GiveWell

REAL CHANGE FOR YOUR DOLLAR

Plan: Year 2 (5/1/2008 – 12/31/2008)

Summary

GiveWell's ultimate vision is of a world in which:

- Individual donors can easily find meaningful information about what charities do and whether it works.
- A large amount of money from these donors flows systematically to the charities with the most proven, effective, scalable ways of helping people.
- This dynamic leads to an ongoing public dialogue about how to help people, and to constant improvement in the way charitable resources are allocated.

There are many ways this vision can come about. Some involve GiveWell's becoming a large organization in its own right, performing a great deal of research and directing a great deal of money; others involve GiveWell's being supplemented or even replaced by other organizations that do thorough research on charities and make their findings public.

What is key to all of these scenarios is the presence of **a research model that is recognizably *viable*** (capable of collecting meaningful public information about what charities do and whether it works) **and *influential*** (capable of affecting how individual donors give).

As our review of 2007 explains, we believe that at this point we have produced a model that is viable, but we have only the most preliminary evidence of how influential it can be. We feel that our top priority for this year is beginning to expand our influence. Continuing to perform quality research (and thus continuing to establish our viability) is also important. If we can accomplish these two things, we will build the case for our model of giving, and make significant progress toward our vision.

Specifically, our high-level goals – in order of importance – are:

1. **Increase the "money moved" by GiveWell,** where "money moved" refers to the sum of (a) grants given directly by the Clear Fund and (b) individual donations that are made to recommended charities, primarily on our recommendation. Our money moved provides an indicator of how much influence our research has and how much donors value it; in the long run, GiveWell will be viable if and only if we are moving a large amount of money relative to our operating costs.
2. **Perform more quality research** on what charities do, whether it works, and how individual donors can accomplish as much good as possible. This research is our core value-added, and continuing to create it is nearly as important as increasing its influence.
3. **Engage more critical thinkers who will critique, discuss, and help improve our research.** In addition to improving the quality of our research over time, finding more critical thinkers will improve our ability to hire more staff in the future, if warranted.
4. **Strengthen our organizational oversight**, starting by adding to our Board of Directors.

Goal 1 not only answers the most important current question about GiveWell – the question of how influential or model can be – but also is important in pursuing all three of our other goals, since our ability to move money will affect the likelihood that charities share information with us and that qualified people collaborate with us. It is important to recognize that **this goal – increasing our "money moved" – is by far the most important one for this year.** If and only if we make good progress on it, we will be much better positioned to accomplish our other goals (especially 3 and 4) in future years.

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Goal 1: Increase the "money moved" by GiveWell

Our most important goal for the coming year is to expand our influence, either by raising money directly for the Clear Fund (to be re-granted to our top charities) or by getting our research and recommendations to donors who will use them in their giving decisions. For reasons given below, we believe that the best way to make progress on this goal is by:

- **Targeting an audience of major individual donors.**
- **Marketing largely through networking and personal interactions.**
- **Asking donors to support us through the mechanism of a "GiveWell Pledge,"** a formal advance commitment to donate to our recommended charities (implemented via a donor-advised fund). A GiveWell Pledge allows a donor to retain substantial control over their funds, and avoid having GiveWell take a "cut" of their donation, while still adding in a demonstrable way to our "money moved."

Our audience

In the long run, we hope to influence medium and small donors through our website, but we believe that we can't make serious progress on doing so without first building a strong brand and reputation. Our evidence for this belief is primarily that:

- The marketing professionals we've spoken to about cold-email and direct-mail solicitations (which we briefly looked into experimenting with last December, before deciding against it) have generally told us that a strong and recognizable brand is extremely important for such campaigns.

- As our review of 2007 explains, people who came to our website without any prior reason to value our recommendations – i.e., via advertisements and other "cold" encounters – engaged very little with our content and did not make use of our recommendations at all. (By contrast, those who were likely referred to our site by the New York Times, Wall Street Journal and/or CNBC were much more likely to spend time on the site and make donations.)

Without a strong brand or large advertising budget, we don't see an *immediate* path to reaching and influencing individual donors en masse. We believe our best short-run strategy for increasing our influence is to **target major individual donors,** whom we can reach and interact with through personal relationships. Over time, we will aim to build a track record of serving these donors well with quality, relevant, public research. We believe that we will be able to use this track record to attract the publicity, funding, and reputation necessary to have a major impact on smaller donations.

