GiveDirectly

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Right-fit monitoring and evaluation (M&E) systems embody the principles of Credible, Actionable, Responsible, and Transportable, or CART. In the Goldilocks case study series, we examine the M&E systems of several innovative organizations and explore how the CART Principles can work in practice.

GiveDirectly: Developing a Research Agenda after Impact Evaluation

Unconditional cash transfers are increasingly recognized to be a cost-effective strategy for reducing poverty.[1] This is in large part due to a small but growing body of research that shows significant positive welfare effects of programs that provide cash to the poor with no strings attached. This subject sparked a debate in the international development field about an alternative approach to improving social welfare, as compared to traditional forms of aid.

GiveDirectly is a New York-based nonprofit that provides secure direct cash transfers to the extreme poor in Kenya and Uganda primarily via mobile phone. Since it was founded in 2009, GiveDirectly has grown rapidly: as of 2013, it had transferred $1.5 million to recipients, with $3.4 million scheduled for delivery. The organization has enrolled nearly 10,000 recipients to date and planned to move $20 million during FY2015. Beyond the immediate goal of transforming lives of the poor by providing direct cash transfers, the founders of GiveDirectly intend to influence two markets:

1) existing cash transfer programs, which can be opaque and suffer from leakage and design challenges, and 2) international philanthropy, for which the founders of GiveDirectly aim to establish direct transfers as the benchmark against which all other approaches are measured.

Since its inception, the leadership of GiveDirectly has been committed to rigorously measuring the impact of its cash transfer program using randomized evaluations. Results from a randomized evaluation implemented in Kenya found the transfers increased investments by 58 percent in assets such as livestock, furniture, and metal roofs, and also increased spending on goods including food, medical and educational expenses, and social events. There was no increase in expenditures on temptation goods, such as alcohol and tobacco.[2] However, the study also found that transfers induced jealousy among neighbors.[3]

In this case study, we examine GiveDirectly's learning agenda following an impact evaluation. Specifically, GiveDirectly seeks to improve cost-effectiveness of its operating model, measure longer-run impacts, and understand its influence on the larger economy (e.g., market prices, new business development, etc). However, while building a robust research agenda into the operations can be fruitful, it has its costs. GiveDirectly must make sure that its constituents, or others in the development space, will benefit from the research in order to ensure their strategy is responsible.
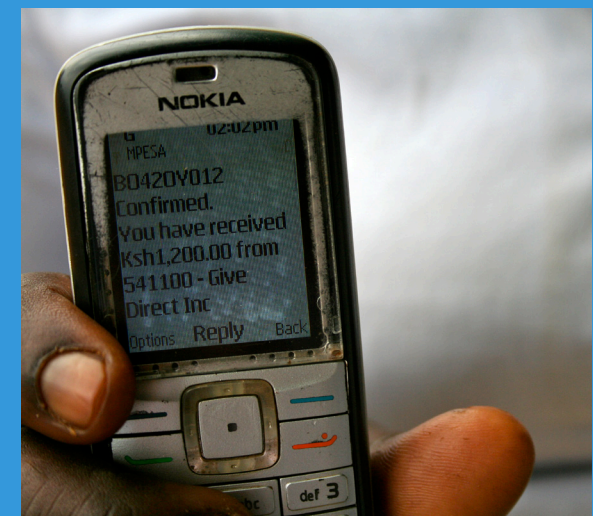
What They Do

GiveDirectly provides unconditional cash transfers to the extreme poor in Kenya and Uganda primarily via mobile phone. GiveDirectly's model contrasts with the traditional approach to international aid, which delivers specific goods and services to the poor.

The program targets families that live in houses with mud walls and a thatched roof—these housing materials are a strong proxy for poverty in these locations.[4] To select who will receive the transfers, program staff first identify poor areas using publically available statistics on poverty. They then conduct a village-level census in these areas to collect data on poverty and enroll recipients. After the enrollment process, eligible households receive a series of cash transfers totaling approximately $1,000[5] via mobile phones.

Typically, recipients receive an SMS alert on their phones to notify them of the transfer and to let them know how they can collect the cash from a mobile money agent in their village or the nearest town. GiveDirectly staff check with all recipients to make sure they received the transfer and to assess their experience. After receiving the full transfer amount, the household is no longer eligible for future transfers.

The cash transfers are equivalent to approximately one year's household budget—a large amount compared to a typical government cash transfer program. GiveDirectly's transfer size was designed to be large enough to enable the poor to make larger purchases and investments with the potential to generate income over time.

