

Conversation with GiveDirectly, July 18, 2013

Participants

- Paul Niehaus – Director, GiveDirectly
- Joy Sun – Director of Strategic Initiatives, GiveDirectly
- Eliza Scheffler – Research Analyst, GiveWell

Note: This set of notes was compiled by GiveWell and gives an overview of the major points made by Paul Niehaus and Joy Sun.

Summary

We spoke with GiveDirectly in July 2013 to discuss recent changes to its revenue, costs and room for more funding, as well as its plans for future transfers. Some of the information in these notes comes from a document that GiveDirectly sent us prior to the call, which is uploaded as an attachment along with these notes at <http://www.givewell.org/conversations>. This conversation was part of GiveWell's process for staying up to date on the progress of its top charities.

Revenue

Available funds

Since inception, GiveDirectly has received \$5.9 million, of which \$5.1 million was received in FY 2013 (September 2012 – August 2013). The FY 2013 donations include a \$2.4 million grant from Google and a \$1 million gift from a private individual. As of June 30, 2013, GiveDirectly had spent \$1.5 million, leaving \$4.4 million in available funds.

Historically, small individual donors have accounted for about 10-15% of GiveDirectly's overall revenue, while the rest has come from large individual donors and private funders.

Note: GiveWell estimates that thus far in FY 2013, \$1.13 million of GiveDirectly's revenues came from GiveWell donors, and since inception, \$1.47 million has come from GiveWell donors.

Future fundraising

Though GiveDirectly plans to continue to enable small donors to support its work, the focus of its fundraising efforts remains on large individual and institutional donors. GiveDirectly is currently in conversation with about 5 large donors who are considering making gifts to support its operations. GiveDirectly has shared the amounts being discussed for these potential gifts with GiveWell, as its future fundraising prospects have bearing on GiveWell's assessment of its room for more funding.

Costs

Of its \$4.4 million in available funds, GiveDirectly plans to spend \$4 million on transfer costs and \$95,000 on fixed operational investments, while the rest of the funds are not yet designated. GiveDirectly expects to spend a total of \$0.5 - \$1 million on fixed investments in FY 2014, which it is seeking from major donors, not retail donors whose marginal dollars will continue to be directed exclusively to cash transfers. Its total spending on transfer costs will similarly depend on fundraising. All marginal costs of cash transfers will continue to be included in GiveDirectly's "efficiency calculation" (the percentage of funds that are transferred directly to recipients); fixed costs of set-up are reported separately.

Staff expansion

GiveDirectly has expanded its staff to build capacity for current and future transfer campaigns. It has hired one Field Director and is in the process of hiring a second. It has hired 3 Senior Field Officers and plans to hire 1-3 more. It has hired a full team of about 30 Field Officers in Kenya and a smaller team in the second country, which it plans to expand.

Room for more funding

GiveDirectly estimates that it will have the capacity to move an additional \$10.8 million in FY 2014, beyond the funds it has already committed to spend on ongoing transfer campaigns and fixed investments (for a total of approximately \$15 million).

GiveDirectly now estimates that each Field Director will be able to manage about \$7 million/year in transfer costs, while its previous estimate was \$5 million/year. GiveDirectly explains that this estimate has risen partly due to improved digital data collection enabling an increase in the pace at which transfer campaigns progress, and partly because it has expanded its senior local staff, which gives the Field Director greater leverage to oversee a larger amount of money.

Ongoing transfer campaigns

Kenya

GiveDirectly sent us data on the amounts and schedule of past and planned transfers to recipients in its 4 ongoing campaigns in Kenya. We plan to review these and incorporate them into a future update. GiveDirectly is also conducting a \$2 million campaign in Kenya, for which it has completed a census and is proceeding with household enrollment.

Second country

GiveDirectly has filed its application to officially register in the second country, enabling it to start its operations there. GiveDirectly selected a region of the country to set up initial operations in based on poverty data. GiveDirectly has sent us the data that it relied on to target this region, which we plan to review and incorporate into a future update. The

governance structure of the second country is more decentralized than in Kenya, which required GiveDirectly to spend slightly more time working with local authorities before starting transfers.

GiveDirectly is planning to work with two different mobile money services in the second country. Initially, it was only planning to work with one mobile money service, but decided to run a dual-provider pilot after identifying a promising new company providing electronic transfers linked to, but not dependent on, mobile phones. It determined this could be valuable given concerns about poor cell phone network coverage in the targeted geography and limitations with the other mobile money service's customer service). It has since established a partnership with this second company for roughly half of its planned transfers in the campaign. While the first service has more agents nationwide, the second service has been more willing to collaborate with GiveDirectly and customize the service to its needs. GiveDirectly hopes that providing cash transfers will create enough demand for the second mobile money service that it will deploy more agents to the areas in which the transfers are being sent, increasing the convenience for recipients.

GiveDirectly was able to start transferring funds through the second company more quickly than the first for logistical reasons. GiveDirectly sent us data on the amounts and schedule of past and planned transfers for 173 recipients in the second country. GiveDirectly notes that it is still working out the disbursement schedule, so exact dates for future transfers are not yet determined. GiveDirectly has sent 10% of the full transfer amount to each of 173 recipients in one round of transfers, and an additional 10% in a second round of transfers to 15 of those recipients so far. We plan to review this data and incorporate it into a future update on GiveDirectly.

The main downside to both of the mobile money services in the second country as compared to MPESA in Kenya is that there are fewer mobile money agents in the rural areas that GiveDirectly is targeting. In response, GiveDirectly has been more proactive in coordinating with the mobile money service for the transfers that have begun, for example, by giving the mobile money service advanced notice before sending the funds so that agents could be prepared. In some cases, agents traveled to the villages in which recipients live to reduce recipient travel time.

Plans for future research

The analysis for the RCT conducted on GiveDirectly's work in Rarieda is being completed (see <http://www.givewell.org/international/top-charities/give-directly#Futureevaluation>).

The USAID-funded pilot of phone surveying run by Johannes Haushofer is underway (see <http://www.givewell.org/international/top-charities/give-directly/updates/May-2013#Plansforfutureresearch>). Thus far, the extended phone surveys (~45 minutes – 1 hour) have received about 90-95% participation rates. The pilot is also experimenting with calling the same recipients 5 times per week to conduct short phone surveys.

GiveDirectly has two evaluation priorities that it may pursue, depending on the availability of funding:

- Impacts of transfers on local economies
 - GiveDirectly has \$2 million that it is planning to use for transfers to randomly selected villages in Kenya. In about half of the villages chosen, GiveDirectly will target mud and thatch-roof households only, while in the other half it will provide cash transfers to every household in the village. As of now, GiveDirectly is planning to conduct its standard follow up surveys by phone, as well as additional in-person follow-up surveys with a limited number of recipients in these villages. GiveDirectly has stated that this research question is high priority, but that more transfers to get to the minimum sample size needed for additional outcome measurements are as yet unfunded.
- Decision-making supports
 - GiveDirectly is interested in researching the impact of decision-making supports (e.g., providing information on what other recipients have done with transfer funds, providing a "sounding board" for recipients who are planning how they will use funds), as well as the optimal timing and frequency of transfers based on how and when recipients budget their expenses. Some donors have expressed interest in this type of study, though funding is not yet confirmed.

GiveDirectly said that it is easier to raise funds from large donors for research than for transfer costs, and that its strong preference going forward is for funding for research and transfers as a complete funding package.

All GiveWell conversations are available at <http://www.givewell.org/conversations>