Marketing strategy

To date, we haven't put much of our energy or resources into marketing. We raised our startup capital from former coworkers, who were well positioned to evaluate us as people, and we did not make serious efforts to raise money from "outsiders" (i.e., people who have no knowledge of us outside our work for GiveWell) because we didn't yet have a concrete demonstration of our output (i.e., our research reports).

Below, we've listed our preliminary marketing strategy; however, we believe that it will be essential to involve experienced development professionals in this process as much as possible. **We intend to make a concerted effort to hire a full- or part-time marketing professional**, for the following reasons:

- Unlike the work we've been focusing on to date, development/fundraising is an established and largely generalized discipline, and there is a lot of public discussion and study of what works.
- We have no experience with development, and we don't consider the associated skills to be among current staff's strengths.
- In particular, we have little to no sense of how to set reasonable expectations for our project in this area. One way or another, having an experienced marketing professional become intimately familiar with our project and position seems necessary for setting reasonable expectations.

That said, we need to be ready to fundraise without this sort of full-time help, even as we look for it. Our preliminary strategy for fundraising will consist of:

1. Speaking with all of the potential donors we've made contact with about both making GiveWell Pledges (see below) and getting us in touch with other potential donors.
2. Seeking contacts (both among our existing contacts and among their friends) who can arrange meetings for us at finance and software firms in order to introduce

GiveWell and ask for GiveWell Pledges. We anticipate that most initial meetings will be small gatherings of people with limited charitable budgets but if we can make contacts who are highly committed to GiveWell, we may eventually be able to reach many people throughout the companies.

3. Organizing fundraising events, and attempting to attract potential donors to them as social activities. Again, we may have to start with small events consisting mostly of young people, but we anticipate that with high-quality contacts, we will eventually be able to reach more potential donors.

We plan on **making the search for a marketing professional our first priority, followed by the three strategies above (in the order they're listed).**

GiveWell Pledges vs. alternatives

Since its inception, GiveWell has had many different ways of structuring and framing what we offer donors. It's important to be clear on which ones we'll be emphasizing. Below are five different "arrangements" a donor can have with GiveWell (note that these are not mutually exclusive; different donors can have different arrangements).

1. **Funding GiveWell's operating expenses.** Some donors are interested in our potential to improve philanthropy in general, but have little interest in the specific causes we're focusing on. Such donors may give unrestricted gifts to GiveWell to be used for whatever combination of salaries, administrative costs, and grants best helps us accomplish our mission. Speaking anecdotally, major foundations and extremely wealthy individuals tend to fall into this category, since they have no need of our research (having the capacity to fund their own) but are interested in what our research can do for other donors.
2. **The United Way model.** This is the main structure we have used so far: we ask donors to delegate their giving decisions to us within certain broad parameters. For example, a donor can indicate whether his/her donation is to be used for the developed or developing world, health- or income-focused charity, etc., but we make the final choice of which organization receives the grant. A donor who gives in this way is funding some combination of our operating expenses and grants (though they often have the option to mark their donation specifically for grants), under the basic idea that we can make better use of the funds overall (within the philosophical guidelines that have been set for us) than the donor can.
3. **The philanthropic advisor model.** We have discussed, but never implemented, a possible arrangement in which a major donor would work closely with us – making major decisions ranging from our philosophical agenda (i.e., which cause we research and which criteria we use to narrow down charities) to the final choice of which charity to grant. The donor would fund both the grant and our operating expenses.
4. **Using GiveWell's research without donating to GiveWell.** We attempt to make all our reasoning and recommendations public, so that any interested party can use them. To date, there has been almost $35,000 donated to our recommended charities *through* our website but bypassing us entirely (there may

also be donors who used our research as one of many inputs into a decision, but we have no way of tracking this).

5. **GiveWell Pledges.** A GiveWell Pledge is an advance, formal commitment to give using our research. Formally, we plan to implement this arrangement through a donor-advised fund, the GiveWell Pledge fund; we will ask donors to make contributions to this fund, where their money will be held until we produce recommendations in their area of interest, at which point they will make recommendations concerning which of these recommended charities should receive the funds. The aim is to reach donors who would otherwise opt for #4 above, thus gaining a measure of our "money moved" that is reliable, formal, and known in advance (the last being particularly important for purposes of giving charities incentives to share information).

At this stage in our development, we believe that our most important goal is increasing money moved, and that we can best accomplish this by **focusing on #**5 **–** the option that gives donors as much choice and control as possible while still giving us a strong, advance measure of money moved.

