Ken Chomitz: Welcome everybody. My name is ... I'm here with my colleague Michael Eddy. We're from the Global Innovation Fund. Delighted to have you all here today. We'd like to share with you our approach to forecasting and tracking our impact and tell you how we think that it helps us to maximize the amount of good we do in the world.

[00:00:30]   There are gonna be three parts to the session. First we'll give you a brief introduction GIF and it's distinctive way of approaching development. Second we'll have a bit of an interactive audience session. Which was supposed to be high tech but the Gods of bandwidth have not smiled on us so it'll be low tech.

[00:01:00]   We'll try to put you in our shoes. Grapple with the question of, if you could invest in anything how do you choose, which things have the most impact? If you're out looking to have impact over the long run, how do you credibly predict, which things are good bets for the long run?

        After we grapple with those questions a bit, we'll present you our approach to answering those questions and then really look forward to your reactions and questions.

[00:01:30]   Global Innovation Fund. Some of you may have heard the presentation just a few minutes ago by Michael Kramer on DIV. We're kind of a sister organization with the same outlook. We're a million dollar fund based in London, with an office here.

[00:02:00]   Non profit fund. Legally a charity with generous support from US aid, DFID, Australian [inaudible 00:01:54] and some others. We invest in innovations that could help people in the developing world. People who live on less than five dollars a day.

        We're looking for things that could be big. We have kind of a venture capital mentality, not because we want to make money on our own account. We might make some money. But because we're to take smart bets in the hopes finding things that are really going to pay off big. To improve the lives of many, many people.

[00:02:30]   We can invest in any sector. In any country that has our target set of beneficiaries and use just about any financial instrument available. We're very heavily evidenced based and with an eye on ion impact.

[00:03:00]   We have three windows of support, which corresponds to a pathway to scale. We're always looking to achieve scale. At the entry level, we have pilot grants for proof of concept. Does something work? You've got a wild idea. Does it actually work in the field?

        Something that passes that test, or comes to us with equivalent evidence, we'd say, let's really do a solid demonstration test and transition. Let's test it's cost effectiveness. Let's test it's impact. Let's see what are the conditions that are

suitable to make it replicable or scalable.

[00:03:30]   Things might not pass these hurdles. If it does pass or again if it comes to us with equivalent evidence, we could fund it at scale. Even then we'd be looking at how can we build at learning? How can we think about handing this over to some investor with even deeper pockets? Somebody who could bring it to a larger scale.

[00:04:00]   As we think about this, when we think about our need for impact metrics, we've got a bunch of deep seeded need for measuring and tracking our impact. We think these needs are widely shared by others as we talk to people in the impact investing community. As we talk to other development financiers we find people coming up against the same kind of problem.

[00:04:30]   First, because we work across basically all sectors, health, education, agriculture, energy. Livelihoods, we need to have some way of thinking about which proposals are going to offer the highest long term impact for our scarce capital?

As you know here, 200 million dollars sounds like a lot and we take it very seriously but compared to the need it's very small so we want to invest that money as wisely and well as we can.

[00:05:00]   Second, we have the challenge of keeping track of whether we are on track to receive scale. Our donors have kindly allowed us to think in this long term fashion, think about what is our impact going to be over 10 years or more? At that same time they want to know, what are you achieving? We know it's going to take a long time to get there but are you on track or not? How do you track where you are in terms of getting impact?

[00:05:30]   Something that's very important to us is because we have this venture capital mentality, we want to think in terms of our portfolio. We don't want to count projects that succeeded and projects that failed because realistically we think that because we're taking some bets, some of our projects are not going to pan out at all.

[00:06:00]   Some of them are going to deliver big benefits for people. We want to keep our eye on what is the total expected impact of the portfolio as a whole? Then, the big challenge is, can we do this in a way that balances rigor with practicality?

I used to work at the World Bank. If the World Bank's doing a 50 million dollar project it can afford to hire a bunch of people to think very deeply about cost benefit analysis and do lengthy and time consuming calculations.

[00:06:30]   Our grants are much smaller, so we want to do something that's streamline but improvable. Here's where I'm going to try to thrust you into our challenge. Heres the thought experiment. You have limited resources like us. You have to choose between financing two projects that have the same cost but very different kinds of outcomes.