GiveDirectly shares publically how much of their budget goes directly to the poor and how much is spent delivering the program. Based on our review of financial statements submitted to GiveWell, GiveDirectly transfers a high share of funds raised directly to its recipients (close to 90 percent in both countries), relative to total costs (excluding set up costs).

As of early 2015, GiveDirectly has run nine transfer programs in total (seven in Kenya and two in Uganda), each with its own recipients, timeline, and objectives. Of these programs, 14 campaigns have concluded, with all transfers sent and follow-up surveys completed.
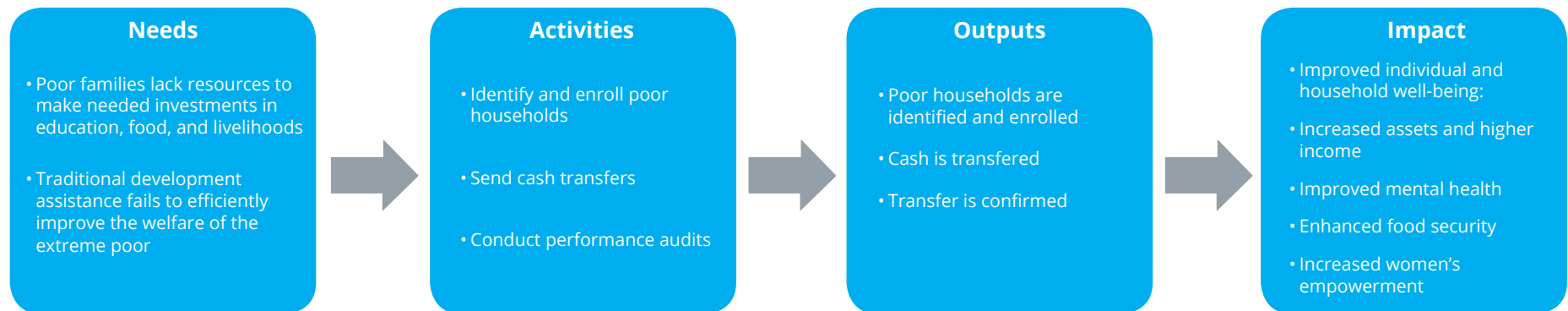
Theory of Change

GiveDirectly's program is founded on the idea that large unconditional cash transfers to the extreme poor should improve their welfare. GiveDirectly identifies and enrolls beneficiaries by using objective criteria of housing material (mud and thatch) that correlate highly with poverty levels in the areas in which they work. The organization sends money to recipients via cell phones using electronic payment services that are secure and transparent. Because the cash transfers GiveDirectly provides are unconditional, they are expected to empower poor households to make their own consumption and investment decisions based on their individual needs and preferences. The ultimate goal of the program is to improve individual and household well-being.

Needs	Activities	Outputs	Impact
• Poor families lack resources to make needed investments in education, food, and livelihoods • Traditional development assistance fails to efficiently improve the welfare of the extreme poor	• Identify and enroll poor households • Send cash transfers • Conduct performance audits	• Poor households are identified and enrolled • Cash is transfered • Transfer is confirmed	• Improved individual and household well-being: • Increased assets and higher income • Improved mental health • Enhanced food security • Increased women's empowerment

FIGURE 1. THEORY OF CHANGE* *Organizations use a variety of methods to present their theories of change. To standardize our discussion of these cases, we present our own simplified version of GiveDirectly's theory of change here.

Activity Monitoring

GiveDirectly has a strong monitoring system that relies on mobile data collection and multiple quality controls to ensure that eligible households are correctly identified, only eligible households are enrolled into the program, fraud and theft are minimized, and eligible households receive the full amount of cash transfers.

The program is implemented in several stages, with data collection and quality controls at each step.

1. Village selection. First, GiveDirectly identifies low-income villages from national census data. Villages are selected based on a combination of census data, organizational priorities, and the total amount of funds available to be allocated. Next, program staff visit villages to introduce the program, answer questions, and garner support from community leaders and local officials. GiveDirectly believes such visits clarify the program's goals and help mitigate collusion or gaming the system.

2. Village census. Next, field staff conduct door-to-door visits to collect basic demographic information from everyone in the village and take GPS coordinates of the houses. The team uses objective criteria–whether a house is made of mud and has a thatched roof, a credible proxy for extreme poverty—to identify households eligible for the cash transfer programs.

