

A conversation with Paul Niehaus, Carolina Toth, and Ian Bassin, February 23, 2016

Participants

- Paul Niehaus – Co-Founder and President, GiveDirectly
- Ian Bassin – Chief Operating Officer (Domestic), GiveDirectly
- Carolina Toth – Finance and Operations Manager, GiveDirectly
- Rebecca Raible – Research Analyst, GiveWell
- Natalie Crispin – Senior Research Analyst, GiveWell

Note: These notes were compiled by GiveWell and give an overview of the major points made by GiveDirectly.

Summary

GiveWell spoke with Dr. Niehaus, Ms. Toth, and Mr. Bassin of GiveDirectly for a general update. Conversation topics included GiveDirectly's goals for 2016, deprioritized areas of work, budget allocation, impact on charitable giving and development assistance, and operations updates.

Goals for 2016

Doubling non-Good Ventures funding

GiveDirectly hopes to approximately double the amount of non-Good Ventures funding it receives, from about \$25 million in 2015 to \$50–55 million this year. This is because GiveDirectly would prefer not to assume that the Good Ventures funding is ongoing from year to year.

Advancing institutional partnerships

GiveDirectly hopes to finalize its next two major partnerships this year. However, the likelihood of this will largely depend on how quickly these potential institutional partners are able to act. Currently GiveDirectly is prioritizing the largest donors in the international aid sector. If GiveDirectly is able to hire a partnerships manager in the near future, it may begin to look at the next tier of funders.

Through these partnerships, GiveDirectly aims to influence the movement of official development assistance towards more cost-effective programs. It also hopes to have a similar effect on retail donations in the US, and on the actions of NGOs.

Testing a basic income guarantee program

GiveDirectly hopes to launch a test of a program that would guarantee a basic income to participants over the course of several years. The idea for a universal basic income has gained some traction around the world but has never been done in its full form and evaluated, so GiveDirectly believes this is a good time to test it.

GiveDirectly has not yet finalized the amount of the basic income it would provide through this program. GiveDirectly wants the income to provide a meaningful level of support. The amount will likely be between 25 cents and just over \$1 per day. The income would be transferred in regular installments over at least ten years.

While a full universal basic income would not be feasible at the present time in some of the least developed countries because of budget constraints, there are other countries where it would be feasible. GiveDirectly also believes that the experiment will still be policy relevant even to budget-constrained country governments, as there are many potential variations that would be feasible (e.g., versions targeted to particular regions). GiveDirectly will study the impacts, many of which they expect to see in the first few years of the program.

Doubling field staff capacity and hiring for future growth

In 2016, GiveDirectly would like to double the amount of money moved through its cash transfer programs. It also intends to conduct additional hiring and planning so that it can double its capacity again in 2017.

GiveDirectly finds that its rate of growth is one of the most important factors affecting its ability to recruit and hire talent for more senior positions. It also believes that this growth is an important factor in driving the policy impacts it seeks to have by generating attention on GiveDirectly's model and on the questions that model raises for other, existing interventions.

Testing program variations

GiveDirectly would also like to test two different approaches to its cash transfer distribution process:

- **Methods for cash transfer distribution in areas lacking mobile-payment infrastructure**, including areas with few mobile-payment agents. GiveDirectly does not plan to create its own payment infrastructure. Instead, it would likely try a model incorporating two approaches:
 - Alerting mobile-money agents in other areas to opportunities in the areas lacking payment infrastructure. These agents would then travel on their own to the low-infrastructure areas to help transfer recipients cash out.
 - Enlisting community members in low-infrastructure areas to become informal agents by collecting others' vouchers and taking them all to be cashed out at once.
- **A higher throughput, lower-cost program in which participants interact less frequently with GiveDirectly.** The current program is very high-quality and high-cost. For example, recipients typically interact with GiveDirectly four times in person and four times by phone. One variation that GiveDirectly might test is removing the backcheck step and conducting only the audit step for some recipients. This may slightly increase the risk of fraud, but would simplify the checking process, lower costs and enable faster enrollment.

Deprioritized areas for 2016

Generic outreach to foundations

GiveDirectly has been deprioritizing foundation outreach unrelated to specific projects for approximately the last year.

Other learning projects

GiveDirectly has deprioritized several learning projects that it concluded were not as important as the basic income guarantee experiment, such as distributing cash transfers in an urban setting or providing cash transfers to sex workers.

Partnerships with combined funding/implementing organizations

GiveDirectly is often approached by organizations such as UNICEF and World Food Programme (WFP) to provide assistance with running a cash transfer program or program component. However, GiveDirectly has generally chosen not to enter into such partnerships with organizations that are not the ultimate funders of international aid. The ultimate funders of aid programs are usually national governments, which then fund the World Bank and UN organizations.

2016 budget allocations

Allocation of funds across countries

GiveDirectly hopes to increase capacity and funding for its Uganda operations to the level it has reached in Kenya. However, the Ugandan government has proposed regulations around NGO activity in the country that might make it more difficult for NGOs to operate. In part because of this development, in a departure from its original plan, GiveDirectly has decided to allocate some retail donor funds for cash transfers in Rwanda along with funding for its partnership project there. This is so that Rwanda can serve as an additional country to invest in if the climate in Uganda becomes less favorable.

Marketing budget

For both retail marketing and partnership projects, GiveDirectly plans to spend approximately \$3-4 million, depending on when various personnel are hired.

Good Ventures funding

If progress on partnership discussions is not satisfactory, GiveDirectly may dedicate some Good Ventures funding to other projects, such as the basic income guarantee program or some of the previously deprioritized learning projects described above. A third option would be further investment in building capacity in Rwanda.