[00:07:00]	Let's say you're equally confident in the success of both projects. One of them let's say is a health project. This health project is going to save lives. The other one is an education project.
	Let's say that this education project is going to take primary school children and give them one more year of good quality education. Let's say that will translate into a 10 percent increase in their lifetime income.
[00:07:30] [00:08:00]	Let me give you some choices. Here's quiz one. Project A. It's gonna save a thousand lives. Project B. It's going to give a thousand children one more year of good quality schooling. Think about that. In our high tech version we would have you vote by phones but here to avoid group think, I'm gonna ask you to humor me.
	Closes your eyes and I'll ask you to vote. How many vote for ... Close your eyes I'm watching. How many vote for the health project? One thousand lives saved. Okay. How many vote for education. We may need some counting here.
[00:08:30]	Open your eyes now. I would say that it was about 60 percent health and about 40 percent schooling. Let's do a variant. Now it's a thousand lives saved versus ten thousand children getting one more year of good quality schooling, improving their lifetime income by 10 percent.
[00:09:00] [00:09:30]	Close your eyes. How many for A? Okay. How many for B? You want to get this side and I'll get them? Okay. Eyes open. We had 49 for B and 19 for A. Finally, a thousand lives versus 100,000 children educated. This will be the last of this round so again, close your eyes.
[00:10:00]	How many for A? Okay and how many for B? Thanks open your eyes. Now there were 12 who still voted for A and ... Let me ask you all. How did that feel? How did you feel about that exercise?
[00:10:30] Speaker 2:	The reason why I ... The way you framed it I think in terms of the consequences ... First of all you stated that one extra year of school you qualified it. If you would have said a thousand lives saved and these are the diseases or the conditions. It's hard to make this kind of determination unless you introduce more information
[00:11:00]	into it. Because one year more of good quality schooling and 10 percent that's also speculative and you have to provide some very good data to convince me of that.
Ken Chomitz:	Anyone else?
Speaker 3: [00:11:30]	I made a presumption that the thousand more educated people could create a situation that would save lives in the future, so I didn't think it was black and white. I voted for B all the way through.
Speaker 4:	I had a similar thinking process, but it shifted. At the beginning I thought would the small amount of children it would be a wash out effect. But as that number grew, I was like there's more of a chance that the children will go on and do something

good and finish their education.

Speaker 5: For me I voted for health all through. The reason is, saving lives is one of ... If I say a thousand lives now I save a thousand lives. The 100,000 or one million children get one more year of good quality education. If they don't get it this year they can get it next year. If a thousand lives is lost now, it's lost forever.

Ken Chomitz: Okay, we'll take just one more.

Speaker 6: Yeah my issue was how could you prove that you saved those lives? Was it a vaccine? What was it? I wasn't fully sold.

Ken Chomitz: Thanks everybody. Let me respond to that last point. One of the distinctive features
of the approach that GIF takes, is that we actually seek to demonstrate in as rigorous a fashion as possible how many lives we've saved or how much educational achievement we produce.

We build that kind of assessment into our work. Reflecting on this exercise, regardless of how you personally wade those differences, of course for a real choice there would be much, much more information about the nature of the project.

Regardless of how you thought about it, I hope it illustrates a point that we'd like to make, which is that, many impact investors, many people who try to sum up their impact, use as a measure people reached, or people benefited.

For us this is, it's obviously an easy thing to calculate and maybe it's a good start,
but it has severe limitations because it doesn't take into account the depth of the impact. We're looking for a system that lets us compare and aggregate impacts in a way that it accounts for depth.

That was one of our challenges. Let's go to another one, which is, as I said we're in
the business of trading off risk against reward. We're willing to take risks on something that might fail if there's a potential that it could really work out big.

What we're tying to do is build in actual estimates of probability to help us think quantitatively which are the long shots? Which are the relatively sure things? Let's work through a very stylized example with one of our actual portfolio projects.

This is a project being undertaken by development media international in Burkina Faso. To promote safe modern contraception. The background for those of you who are not family planning aficionados, is that in Burkina Faso women have on average six children their lifetime.