3. Registration. A separate field team visits eligible households to enroll them into the program. In Kenya, enrollment involves giving a household member a SIM card used for transfers through the M-PESA system[6], if they do not already have an M-PESA account. The enrollment process is similar in Uganda. GiveDirectly staff may also help eligible households to obtain ID cards or sign up for mobile money accounts.

4. Back-checks. An independent enumerator visits eligible households within the next month to confirm eligibility and to inform the recipients of GiveDirectly's security measures to minimize fraud. The enumerator also collects personal identifying data and house GPS coordinates to compare them with the village census data; any discrepancies are flagged for audit.

4. Audits. Audits can be triggered by mismatched names, GPS records, photos, or a change in the family structure that happened between the initial registration and the back-check. An independent team conducts audits to confirm household eligibility.

5. Transfers. Typically, a recipient receives an SMS alert when the cash transfer is made into his or her mobile phone account. Cash can be collected from a mobile money agent in the recipient's village or the nearest town.[7] The timing and amount of transfers varies slightly between Kenya and Uganda: In Kenya, the first transfer is approximately $50, and the next two transfers are split into two $475 payments, disbursed approximately two and six months later. In Uganda, transfers are of equal amounts and are sent monthly. GiveDirectly staff call all recipients to confirm that the first transfers are received.

6. Follow-up. Between two weeks and two months after the initial transfers, program staff conduct short phone-based interviews with the recipients to confirm the transfer was received, inquire about any problems, and record the recipient's overall experience with the program. In Kenya, staff visit vulnerable populations such as the sick or elderly in person to collect these data. In Uganda, all recipients are visited in person. Collecting feedback from the recipients has been crucial to program improvement.[9] For example, in response to a recent campaign in Kenya, GiveDirectly made several operational changes to improve accountability and transparency: the organization began signing memorandums of understanding with local government officials, created a formal mechanism to capture complaints during the enrollment stage (such as households that felt they were unfairly excluded from the program), and hired a senior field manager to improve quality control, among other changes.

GiveDirectly publishes monthly performance indicators on its website, including the raw data files. The organization reports the number of households a field officer visits each day, the percentage of questions about GiveDirectly that recipients answer correctly, the average time from census to payment, and the percentage of recipients reached by phone for follow-up. These numbers are reported against targets set for each indicator.

Measuring Impact

From the beginning, the founders of GiveDirectly planned to test the impact of the program using a rigorous impact evaluation. In 2011, they partnered with Innovations for Poverty Action to conduct an RCT of their program in Kenya when it was first being rolled-out. To increase transparency and prevent 'cherry-picking' positive findings, GiveDirectly announced the study design and specified which outcomes would be examined before they launched the study.

The evaluation included two stages: first, randomly selecting treatment and control villages from a list of 126 villages in a district; and second, randomly assigning half of eligible households in treatment villages to one of three treatment conditions, and the other half to control. The additional treatment conditions included whether the husband or wife received the transfer; whether the transfer was given in a single lump sum or nine monthly installments; and whether the transfer was large or small. In addition to measuring whether the program improved recipient welfare, this two-level cluster-randomized evaluation allowed researchers to answer a richer set of questions about how to design the program for maximum impact.

The findings from the impact evaluation found positive effects on a range of outcomes, including:

• Recipients increased asset holdings by 58 percent, primarily through investments in livestock and the purchase of iron roofs.
• Income gains from business and agriculture translated into a 28 percent annual rate of return on transfers.
• Significant increases in expenditures in nearly every category, except for tobacco, alcohol, or gambling.
• A 42 percent reduction in the number of days children go without food.
• Recipients experienced large reductions in stress and depression and increases in life satisfaction, measured with validated psychological scales.

Interestingly, the study did not find that the gender of the recipient had any effect on the household response to the program. Additionally, there was no evidence of negative impacts on village crime or conflict, or increased spending on alcohol and tobacco.

Learning Agenda After Impact Evaluation

The initial impact assessment validated the GiveDirectly model, making a strong case for scaling up the program. However, a single study, even when well designed and credible, may not answer all the questions an organization may have and often raises new ones. To answer these, an organization may deploy a learning agenda, which is a structured approach to answering impact and operational questions. A successful learning agenda generally requires the same capacity needed to carry out a high-quality impact evaluation: the ability to identify and prioritize questions, develop research methods, identify data sources, and assess available resources and internal capacity.

