Conversation with GiveDirectly, August 27, 2013

Participants

- Paul Niehaus – Director, GiveDirectly
- Joy Sun – Director of Strategic Initiatives, GiveDirectly
- Holden Karnofsky – Co-Founder and Co-Executive Director, GiveWell
- Elie Hassenfeld – Co-Founder and Co-Executive Director, GiveWell
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Note: *This set of notes was compiled by GiveWell and summarizes the major points of the conversation.*

Summary

GiveWell spoke with GiveDirectly to hear about its ongoing experimentation and plans for future experimentation on its model and process for delivering cash transfers. At the time of this conversation, GiveDirectly is GiveWell's #2 top charity.

GiveWell: When donating to GiveDirectly through GiveWell's website, donors have the option of designating their contribution as "flexible funds," which GiveDirectly can choose to put towards cash transfers in its standard model or for more experimental purposes. How much "flexible funds" has GiveDirectly received from GiveWell donors and how have they been used?

GiveDirectly: As of March 2013, GiveDirectly had received $790,000 from GiveWell donors designated as "flexible funds." This includes a $500,000 gift from Good Ventures.

The research question we are most interested in is whether providing cash transfers to all households in a village, rather than targeting the poorest households, could reduce tension and improve social outcomes of the transfer campaigns.

In order to address this question, we've created 3 groups of randomly assigned villages for GiveDirectly's most recent campaign in Kenya:

1. Villages in which no households will receive transfers
2. Villages in which only mud-wall and thatch-roof households will receive transfers
3. Villages in which nearly all households will receive transfers (all households with mud walls and thatch *or* metal roofs will receive transfers, only households with cement walls and metal roofs will be excluded)

We are currently finishing up enrollment for this campaign, so transfers will be sent soon. We plan to collect data by administering our standard phone surveys, which include questions about tension, disagreements with neighbors, etc. We expect to receive the first round of data within the next month or two.

The "flexible funds" received from GiveWell donors are going to be used for transfers to villages in group 3, including households with mud walls and either thatch or metal roofs.

GiveWell: How else is GiveDirectly considering experimenting with its model?

GiveDirectly: We are considering experimenting with a few aspects of our transfer model:

- ***Frequency of payments.*** The preliminary results from the first randomized controlled trial (RCT) of a GiveDirectly campaign have suggested very slight differences between lump-sum and stream payments. Some recipients of GiveDirectly cash transfers report that they would prefer lump sum payments, while others report that they'd prefer stream payments. There may be a benefit in giving recipients the ability to choose the frequency of their payments.
- ***Messaging to recipients****.* One of the difficulties of running a cash transfer program is ensuring that all recipients are given a consistent and accurate message about the program. Within the last few weeks, GiveDirectly has decided to experiment with compensation for field staff based on how effectively they communicate information to recipients during enrollment. The effectiveness of field staff communications will be evaluated based on the fraction of recipients who can correctly explain information about the transfers on a follow-up phone call, including what the transfers can be used for and if there are conditions attached. Once GiveDirectly is confident that its field staff are delivering a consistent message, it may be interested in varying that message to emphasize different elements, such as encouraging long-term investments versus not giving any advice on how funds should be spent.
- ***Providing information on how other people have used funds.*** The most popular use of funds in past transfers has been purchasing metal roofs. It's possible this is because it is the most beneficial use of funds, but its also possible that recipients purchase roofs because that is the social norm. It would be interesting to see if providing information about how other people have used funds creatively (e.g., to purchase a motorcycle) influences the way recipients spend funds.

GiveWell: What is the bottleneck to conducting additional experiments?

GiveDirectly: There are more research questions than there is money to test them, but the limiting factor is not funding for measurement; it is funding to provide enough cash transfers that the experiments undertaken have large enough sample sizes to be sufficiently powered.

Nearly all the funding that GiveDirectly has received has already been transferred to recipients or is committed to be transferred to recipients. There is no money left for additional experiments at this time.

GiveWell: Most of the studies that we cite as evidence for cash transfers are of programs that are structured differently than GiveDirectly's. Given that there are so many unanswered questions about how to structure cash transfer programs, it seems important that GiveDirectly maximize the information gained through its work by doing as much experimentation as possible with available funds. Do you agree?

GiveDirectly: Yes, but it is not only different structures that are valuable to study. It is also useful to experiment with different operational procedures for cash transfer programs that affect efficiency, integrity and recipient experience, like our new system for field staff compensation. GiveDirectly is pursuing both structural and operational questions for future research. While we want to maximize our experimentation and testing, any additional steps we add increase the complexity of the operations that our staff have to manage, so that is a consideration.