

A conversation with Matt Johnson and Dr. Paul Niehaus, June 28, 2017

Participants

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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 Mr. Johnson and Dr. Niehaus of GiveDirectly as part of our process to stay up to date on top charities and to get updates on a \$25 million grant GiveDirectly received from Good Ventures in June 2015 for general support and fundraising (<http://blog.givewell.org/2015/08/03/good-ventures-25-million-grant-to-givedirectly/>). Conversation topics included how the grant was allocated, GiveDirectly's programs, and recent layoffs of GiveDirectly staff.

Updates on the Good Ventures grant

Allocation of the grant

Of the \$25 million grant that Good Ventures gave to GiveDirectly in June 2015:

- **\$9 million** was allocated to building a fundraising team
- **\$2 million** was allocated to the universal basic income experiment
- **\$14 million** was allocated to partnership matching

GiveDirectly mostly does partnership matching with institutional donors, and has found matching to be an effective strategy for raising funds.

Timeline

At its current spending rate, GiveDirectly will use up the Good Ventures grant by the middle of 2019. It expects some incremental changes in its spending rate as it hires more people, but does not expect these changes to considerably shorten the timeline. Since GiveDirectly still has about two years of runway, it is still in the process of planning how it will fund its fundraising work once the Good Ventures grant has been used up.

Evaluating fundraising performance

Hiring fundraising talent

\$9 million of the grant was earmarked for fundraising, and GiveDirectly hopes that this large budget will attract top talent in the field. GiveDirectly recently hired two

new people for the fundraising team. If revenue figures increase relative to what would have been expected if these people had not been hired, this will indicate that these hires were a good investment.

Though it is too early to tell what the impact of the new hires has been, initial results are promising – staff have lined up about \$3 million of commitments for GiveDirectly’s refugee pilot program and have made significant progress working with institutional donors.

GiveDirectly does not expect that the full impact of the fundraising portion of the grant will be clear by the end of 2017.

Diversification

GiveDirectly aims for diversification so that its funding is more stable and less reliant on GiveWell, Good Ventures, and the effective altruism community. Based on Google Trends data, GiveDirectly has about four times the brand awareness of other GiveWell top charities, on average.

GiveDirectly does not directly keep track of what proportion of its non-GiveWell, non-Good Ventures funding is due to effective altruism-minded donors. On GiveDirectly’s online donations form, donors can indicate how they found out about GiveDirectly. Choices include GiveWell and The Life You Can Save (TLYCS), but there is no general option for effective altruism. GiveDirectly can also track donations coming from external sites such as TLYCS or Effective Altruism Australia, which would provide more data on this question.

Tracking growth only from non-effective altruism sources does not fully capture the impact of fundraising work, because part of that work is retaining donors who initially found GiveDirectly through effective altruism but may have stopped giving to effective altruism causes otherwise.

Growth

Two years ago, GiveDirectly’s revenues – excluding funding from GiveWell and Good Ventures – totaled about \$22 million. This year, it hopes to raise about \$53 million, a 143% increase over 2015.

The data thus far are promising. Compared to this time last year, GiveDirectly has seen a 121% increase in the number of donations it has received, from 3,000 last year to 6,800 this year. This indicates that support is broadening quickly.

GiveDirectly’s cost per dollar raised has held steady at approximately five cents, even as its revenues have grown significantly. This indicates to GiveDirectly that it is investing in the right things.

GiveDirectly's programs

Refugee pilot program

GiveDirectly has plans to pilot a program giving cash transfers to refugees. This program has been delayed in the approvals process, so it has not yet begun. The delay has given GiveDirectly time to line up commitments to fully fund the pilot.

GiveDirectly has not yet launched a retail fundraising campaign for the refugee program, because it is waiting for final approval from the Office of the United Nations High Commissioner for Refugees. Once the program has been approved, GiveDirectly will allow retail donors to donate to the refugee cash transfer program.

Universal basic income (UBI) program

Structure

The UBI experiment includes three treatment arms and one control arm. The three treatment arms are:

1. **Long-term basic income** – transfer amount of roughly \$0.75 per adult per day, delivered monthly, guaranteed for 12 years
2. **Short-term basic income** – same as long-term, but only guaranteed for two years
3. **Two-year lump sum** – recipients receive a lump sum payment equal to the net present value of the payments in the second arm

A full version of the program would cost about \$36 million, but GiveDirectly would be content to implement a version costing about \$30 million. Without the extra ~\$6 million, the lump sum arm of the experiment will be dropped.

The lump sum arm is very similar in design to GiveDirectly's typical lump sum cash transfers, with the only difference being that the typical cash transfers are delivered over the course of one year, while the UBI lump sums would be delivered over the course of two years.

Funding

GiveDirectly has raised about \$25 million so far for the UBI project, meaning it is still about \$5 million short of its \$30 million funding goal. GiveDirectly is still hoping to raise at least \$5 million more.

Layoffs

GiveDirectly recently laid off some staff members due to lack of funding.

If the UBI program had been running, GiveDirectly would have been able to shift staff in Kenya to work on that program. However, the UBI program was delayed until after the Kenyan elections, so this was not possible.

Impact on efficiency

GiveDirectly has a large degree of flexibility to respond to fluctuations in funding, since its model is very scalable and its costs are variable. However, there are still fixed costs, and these will drive efficiency numbers lower as funding decreases. GiveDirectly expects fixed cost investments to decrease its efficiency from 90% last year to between 80% and 90% this year.

GiveDirectly has learned that having more predictable funding is important, and will be more careful about scale-ups in the future.

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