It's worth noting the drawbacks of this approach:

- It will force us to raise money in two entirely separate ways, i.e., our operating expenses will not scale cleanly and automatically with our "money moved." However, **we currently have enough unrestricted funds to operate at our current size through 2008;** if we draw enough GiveWell Pledges to justify expanding our operations, we believe that we will have a very strong and clear case to make to major funders (i.e., we will be able to show them exactly how much leverage they are getting for their investment in our operations).
- By giving donors the choice of where to give, we will sacrifice the benefits of "pooling donations" that public foundations such as United Way and Robin Hood benefit from. In particular, we will have to continue seeking *scalable* interventions, which often significantly narrows our options, and will not be able to invest in dedicated projects such as funding evaluations. We believe that this is an acceptable constraint for the time being, though we will keep the benefits of pooling money in mind in the future.

Goal 2: perform more quality research

Though expanding our reach is our primary goal for 2008, it is also essential that we make continued progress on the question of how to accomplish as much good as possible with charitable donations. Disseminating such research is at the heart of our mission, and it is important in the short run as well as the long run because we need it in order to continue making the case for our value to donors.

Our plan for producing research is to:

- **Focus on developing-world direct aid,** though we will also be gauging donor demand for three other broad causes (and potentially switching our agenda if demand is much stronger for one of them).
- **Use a modified version of the research methodology we used in our first year –** combining independent analysis with a grant application process designed to get relevant information from charities, and writing up all of the reasoning for our decisions with links to all relevant materials (including applications). The modifications we are making (compared to last year) are detailed below.

Causes

As our review of 2007 explains, we feel that our research going forward should focus on one broad cause at a time, rather than several narrow ones. Rather than defining our causes in terms of metrics (i.e., grouping charities where their outcomes can be compared on a roughly "apples to apples" basis), we will define them more around the practicalities of the nonprofit sector and the research process. The causes below represent sets of charitable endeavors that largely serve the same parts of the world and are likely to overlap a great deal in terms of relevant organizations, as well as in terms of the background research necessary to understand them.

Below is a list of the four causes we feel would be most productive for us to tackle, in order of priority. These options – what they would involve as well as what we see as the pros and cons – are fully explored in Appendix C.

1. **Developing-world direct aid**, including health initiatives, economic empowerment programs, and programs focused on enslaved or abandoned children**.** We have a very tangible sense of what we'd study, a high degree of confidence that we could add value, and evidence that this cause appeals to our potential donors as well as to us personally. We tentatively plan to start research on this cause with a focus on the recent natural disasters in Myanmar and China, which potentially represent particularly strong and urgent opportunities to help people.
2. **Disease research** in both the developed and developing worlds. We would summarize the burden (number of people affected, and type of effects) and the funding and progress to date for a number of cancer varieties and other diseases, attempting to help donors prioritize their giving. This cause appeals to us personally, and we believe (though we have no basis other than intuition) that it would appeal to our likely donors as well; our confidence that we can add value is moderate.
3. **Global warming.** We would summarize the existing academic literature on what is *known* about risks vs. what is *possible* about risks (and clarify the degree of consensus around each); summarize existing academic literature on the pros, cons, and likely impact of different possible solutions; and provide information on which specific solutions different nonprofits are pursuing. Our survey data indicates a high level of interest in this cause among potential supporters; the

cause has fairly strong appeal to us personally; and our confidence that we can add value is moderate.

We do not plan on further researching **developed-world direct aid** in the near future. We believe that we have already made significant progress and identified standout organizations in this cause, and we see more potential to improve donors' options in the three areas listed above.

We wish to factor donor demand into our choice of causes, as much as possible; at the same time, we need to have a clear plan and preference at all times, so that we don't take any donations for causes that we end up not researching. Thus, we plan to **focus on #1 while asking donors for (informal) commitments regarding other causes they may be interested in.** We will continually gauge the interests of our target audience, in order to decide which cause to work on next.

Research methodology

We feel that the basic approach we took last year – giving large grants so that we can collect information through our application process – remains the best research model we know of. It has allowed us to collect a large amount of information from our applicants in a relatively short period of time; we know of no other source for similar information, and no other approach that we feel could have yielded such information within a comparable budget and timeline.