Room for more funding

Currently GiveDirectly has the capacity needed to move the amount of funding it has secured and what it estimates it will receive in the future. If GiveDirectly had substantially greater funding, it would have to decide whether to hire more staff to expand its capacity, or redirect some of its existing staff's time away from more complex projects and operations and onto a simpler method of distributing cash transfers. Additional funding would likely be allocated to standard cash transfers in Kenya, Uganda, or Rwanda.

The basic income guarantee program will allow for a higher volume of cash distributed by each field director, since by its nature it commits a larger amount of money to each participant than the standard cash transfer programs.

GiveDirectly's broader impact on the aid sector

GiveDirectly conducts three activities that it believes may broadly affect aid policy:

- Routine cash transfers funded by retail donors
- Experimental cash transfers evaluated by outside researchers
- Cash transfers delivered through a strategic partnership with an institutional funder

Dr. Niehaus believes that strategic partnerships may be the most influential of these three activities, but its impact is also the hardest to measure.

Indirect impact on institutional policy through diffuse channels

There is currently an ongoing debate within the UN over how cash transfers might be incorporated into humanitarian aid, as the present system is largely built around in-kind assistance such as food, clothing, and shelter. Cash does not have an obvious place in the existing system.

However, Dr. Niehaus believes that significant impact may come first through indirect influence of high-level officials. For example, in a recently released report, UN Secretary-General Ban Ki-moon stated that cash transfers should be the default form of aid to refugees where possible. This could have hypothetically resulted from conversations with his staffers who were aware of GiveDirectly. The statement could then influence other UN agencies to incorporate cash transfers into their activities. However, it is difficult to conclusively attribute any of these events to GiveDirectly's work.

Mr. Bassin believes that public support from a highly placed official (such as the UN secretary-general) for a nontraditional form of aid like cash transfers can carry significant weight with institutional funders and staff decision makers, who tend to be very risk-averse.

Second, Dr. Niehaus believes that the work of GiveDirectly, its findings, and its popularity with donors and the press can provide a tool for staff within bi-lateral and multi-lateral institutions to begin conversations about the efficacy of cash and how favorably it compares to other existing interventions.

Impact on other implementing organizations

Assessing to what extent GiveDirectly's work has influenced other implementing organizations is also a challenge. GiveDirectly can provide examples that hint at its impact; for example, one group has written a grant proposal that includes several alternative models of aid, one of which is explicitly called "the GiveDirectly model." However, systematic measurement of how widespread this impact is would be very difficult.

Overall strategy for influencing policy

GiveDirectly believes influencing institutional funders is a complex process. It believes that its best strategic approach is to set up on-the-ground projects incorporating cash transfers, whenever possible with institutional funders as a partner, rather than to attend conferences or produce papers on the subject. Starting these projects requires operational capacity, the ability to find a strong and credible team of researchers, and some creativity in figuring out how to bring a project into accord with the regulations of the institutional partner. GiveDirectly has also found it especially helpful to be able to bring private dollars to the table to leverage matching dollars from institutional funders in order to catalyze their participation. GiveDirectly is among the few organizations with the skills and willingness to take on this kind of work, with the aim of setting up projects that will foster debate within the international aid community.

Operational update on Homa Bay County

Increase in refusal rate

GiveDirectly has seen an uptick in the rate of refusal to participate in its cash transfer program in Homa Bay. The root of this development is not clear, and GiveDirectly has not yet identified a solution. In some cases, community members are led by local religious leaders or local government to mistrust the program. In Siaya County, this issue did not arise, possibly because GiveDirectly covered such a large portion of the county that in any new area it entered, people were already aware of the program and knew that it was trustworthy.

GiveDirectly has attempted to allay these suspicions by meeting with local government and religious leaders and speaking on local radio shows to explain the program's purpose. In villages where the refusal rate was high, GiveDirectly put some recipients on an accelerated schedule so they could receive their transfers more quickly and serve as an example to others. After returning to these villages, however, GiveDirectly found no change in public opinion. For this reason, it has not attempted to re-enroll those who refused, but might do so in the future.

Targeting in Homa Bay

All enrollment in Kenya is taking place in Homa Bay County, using new targeting criteria. These are not the same criteria used in Uganda, which still uses the old targeting criteria. The new criteria took into account feedback from focus groups (e.g., feedback about the importance of widows as a particularly vulnerable group), which were conducted before

the criteria were fully tested. GiveDirectly is not soliciting any explicit feedback on the fairness of the new criteria, and so far has not heard of any issues with fairness in targeting.

GiveDirectly has found a poverty rate in Homa Bay similar to that of Siaya and Rarieda. However, more people in Homa Bay have metal roofs than in Siaya. This is likely because the grass for thatched roofs does not grow in Homa Bay, so the price of thatch is less competitive. This may mean that Homa Bay residents spend a higher percentage of their income on housing.

Return on investment (ROI) in Homa Bay

Because Homa Bay residents are less likely to spend their cash transfers on roofs, the ROI from these transfers may differ from that seen in Siaya. However, GiveDirectly is generally not focused on ROI. Its first randomized controlled trial measured a wide range of indicators (including mental health, education, child nutrition, and income), and it has not closely examined ROI. Studies of the Homa Bay program, such as the Aspirations study, will collect basic consumption data, which GiveDirectly will eventually be able to use. However, Ms. Toth is not sure whether the Aspirations study will include a specific measure of ROI. Because Homa Bay is very similar to Siaya geographically, GiveDirectly is not concerned that its level of impact in Homa Bay will be lower.

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