After the impact evaluation, GiveDirectly's learning agenda focused on four main questions:

1) How can the existing model be even more cost-efficient?
2) What are the long-run impacts of the program?
3) What are the impacts on local markets?
4) How can the program's operational and staff performance be improved?

Cost Effectiveness

While GiveDirectly is considered to be highly cost-effective, it may be possible to further reduce costs or increase the impact of the program. GiveDirectly plans to explore how tweaking different components of the program model may improve its cost-effectiveness. The questions it seeks to answer include:

• **Messaging:** How does framing the messages (e.g., making them more aspirational) affect certain kinds of spending?
• **Timing of transfers:** Does giving

participants the flexibility to receive either lump-sum or monthly transfers improve their outcomes?

Market-Wide and Long-Run Impacts

The initial evaluation of the GiveDirectly program demonstrated that unconditional cash transfers can be very effective for the individuals who receive them. But questions remain about what happens to local markets as the program scales and if the program's positive impact lasts over time. Answering these questions will make an important contribution to the growing literature on cash transfer and livelihoods programs. To address these questions, GiveDirectly will conduct two additional studies:

• **Impact on local markets.** One major concern around GiveDirectly's model is whether large cash transfers alter economic conditions in the local markets. Such effects could be positive, including job growth and increased investment, or negative, such as

increasing overall price levels, and jealousy effects. GiveDirectly plans to evaluate the effect of its program on inflation and labor demand in the local markets.

• **Long-run impacts**: Do the positive effects of the transfer persist over time? To address this important question, GiveDirectly plans to conduct a separate study in which a sub-sample of participants from its Kenya RCT study will be re-surveyed to generate data on the longer-term effects of cash transfers.

Program and Staff Performance

GiveDirectly's learning agenda extends beyond formal impact evaluations using RCTs. The organization is also evaluating different ways to improve program and staff performance:

• **Using technology to identify poor villages:** GiveDirectly has worked with volunteers to explore how remote sensing technology could streamline the process of locating poor villages in Kenya and Uganda to increase operational efficiency.

• **Other targeting approaches:** Since using housing material as a proxy for poverty will not be an appropriate in all settings, GiveDirectly is testing new, commonly used targeting techniques. These include: 1) having staff rate photographs of recipients and their homes on a poverty scale; 2) using simple point-based surveys focused on verifiable criteria, such as asking whether someone is a widow or has a toilet; and 3) experimenting with various forms of community-based targeting, such as having communities nominate their own members in open, GiveDirectly-facilitated meetings. The organization will be piloting each of these methods and assessing their cost, accuracy, and perceived fairness.

• **Staff motivation and incentives:** Staff may inadvertently influence how recipients spend cash. GiveDirectly is exploring how different incentive structures for field staff may encourage them to deliver clear and consistent messages to the eligible households during the enrollment process.

• **Quality control:** Multiple checks ensure that only the poorest households receive transfers, but the process is very costly. GiveDirectly would like to simplify the quality control process without compromising program quality or increasing the risk of fraud.

Goldilocks Recommendations

Overall, GiveDirectly has a well-developed monitoring and evaluation system that aligns well with the CART principles. Below we look at how the CART principles apply and discuss areas for improvement.

Credible: Collect high quality data and accurately analyze the data.

Since its inception, GiveDirectly has been committed to conducting credible impact evaluations of its program using randomized control trials. The organization's ability to work together with researchers to measure impact and answer important operational questions can serve as a model for other programs. Credibility requires accurate and reliable data in addition to credible methods. Based on our review of the organization's data collection processes, GiveDirectly has instituted multiple quality checks to ensure that it targets the poorest households.

Actionable: Commit to act on the data you collect.

GiveDirectly views RCTs as a tool not only to rigorously measure impact of its core program, but also to answer critical operational questions with the same degree of rigor. GiveDirectly has worked closely with an external research team to ensure that the design of its RCT was useful for making key decisions about the program, such as determining the optimal size and frequency of cash transfers, as well as whether to target women or men.

Responsible: Ensure the benefits of data collection outweigh the costs.

Part of GiveDirectly's learning agenda consists of evaluating options to lower the costs of data collection without sacrificing the quality. Finding this balance is tricky. For example, selecting poor families in each village is a key component of the program, and a costly one. GiveDirectly is exploring how careful

use of technology could make village selection more efficient. The organization is also assessing whether the resources spent on conducting multiple checks on eligible households are truly necessary, or whether the process can be simplified without increasing fraud.