That said, we are planning on modifying our approach in the following ways:

Broader causes. As stated above (under "Causes"), we will be exploring broad sets of charities that intersect in terms of the people they serve and the research needed to understand them, rather than narrower causes based on the goal of an "apples to apples" comparison using consistent metrics. Since we will be focusing on GiveWell Pledges rather than on giving our own grants, it will not be important that our final ranking of charities is on an "apples to apples" basis (something we didn't accomplish in 2007 regardless); the goal will, instead, be to find charities that we can have confidence in and explain the advantages and disadvantages of each.

One cause at a time. Researching wildly disparate causes last year led to major logistical problems, as we kept applicants on hold for weeks at a time (while reviewing other causes) and then often requested quick turnarounds when we did get back to them. Going forward, we will initially focus all of our research efforts on developing-world direct aid, and once we produce recommendations we will move to another broad cause (see "Causes" above) based on donor demand.

More focus on independent research, as opposed to grant applications. In our first year, we focused our time and effort overwhelmingly on getting information *from applicants*, as opposed to from academic and other independent literature. We found that charities very rarely provided rigorous research on outcomes, and most of the strongest research we did find had been publicly published (and could have been found by searching academic literature). For our next round of research, we will start by searching independent research to identify particularly promising approaches; we will send out applications (for our grants and recommendations) later in the process, and while we will still invite charities to make their case in whatever way they deem appropriate, we will treat the application primarily as a way of getting specific information about specific organizations rather than as the starting point of our research.

More and earlier site visits. As our review of 2007 states, we believe that we undervalued the role of the site visit during our first year; speaking directly with staff gives us the opportunity to get a clear picture of how an organization views itself, and therefore what sorts of information we should seek to get a picture of whether its approach works as intended. For our next round of research, we will conduct site visits to all serious applicants, before creating detailed organization-specific questionnaires for them.

Different "grant" structure. Since most of our "money moved" is going to be in the form of GiveWell Pledges, we will likely not be able to offer much in "grant money" in the strictly traditional sense of the term. Instead, we will explain to applicants that the money in the GiveWell Pledge Fund will be distributed to our recommended charities, taking individual donors' recommendations into account. We believe that this will provide at least as strong an incentive to share information as grants would. We will also offer a single grant, given at our discretion, consisting of all the funds that donors have indicated should be used for our next round of grantmaking (along with any additional funds that we choose to allocate from our operating fund). We tentatively expect this grant to be in the range of $100,000, which we've identified as the "ideal grant size" based on last year's activities (see the review of 2007).

Format of reviews. We believe that our current reviews, while thorough, are overly dense and difficult to engage with (based largely on feedback from our supporters). Preliminarily, we believe that we can do a much better job presenting the most relevant and interesting information up front rather than sticking to the highly systematic approach we've used to date (which tends to present information in a fixed, consistent order rather than in order of importance and interest). The materials we've created for our marketing package represent an attempt to make our research more engaging; we believe that the more conversations we have with supporters, identifying the information that stands out to them, the better we will be able to design our reviews in a way that encourages engagement and interest.

Summary

Our next round of research will run as follows (more details available in the "Timeline" at the end of this document):

1. Conduct independent research on developing-world direct aid, learning about the demographics and problems faced in different areas and the costs and track records of different interventions.
2. Identify promising organizations using basic information about organization size, area of focus, and activities carried out. If necessary, send out a preliminary "Round 1" grant application to narrow the field of applicants.
3. Conduct site visits to all applicants we feel have strong potential; follow up on the site visits with individually tailored questionnaires.
4. Parse questionnaire responses and publish our recommendations and reasoning.

Goal 3: Engage more critical thinkers

So far, critical discussion of our research and reasoning (regarding the specifics of what charities do and whether it works, not GiveWell's concept and model) has come from:

1. GiveWell staff
2. Members of our Board of Directors, who have read our writeups and discussed our granting decisions in meetings
3. A few people we have specifically sought advice from due to their backgrounds and areas of expertise: professor Dean Karlan of the Poverty Action Lab, Charles Buice of the Tiger Foundation, Professor Richard Murnane (who primarily studies education), two graduate students who are particularly focused on the education-related issues we've been dealing with, and one graduate student focused on child care-related research.
4. GiveWell editors: volunteers (usually made through personal contacts) who have read through our reviews and shared thoughts on our decisions and reasoning.
5. Occasional discussions via the comments on our blog, although most discussions on the blog have revolved around our general concept and model, and nearly all discussion of the specifics of our decisions and reasoning has come from the same four people (Michael Vassar, Carl Shulman, Phil Steinmeyer, Dario Amodei).