Surveys show that they would like to have more control about the timing, spacing and number of children they have. And research shows that women who are given

this information, it's actually one of the most cost effective ways reducing maternal mortality and morbidity. And of course it has all kinds of other effects on the welfare of the family.

People have been using radio messages to promote family planning for some time but amazingly enough no one has ever tested whether they work. It takes a fair amount of effort to craft messages that are culturally appropriate and significant for your audiences.

[00:16:00]   This is an actual test where Burkina Faso interestingly has these different radio catchment areas in eight areas messages will be transmitted. And eight control areas they won't be transmitted. There's going to be a randomized control trial that tests whether or not the messages were successful in promoting adoption of modern contraception.

[00:16:30]   Here's our theory of change. Our vision of the pathway of how this could reach scale. Step one, there's a radio campaign that reaches 3 1/2 million people. A test is built into that. The goal is, the promoters think this will be successful if they can robustly show that a hundred thousand couples have adopted modern contraception.

[00:17:00]   The risk at this stage is, first does the innovation even work? Do radio messages change peoples behavior of that magnitude? Second, even if the innovation works, does the study work? Was the sample size big enough? Did the radio stations actually broadcast the messages they were supposed to? Did the transmitter run out of diesel? There are innovation risks and execution risks.

[00:17:30]   Let's suppose that it passes. Let's suppose that it passes this first test, goes on here. The demonstration is successful. The next assumption is, with a successful solid demonstration in place, countries and donors are gonna decide this is a program that is worth picking up, replicating, and implementing nationwide.

What we're trying to do is estimate the probabilities of success at each of those branching stages. It's not easy and of course to do this properly, you would have to have a lot more information about the nature of the program.

[00:18:00]   I can tell you that DMI is a very well experienced group. They did a similar study like this on child survival in Burkina Faso. But there are certainly risks. This time I won't ask you to close your eyes. I'm sorry, choice D is labeled incorrectly. Choice D should be "likely."

[00:18:30]   If you think about the probability that, that first stage is gonna work. That A, the innovation changes peoples behavior. And B the trial, study is going to demonstrate, they're going to pick that up. How many of you offhand would say that's very unlikely?

Speaker 7:   Out of how many?

Ken Chomitz: Sorry?

Speaker 7:   Out of how many?

Ken Chomitz: Sorry.

Speaker 7:   How many are in the catchment area?

[00:19:00]
Ken Chomitz: It's a test. The test sample is smaller than the target group. The catchment is 3 1/2 million people. I'm not sure how many couples that translates to. They've done the calculation and they think I think something like a 10 percent increase in contraception would lead to this result.

[00:19:30]   Okay, we got ... Again for very unlikely we have a smattering of hands. Now unlikely, so it's 6 percent to 33 percent. Now moderate, somewhere in the middle. A lot of middle people. Very likely. A few. And very likely. Well very few people are willing to bet on very likely but it looked kind of like a normal distribution. Most people were comfortable with the moderate level.

[00:20:00]   Just very ... Let's see how we're doing on time. I think we can do to close the loop here. Let's go now to the second stage. Let's assume that the first stage was successful. And we'll know in 2019.

[00:20:30]   Assume that the demonstration was successful. It's documented. Presentations are made to donors in countries. What's the chance that you think Burkina Faso, or some other Sahelian country would ... At least one country would say, "Yes, we're going to pick this up." And donors will say, "Yes, we will fund this for a sustained period."

[00:21:00]   Okay, very unlikely? Unlikely? Moderate? Sorry, Just likely? 67 to 95? And very likely? It looks like the crowd tilted a little bit towards optimism on the rationality of development response to evidence.

                  That's great to be optimistic. I share your optimism. That sums up our second challenge. We're trying to assess 10 years in advance, what's the likelihood of each our investments yielding benefits?

[00:21:30]   One of the features of this is we'll be able to update our estimates over time as risks are resolved. Just as a financial portfolio, you keep track of the companies you've invested in that have failed. The one whose stock has gone up. We'll be able to remark as estimates come in of impact and as risks are resolved positively or negatively.

[00:22:00]   With that preface, Michaels going to explain our response and how we've put together a system that addresses these challenges.

