutions.

We understand that d) is important to GW and our team has shared some thoughts on conducting Water Quality Testing, capturing O5 Diarrhea Rates, and running an Impact Evaluation in [[External] GiveWell India SW Investigation Questions (GW 17)](https://docs.google.com/document/d/1FzNWgnZfasTQKB10OGxWwHhXkHdhak8smqfRDDphN1c/edit). We would recommend conducting the above in Year 2 once we have completed major recruitment efforts and get some of our devices installed.