

A conversation with Carolina Toth of GiveDirectly, February 20, 2015

Participants

- Carolina Toth – Manager, Fundraising and Operations, GiveDirectly
- Eliza Scheffler – Research Analyst, GiveWell
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Note: These notes were compiled by GiveWell and give an overview of the major points made by GiveDirectly.

Summary

GiveWell spoke with GiveDirectly as part of its process of staying up-to-date on the progress of top charities. Conversation topics included GiveDirectly's funding situation, use of the Segovia payments system, and organizational structure changes. Slides from the most recent GiveDirectly board meeting provided context for this conversation.

2015 budget and future funding

Kenya in 2015

GiveDirectly plans to spend \$12.6 million in Kenya this year. The target number of enrollments varies by month: enrollments will speed up significantly at the beginning of the year, then be cut back after June.

GiveDirectly has completed all of its commitments in Siaya District, and has now moved on to Ugunja District (both of which are in Siaya County).

Uganda in 2015

A single campaign (not a rolling campaign) is planned in Uganda, as a “payments pilot”. This will be designed to learn about the different payment systems that could be used for transfers; the focus on learning about payments will slow the program down. After it is completed, GiveDirectly hopes to begin rolling enrollments in Uganda.

Additional funding

How additional funding is allocated

Additional revenue raised throughout the year is accumulated on a month-to-month basis without being allocated. If new funding has reached a substantial enough level by the next board meeting, the board may allocate it to a new opportunity, to existing projects, or to a future year. To date, there has always been sufficient need for funding that it has never been allocated to a future year. It is generally an ad hoc decision whether the level of additional funding that has accumulated is “substantial” enough for the board to allocate it.

The board meets quarterly, and re-budgeting is done at least twice per year, or after the board has decided where to allocate any new funds. Since a large portion of GiveDirectly's revenue comes in during the holiday season, the budget is offset by three months. The current budget covers March 2015 to March 2016.

Most likely uses for additional funding/room for more funding

If GiveDirectly were to receive additional retail donations on the order of \$1-3 million from retail donors, the board would likely allocate the donations to transfers in Kenya. GiveDirectly still plans to scale up in Kenya and wants to retain its staff there. In addition, retail donations must be committed to the field, as this is indicated on GiveDirectly's website. If there were a strategic opportunity in Uganda, the board might decide to commit retail donations which had been specified for distribution in any country there. GiveDirectly is not aware of any such opportunities at present.

The easiest way for GiveDirectly to increase its capacity to carry out transfers would be to hire more Field Officers (FOs). This could be done first in Kenya, then in Uganda after the program to test different payment methods has been completed. Ideally, Uganda would begin a rolling campaign after the program to test payment methods is completed; Stuart Skeates, the Field Director (FD) in Uganda, could begin setting up this rolling campaign and hand over responsibility for it to the new FD hired to replace him (see below for more on hiring decisions).

All three FDs and their senior FOs are likely capable of managing twice as many FOs as were in Kenya at the end of 2014. At that time there were three enrollment teams of five officers each (which could be doubled to ten FOs per team), plus a larger follow-up team (which would need to increase in size proportionally to the enrollment teams). Currently there are 50 FOs in Kenya, which corresponds to the maximum planned throughput of \$1.1-1.3 million per month in commitments.

Segovia

Deployment of the Segovia system in Kenya is ongoing in parallel with development; new features are incorporated and bugs are worked out in the field, in real time. GiveDirectly plans to begin using Segovia in Uganda at some point in 2015, although an exact date has not been chosen. The exact date of the rollout in Uganda will depend on whether or not Segovia is suitable for the payments pilot.

Segovia metrics

Several metrics are being tracked to determine what difference Segovia has made to GiveDirectly's operations. One important metric is the time saved by FDs; FDs are informally keeping track of these timesavings and how they are using their increased capacity. Given that FD time is a significant cost for GiveDirectly, being able to put a dollar value onto the time saved by Segovia will give a strong indication of whether or not the system is useful. Another metric GD plans to track is the turnaround time on adverse events when that feature becomes available.

Risks of using Segovia

In the event that Segovia does not succeed as a company, legal safeguards are in place that would allow GiveDirectly to continue using the system. If Segovia were to fold, GiveDirectly would need to hire its own developers; GiveDirectly would likely hire some of the developers who had worked for Segovia and were already familiar with the system.

However, Segovia is doing well. The company is raising investments and speaking with a number of potential clients. GiveDirectly is not sure how far into the future they are funded for their current staff.

Organizational structure and new hires

New Field Director

Stuart Skeates, the FD in Uganda, is leaving GiveDirectly in July, and a new FD will be hired to replace him. All Field Directors will continue to report to Piali Mukhopadhyay (COO, International).

New Finance and Operations hire

The process to recruit a new person to lead Finance and Operations is in the final stages. GiveDirectly already has a shortlist of candidates, and hopes to have someone on board by March or April. At present Piali and the FDs still take care of some finance and operations tasks. This new hire will be a specialist in charge of a new vertical, which will encompass these tasks as well as the finance responsibilities which were previously managed by Joy Sun (former COO, Domestic). Essentially, the new vertical will contain all of GiveDirectly's core support functions, including finance, human resources (HR), and information technology (IT).

Since Ms. Sun left GiveDirectly, Ms. Toth has been covering most financial tasks, including ongoing audit preparations. The extra time this has taken caused her to spend less time working on retail fundraising, strategizing about communications, and considering which foundations to approach and how best to go about speaking to them.

Update, July 2015: GiveDirectly has decided to move Ms. Toth into the role it was originally hiring for; she will now lead Finance and Operations.

New fundraising hires

Once the new finance and operations person has been hired, the next priority will be hiring new fundraising staff. One new hire would be devoted to retail donors, and another to high net worth and relationship-based fundraising. Once these more senior staff develop a fundraising plan, more hires will be made to fill their team(s).

Hiring another Field Director

The main priority for 2015 is getting the new Finance and Operations hire in place. Hiring another FD would be a larger decision, and GiveDirectly would want to first consider its broader organizational infrastructure. With each new FD hired, the complexity of bookkeeping and HR compliance increases, so it would be preferable to give the finance and operations side of the organization some time to be strengthened under the new hire before recruiting another FD. It is also unlikely that GiveDirectly will receive so much funding that it has used up the capacity of the existing FDs with larger teams (as discussed above).

Study of general equilibrium effects of cash transfers

The ongoing study on the general equilibrium effects of direct cash transfers is expected to finish collecting baseline data around the middle of 2015. Endline data will be gathered approximately one year after baseline. A long-term follow-up is also planned, but when exactly this will take place has not been finalized.

The external researchers working on the study are responsible for fundraising for the endline and follow-up data collection. Although they have not yet secured funding for these portions of the study, GiveDirectly is confident that they will be able to raise the funds successfully.

It is possible that the results from this study will not be positive. GiveDirectly is confident that the long-term follow-up results will show positive effects for individuals, given that two other studies have demonstrated the positive impact of cash transfers after 4 - 5 years. GiveDirectly has not yet explicitly decided how it would weigh negative effects on general equilibrium that the study might find (for example, increased inflation) against positive effects at the individual level. GiveDirectly plans to ask the researchers for preliminary and midline data as soon as they have it, and consider the impact that is being measured at that point. In the case that negative effects are found, GiveDirectly would be more likely to alter how it runs its programs than to stop cash transfers altogether given the strong individual-level results found in its own study and others globally.

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