Michael Eddy: Great. I'll tell you a little bit about how GIF thinks through some of these challenges

[00:22:30]	and at least what our approach is right now to resolving it. This has been a methodology that we've been developing over the past 9 months or so, 9 to 12 months. It's really been an evolution as we've continued to learn and think about how to do this in a practical but rigorous way.

We're calling it practical impact assessment. Why? Because we want it to be practical. Its a very simple equation. A very simple formula that aims to estimate the impact of a given innovation.

First, what is the breadth of impact? The number of people who will benefit at your 10. What is the depth of impact per person? How much will they benefit? Will it be a life saved or will it be just another additional year of schooling? Or maybe it will just be 10 minutes off their commute.

[00:23:00]	Finally, what's the probability of success? How likely is it that by year 10 they will be successful? You've noticed we've chosen year 10. Year 10 is a bit of an arbitrary number but we've chosen it because it's far enough away in the future where we can kind of ... Where there innovation will have some kind of time to get to a much larger scale.

[00:23:30]	It's not too, too far away where we don't know if robots will take over the world or what not. It's somewhat imaginable. We do this, we apply this for our target population, which is for GIF, people living under five dollars a day.

What we've found as we've applied it is, that often times order of magnitude estimation is sufficient. We don't aim to do any type of spurious precision here. We're not talking about the difference between a 9.8 percent improvement in income versus a 9.9 percent improvement in income.

[00:24:00]	Often times what we're talking about is just, is this likely to benefit 100,000 people? Is it likely to benefit a million people? Or is it likely to benefit 10 million people? Rough order of magnitudes of what the potential number of people that will be benefited at year 10.

How big is the benefit per person? Is it again something that's barely perceptible maybe 10 minutes off a commute? Or is it something that's life saving? Then finally, whats the chance of success? Is it something that's very, very highly risky? Or is it something that's very likely to occur at year 10?

[00:24:30]	Again, emphasize here, it's not that we won't invest in things that are very, very risky or very unlikely to reach scale. But we just want to have a bell weather to be able to understand whether the rewards are sufficient for the risks that we would be taking.

What we found is that we receive about 2,000, 2,500 applications a year and we need to sift through those. We only find maybe 20 to 30 applications a year. How do we get from 2500 to 20 to 30? We need a really quick fast tool.

[00:25:00]   What we found is that when we're reviewing these 2500 applications, we do it on a monthly basis, we can apply these kind of very rough order of magnitude estimations and that will help us to sift through ... At least give us a first sift through even based on some relatively limited information about what are potentially the really high impact innovations out there.

[00:25:30]   Part of the key here that I think we're innovating on or that is particularly unique about this is, that it aims to be a universal scale of depth of impact. It is something that is both ambitious and slightly naive about our approach, which is that we actually aim to put a common ruler across many different types of projects.

               Any type of development financing ultimately does this. ODA roughly has estimated about 134 billion dollars a year. There's some of that in health. Some of that in education. There are implicit decisions when that funding is allocated in terms of how we trade off health versus education outcomes.

[00:26:00]   At GIF, we've chosen to make those decisions explicit. For easier estimation, for tractability, we benchmark it. Our common rule is a typical beneficiaries annual income. We benchmark against how much does this change in their annual income? Income equivalent.

[00:26:30]   That doesn't mean that we only care about income, quite the contrary. But we just use that income benchmark as an income equivalent unit. As a unit of measure, rather than just the only thing we care about.

               We reviewed a lot of the health economics and the educational economics literature, in order to basically come up with, what are the exchange rates? How do we exchange between a health outcome and an income equivalent unit? Using a lot of the health economics literature on value of statistical life, and a lot of the educational economics literature that looks at what are the returns do to education.

[00:27:00]   There's some things that this measures well and some things that this doesn't measure well. I want to be clear, this doesn't necessarily measure kind of the intrinsic value of life. We all value life and there's some intrinsic non measurable component to that but we don't aim to measure that.

               What these conversion rates are is that they're a starting point for a conversation. They're a starting point to help to compare education and health projects. They're not necessarily an ending point.