This set of people is still relatively small, and actively seeking out more people to engage critically with our reasoning would benefit us in several ways:

- **Improved quality of research**, possibly leading to better questions, better analysis, and better giving decisions.
- **Improved credibility** for donors.
- **Clearer layout and content of website.** We currently have little to go on but our own intuitions regarding how to improve our web content and make it easier to read, understand, and examine critically. Finding people who are committed to reading our web content *and engaging with it* would help with this.
- **Finding potential future staff.** If and when we expand our research staff, we will be looking for people who are highly interested in and intelligent about the issues we work on; a community of critical thinkers would be an ideal source.

This goal does not have the short-term urgency that our first two goals (above) do, but to the extent we can, we will aim to:

- **Proactively build advisory boards** for the causes we research, with experienced and accomplished people in relevant fields. (More below, under "organizational development").
- **Hold periodic meetings** to discuss our research – much in the same way we have in Board meetings – with any interested parties. We have a large list of potential volunteers, and will use this list as a starting point in finding participants. We are also hopeful that any donors who make GiveWell Pledges will be interested in discussing our findings periodically, and certainly when we make our final recommendations.

Goal 4: strengthen our organizational oversight

Our current Board is relatively small, and limited in free time as well as diversity of experience. In order to strengthen our organizational oversight, we plan to:

- **Split the two major functions of the Board by establishing cause-specific advisory boards.** The Board is currently responsible for both governance (evaluating our staff; establishing guidelines for our general organizational strategy, timeline, and budget) and research evaluation (voting on how to allocate GiveWell's grant money; discussing and assessing our reports). We believe that these two roles are significantly different in terms of the interests and abilities that best fit them.
- **Recruit knowledgeable people for our advisory board on developing-world direct aid.** We will seek people who have strong knowledge of the relevant literature and/or significant up-close experience with developing-world aid. As we move on to other causes, we will establish advisory boards for those as well, using similar criteria.
- **Recruit 1-2 more people for the Board of Directors (i.e., the governance component)**. We will be looking for people who can commit to relatively frequent meetings and active oversight.

Lower priorities

The following issues are important for GiveWell in the long run, but will not receive heavy attention this year as we focus on the goals above.

Improve the design of our website. If we are to have a significant impact on small donors, we believe will need a more engaging, readable, and dynamic website website than what is currently at www.givewell.net. However, as stated above, small donors are not an *immediate* target, and we believe that our website is sufficient for its current use: providing, in a convenient form, as much information as possible on our reasoning and operations. We will continue to make small improvements to the website, but will not be targeting it for a major overhaul this year.

- **Generate conversation and publicity around our project and values.** In our first year, we attracted enough attention to establish some preliminary credibility and make contacts in the nonprofit and for-profit sectors. However, at this point we believe that we've expressed our vision of giving clearly and publicly, and that the best path to promoting wider acceptance of it is to show that this vision can move *donors* – i.e., to build our influence as outlined elsewhere in this document. While we will continue to be interested in opportunities for publicity that could help us make more contacts, publicity and conversation as ends in themselves are relatively low priorities this year – much more important is *proving the importance* of such conversation.

5/1/2008-12/31/2008: Timeline

May: Complete business plan and fundraising materials.

June-August: Solicit GiveWell Pledges while exploring independent research on developing-world aid, our probable next research focus.

September: Complete list of strongest potential organizations, based on independent research. Invite them to apply for our recommendations (and thus for the money in the GiveWell Pledge fund).

December: Produce writeups and recommendations for developing-world aid; present to GiveWell Pledge donors.

5/1/2008-12/31/2008: Budget

Category	Includes	Initial projection
Accounting	Audit; audit preparation; payroll processing fees	$13,520
Fundraising expenses	Design consult for fundraising materials; travel and event expenses	$25,000
Grants	If necessary to get information from key applicants. May be reallocated to development director's salary.	$100,000
Insurance	Directors & officers only	$632
Misc admin	Subscriptions, purchases of academic papers, copying costs, etc.	$5,000
Salaries & benefits	Holden and Elie: 8 mo ea $60,000 ann., 4 mo ea $65,000 ann. Teel: 1mo @ $35,000 ann. plus payroll taxes and health insurance.	$136,888
Training	Allocated for professional development	$5,000
Website	12mo of hosting; any additional necessary programming and design work	$5,000
Total		$291,040

Available funds (see 2007 review): $254,481.47