Transportable: Collect data that will generate knowledge for other programs.

Unconditional cash transfer programs are a promising new approach to reducing poverty and have generated a great deal of controversy. Rigorous evaluation of GiveDirectly's program has helped shape the debate about cash programs and broader policy implications. The data have raised new important questions—such as whether positive effects are sustained in the long term, and whether and how scale-up will influence local market conditions—paving the way for future research in this area. GiveDirectly has publically shared the results of its research and is transparent about its operating model and its

administrative costs. By making this information available on its website, the organization offers an opportunity for others designing cash transfer programs, or looking to support them, to learn from GiveDirectly's experience. GiveDirectly also provides a literature review on other cash transfer programs on its website. To ensure that others can more easily learn from GiveDirectly's experience, we recommend the organization develop a more explicit theory of change that explains step-by-step how the program achieves the desired social impact. It should include the theory's underlying risks (for example, that increased tension may occur within targeted communities), and its key assumptions (that poor households will spend money productively, rather then on tobacco and alcohol).

Lessons for Others

1. Ensure evaluations provide actionable data to inform program design.

A credible impact evaluation is not an end in and of itself – it often raises new questions and helps inform an organization's learning agenda. Operational research can help an organization improve its programs and become more cost-efficient, but it must be thoughtfully developed. This includes planning for what will be evaluated and which methods will be used, defining actions to be taken as a result of the findings, and setting timelines and targets for determining success.

2. Invest adequately when conducting operational research.

Conducting good operational research is complicated and requires systems similar to those needed for high-quality impact evaluations. Negotiating and supervising external resources also requires expertise and capacity. An organization developing its learning agenda must consider how to develop sufficient capacity to invest in high quality internal R&D and, when the time is right, to engage external support.

3. Seek help from experts when needed.

Conducting a study to estimate economy-wide impact of a program is significantly more difficult than conducting a single impact evaluation. Few organizations have the capacity and technical sophistication to study economy-wide responses to their programs – credibly conducting such a study will likely require external research support from a skilled economist.

Endnotes

1. GiveWell. (2012). Cash transfers in the developing world. Available at: http://www.givewell.org/international/technical/programs/cash-transfers.

2. Haushofer, J., & Shapiro, J. (2013). Household response to income changes: Evidence from an unconditional cash transfer program in Kenya. Available at: https://www.princeton.edu/~joha/publications/Haushofer_Shapiro_UCT_2013.pdf.

3. Haushofer, J., Reisinger, J., & Shapiro, J. (2015) Your Gain Is My Pain: Negative Psychological Externalities of Cash Transfers. Available at: https://www.princeton.edu/~joha/publications/Haushofer_Reisinger_Shapiro_Inequality_2015.pdf.

4. As of December 2015, Give Directly has changed its eligibility critieria in order to better capture the poorest households. The new criteria take into account a range of factors including a household's assets and vulnerability status. The details are confidential to prevent households from gaming the system.

5. The process varies slightly across countries: in Kenya, eligible households receive one small token transfer, followed by two equally sized lump sum payments, whereas in Uganda they receive transfers monthly. In Kenya, recipients receive SMS notifications of the transfer and collect it from a local M-Pesa agent, typically a shopkeeper in the recipient's village or in the nearest town. In Uganda the process is slightly different because the infrastructure of mobile agents is not as well-developed as in Kenya.

6. If a household does not have a cell phone, they can purchase the device directly from GiveDirectly at the time of enrollment, and the cost of the phone is subtracted from the recipient's transfer.

7. According to GiveDirectly's website, on average it takes recipients 32 minutes round-trip to collect their transfers from the closest agent.

8. GiveDirectly maintains a phone "hotline" for recipients to call if they have any questions about the transfers or experience any problems. In the case that hotline calls or follow up surveys reveal an adverse event (e.g., violence, crime, domestic conflict, bribes), staff help resolve issues by giving advice, calling neighbors or family members, bringing in local leaders for counseling, or involving police

9. A longer follow-up survey collecting detailed information on household expenditures is administered to 10% of the recipients over the phone. In Kenya, recipients are called twice (after each lump sum). In Uganda, GiveDirectly plans to conduct these follow-up surveys three times over the ten monthly transfers, and is experimenting with conducting them in-person rather than over the phone, with shorter calls to confirm that the transfer was received and ask if the recipient experienced any problems. Tracking outcomes in this case is useful for learning about the general pattern and composition of household expenditures after the funds are received.