[00:27:30]   Very important when we've applied this methodology internally, we really emphasize this is a tool to help decision making. But it's not a rule. It's a tool to inform how we make decisions but it's not a mechanical application of the equation.

               You can see, order of magnitude, we can see how perceptible are actually quite, quite different from life saving impacts on this common scale. This common ruler of

annual improvement in income.

Some examples of this, reducing congestion, saving 10 minutes a day on your commute. That might be a perceptible impact. A substantial impact might be an extra year of education. Something that would be equivalent more or less to a permanent improvement of 10 percent of one's income.

[00:28:00]

Transformative impacts might be something like early childhood development or really, really high quality secondary education and then finally kind of life saved as a category unto itself.

Finally, we incorporate risk. Again, we choose to be explicit in how we incorporate risk. This is not easy. I don't claim to say that this is necessarily easy but we choose to be explicit about it. We have three types of risk.

[00:28:30]

One is our uncertainty about how many people will be reached at 10 years. The uncertainty about the bractive impact. The second is, what's the uncertainty about the depth of impact? Is this likely to improve farmers income by 10 percent? Or is it likely to improve farmers income by 30 percent?

We might start to think about how we put order of magnitude bounds. How we start to bound what our uncertainty is. We've done that on our portfolio. We won't necessarily say that this innovation will improve income by 10 percent. But we might say that it might improve income by 5 to 20 percent. This is kind of our 90 percent confidence [inaudible 00:29:02]

[00:29:00]

Finally, and I think most importantly for us, our critical risks. These are the success or failure risks. Particularly for our approach, which is a venture capital approach we expect that many of our innovations may fail and we're comfortable with that.

But we really want to get a bound sense of how likely it is to be successful at year 10. We aim to kind of put some estimations around what are the success or failure risks? How likely, like we asked before with the DMI example. How likely is it that at 10 years, this innovation that DMI is testing will ultimately reach this scale that we articulate?

[00:29:30]

The other thing that's very important about this framework is that, it's up dateable over time. For your economists out in the room, we call this kind of a very bayesian approach where we're making very explicit what our expectations are about the potential breadth, depth and likelihood of success. We can update those over time.

[00:30:00]

With DMI we're doing an RCT, which will actually rigorously measure what the depth of impact is. Then we can update, what was our prior expectation and what did we learn through this experiment? And update it and revise our estimates. This helps for a number of different reasons.

First of all, it helps us to kind of narrow our confidence bounds. Often times throughout experiments we're learning new things. This is an explicit way to kind of

update what we previously thought about an innovation to what we now think about an innovation.

[00:30:30] It also really helps us in how we know whether we are on track in order to ultimately reach the vision of ours, which is to have a measurable impact on 10's, or hundreds of millions of the world's poor. It also helps us in reporting whether we're on track.

[00:31:00] I will emphasize that practical impact assessment it's a useful compliment to other tools in the tool kit. In particular, practical impact assessment it draws on many of the principles around benefit cost analysis but it applies them to a much more small grant size that we are used to making.

Social return on investment as well it draws on and it's very complimentary to rigorous evaluation or other types of evaluation methods because that is basically what helps us to update our priors ... Update our expectations.

[00:31:30] Finally, we also will be often times throughout experimenter to collect information in order to do much more sophisticated benefit cost analysis or SRI analysis we often times, particularly on our early stage grants can't do that because we don't have the amount of information. But through our investments we're able to collect that type of information to do and ex post SRI calculation. Usually estimate as an NPV, net present value.

Finally, just to summarize, practical impact assessment, it's intended to be a convenient up dateable forecast of impact. It allows us to start with good enough approximations. It helps us to make decisions. Make decisions that we'll have to make anyway, but it gives us a good enough order of magnitude estimates.

[00:32:00] It promotes this portfolio level view, which is particularly important for our model. It compliments more data intensive ex post benefit cost analysis. This is obviously very much a work in progress, and we're very eager to hear your feedback, your thoughts, your comments.

Maybe we can open it up to questions. I'll come around with the mic.

[00:32:30]
Speaker 9: Anya [inaudible 00:32:33] I'm curious if you've done any testing of this method, where you would have different evaluators, evaluating the same project and what the results have been.

