

A conversation with Paul Niehaus and Carolina Toth, February 5, 2015

Participants

- Paul Niehaus – Co-Founder and President, GiveDirectly
- Carolina Toth – Fundraising and Operations, GiveDirectly
- Elie Hassenfeld – Co-Founder and Co-Executive Director, GiveWell
- Eliza Scheffler – Research Analyst, GiveWell

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

Summary

GiveWell spoke with Dr. Niehaus and Ms. Toth of GiveDirectly as part of its investigation of GiveDirectly's room for more funding. Conversation topics included ways to encourage experimentation with cash transfers and collaboration with governments and aid organizations.

Uses of more funding

GiveDirectly has the long-term goal of directing a larger share of global resources to activities at least as cost-effective and transparent as cash transfers.

Collaboration with governments and aid organizations

Program evaluation

Offering matching funds for cash transfer experiments could make it easier for organizations and governments to compare programs with cash transfers. Collaborating with governments on cash transfers can be challenging because governments often give preference to organizations that have been operating in the area for a long time. Offering matching funds can make it more appealing for governments to collaborate with new partners. GiveDirectly's operational expertise is particularly valuable in its work with governments.

To expand RCT capacity, GiveDirectly could fund research partners or build in-house research capacity. It's not clear which of these approaches would be better. GiveDirectly would likely only work with academics as principal investigators in exceptional cases.

Starting aid programs

GiveDirectly could use more funds to start cash transfer programs that it would intend to pass to governments once the value of the programs had been demonstrated. For example, GiveDirectly could offer several million dollars and early management assistance to encourage a government to try cash transfers. Such a program would be donor-funded while new systems were being put in place and

while operational problems were being solved; then, if the program were successful, GiveDirectly could pass it to the government.

A program in Kenya serving orphans and vulnerable children began as a two-year UNICEF pilot project funded with \$10 million from donors. At the end of the two years, UNICEF transferred the project to the Kenyan government, which has spent \$30 million on it over 4 years.

Partnerships in the evaluation and founding of programs could result from:

- GiveDirectly approaching organizations and governments that are new to cash transfers to discuss possible partnerships.
- Organizations and governments approaching GiveDirectly to discuss possible partnerships. GiveDirectly could facilitate the development of this kind of demand by making known that if organizations or governments want to try cash transfers, it could help.

Tradeoff between short term and long term

GiveDirectly faces a tradeoff between working on projects that produce revenue in the short term and projects that produce revenue in the long term. It feels pressure to fundraise for the short term because the capacity of its field team to transfer approximately \$20 million/year to the field exceeds the capacity of its fundraising team to fundraise. GiveDirectly would prefer to keep its current field team, but if it follows its 2015 plan it will likely cut its field team by ~30% in Q1 or Q2.

Reasons not to shift immediately to projects aimed at increasing long-term revenue include:

- Short-term fundraising to meet field team capacity could accomplish substantial good.
- Having short-term funds makes it easier to discuss long-term funding with potential donors.

Experiments

With more funding, GiveDirectly could conduct additional experiments aimed at influencing policy and building relationships with governments and aid organizations. Attendees at a recent social protection conference in Kenya were interested in the link between variation in transfer size and the effectiveness of cash transfers. GiveDirectly could use additional funding to study this issue.

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