Ken Chomitz: That's on the docket. I think that vision is that we would have at least the sample
[00:33:00] that would be reviewed by external people to keep us on track. One interesting thing, if you look at the great proponents of cost benefit analysis are the MCC. They do a fantastic job of putting all their cost benefit analysis online. And they always find that when they review after five years, their earlier results on average it's 2/3 lower than what they thought at first.

[00:33:30]	We would hope to be able to subject ourselves to the same scrutiny and derive an adjustment factor like that.
Speaker 10: [00:34:00]	Good morning. Thank you for the presentation. Tanya Alfredson from US Aid. I have two questions. The first is, as you're probably aware, US Aid under the leadership of Ambassador Green is very interested in the sustainability of outcomes, so my first question is, when you had that 10 year marker is that 10 years of the project life or is that 10 years after the project has ended? Thinking about sustainability of outcomes.
[00:34:30]	The second question is sort of related. There's a lot of evidence base now to demonstrate that conflict sets back development gains on average by 30 years. When you talked about your risk assessment model, do you have anything in that model that takes into account the conflict sensitivity of the projects? Are they likely to exacerbate or feed latent conflict or existing conflicts that are there? Thank you.
Speaker 11:	Do you guys want to do another one?
Ken Chomitz:	Let's do a couple. Does that work?
Michael Eddy:	Yeah lets try that.
Speaker 11:	Any others?
Speaker 12: [00:35:00]	Hi I'm Kimberly Hamilton with Integra. I'm curious, I went to the DIV presentation as well and they mentioned voter fraud. We do a lot of work in the area of combating wildlife trafficking. I'm curious if you've been able, or are looking into ways to apply this approach to sectors where there may be a black market involved or it might be more difficult to assess the depth or the value of the impact that you're having.
Speaker 11:	One up front. Sorry, did you have a question?
Speaker 13: [00:35:29]	Thank you. Thank you for the great presentation. I'm Ray [inaudible 00:35:26] from IPM in charge of Right Fit initiative Goldilocks. You went a bit quickly on that part. I'd like you to explain a bit more how you get to those numbers where you compare things between different sectors.
	Where does this 50 coming from? There should be a common outcome to get there and what is it?
[00:36:00] Ken Chomitz:	I'll take the last two and Michael will take sustainability. Some of the ones you brought up I think are the most difficult for us to grapple with. Just as Michael Kramer said, that voter fraud for instance was very difficult to deal with.
	We would try to see whether there was some way we could translate this into individual benefit but I think that we recognize that at some point we'll say, we

[00:36:30]	were able to quantify these projects and these we think are worthwhile but it's resistant to what we can do.
[00:37:00]	In terms of the exchange rates, there is a large literature on value of statistical life. Health economists, environmental economists have been doing this for a long time. Basically there are several different ways of asking people, basically how much extra salary would you want to take a job that increases your chances of dying by 1 percent? There are various ways of eliciting that information from people.
	There have not been that many such studies in developing countries. There are few so reviewed the literature and found that basically 50 per capita incomes is sort of a median estimate of what that looks like.
[00:37:30]	Similarly, you can derive estimates for value of a dally. I think DIV they used one. We've reviewed some literature to suggest that it's actually worse than that. That we would give about three per capita incomes for a dally.
[00:38:00]	Education there's a large literature, very large literature that looks at the economic returns to an extra year of education. Again, this captures only part of the benefits of education. We recognize that but it's a very palpable, measurable one.
	Those estimates range basically 5 percent to 15 percent. The new WDR that was published yesterday, we'll be taking a look at that and seeing whether that revises our numbers. I think that the number we have there satisfies.
Michael Eddy: [00:38:30]	And then finally on sustainability ... Maybe I should try the mic. On sustainability absolutely. We're not a long term funder of DMI. That's not our intention. When we're trying to estimate what's the likelihood that DMI is going to be successful at year 10, we're asking questions like, whose gonna fund DMI after this 3 or 4 year project?
[00:39:00]	Most of our projects are only maybe 2 to 5 years. When we're making these 10 year forecasts, we're very much trying to take into consider what's the sustainability of the project and that looks different in different projects. We invest in for profits as well. Sometimes that has to do with profitability. Willingness to pay of the consumer. Things like that.
	Our public sector side often times it's, is the Government willing to pay for these types of programs? Are there other sources of sustainability that will enable it to be successful at year 10? That's very important to that approach.
[00:39:30] Speaker 14:	Could you speak more to the third part of the assessment of the risk? Once you've proven something can be done, the likelihood of it being scaled. And my question is more to do with political risks. Climate change related health risks in this country are no longer being investigated, how do you assess that for example?
Ken Chomitz:	I'll take that.

[00:40:00]

Speaker 15: Hi I'm Jean Paul [inaudible 00:40:03] I guess I have more of a clarifying question, when is this performed? I think you proceed by saying it was performed when you get proposals. For proposals how do you assess the quality of the data and is there a factor for that as a risk also?

Ken Chomitz: I forgot, what was the first one?

Michael Eddy: Climate change.

Speaker 16: Hi, I'm Scott Elliot with the International [inaudible 00:40:27] For Impact
[00:40:30] Evaluation, my question kind of builds off about external evaluators. A lot of the practical impact assessment here looks like it's a very bayesian approach making a lot of bands. Has there been a ... Have you ever thought about ... Especially with the RCT's that you are working with to create an evidence base for your investment theories, about doing some sort of initiative of open data and kind of opening up to
[00:41:00] allow replications of those RCT's that'll give you a kind an extra band of evidence specifically on the intervention that you are funding?

Speaker 11: One more?

Ken Chomitz: No I think that's enough for now. On the long term risk assessment, I mean obviously this is not something that can be done with ... A lot of judgment is
[00:41:30] involved. That's how the political risk ... Many people are in the risk business. We're looking for benchmarks.

For instance, I used to work for the independent evaluation group at the World Bank. World Bank has data on thousands of projects and how they turned out. That gives us sense of what the benchmark is for the long term success of different kinds
[00:42:00] of programs in countries with different levels of political risk and different levels of economic development.\

Where climate is an issue as for instance, we have agricultural investments in Africa that would certainly be factored into the judgment. We look at the imagined pathway to scale. This may change over time but for instance, one pathway is demonstration, then adoption by a public agency.

[00:42:30] If we have strong indication that the public agency is really interested so that it will be that there's political support then we design a higher probability. If it is a contentious issue in the country then we would assess a lower probability.

We start with benchmarks and the use judgment to address up and down. Someone asked earlier about conflict that would obviously factor into the equation.

[00:43:00]
Michael Eddy: Then there was a question about what part of the project cycle do we use it on. We use it really at every single part of the cycle of our project cycle. When we get

applications at the very early stage as we get in for applications, which sometimes has very little information. But again, these very, very rough order of magnitudes. Then as we get more information as we're talking with the applicants, and collecting more information ... Maybe interviewing administer of health or things like that in order to assess the likelihood of scale, we'll update those over time until ultimately we make the decision.

[00:43:30] We take a snapshot of our practical impact value when we make that decision, then we update it while the project is in process. We'll do it again at the end of the project. We can even use it after the project is done.

We're gonna finish the DMI grant in 2019 even after in 2020, 2021, 2022 we can actually see, Where are hypothesis? Where are our expectations about what would happen to DMI? Are they actually playing out or not?

[00:44:00] It's really intended to be used across the whole project cycle. And related to evidence base and replications, this is something that's very important to us. One thing to note in caveat is that when we're looking at the potential depth of impact, we use a broad source of evidence. Both kind of rigorous evidence from other context. But we're really looking at what is the likely depth of impact in that context. So we'll also rely on observational data, regressions, things like that.

[00:44:30] We may commission a reverse evaluation and we can update those over time. We may update our depth of impact. We haven't yet done many replications of our CT's just because we've only been around for two years, two or three years. It's something that potentially could be out there.

Great. I really want to thank you. Both Ken and I ... I personally really valued the opportunity to talk with you guys. We are going to be up here afterwards so feel free to come up if you have any other questions. Really hate the idea, they don't want to say it in public, come tell us.

[00:45:00] I look forward to being in touch.

Ken Chomitz: Thank you.