Giving Evidence
Enabling **giving** based on sound **evidence**

**Making It Easy For Non-Professional (Most!)
Donors To Give Well:
Borrowing Other People's Homework**

Concept Note For Discussion

**Caroline Fiennes
May 2015**

This paper describes an idea we are considering.
We are consulting our 'friends and family' about it.
Your comments are welcome: please address them to
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Version 1.0

The opportunity: the innovation and why it's needed

Charities[1] vary hugely in how good they are: their results can vary by 10%, 100%, even 1,000%. Clearly beneficiaries are best served if donors back the good ones.

Most £s donated in the UK (and $ donated in the US; the pattern is pretty ubiquitous) come from 'retail' donors, in gifts of <£100. The problem is that it's currently prohibitively hard for these donors to identify the good charities: information about charities' performance may not exist, may exist but not be public, may be unclear and/or poor quality.

> "*We (the UK gov't Nudge Unit) have two team mantras:*
> - *You can't make evidence-based decisions without evidence*
> - *If you want to encourage some activity, make it easy*."
>
> Professor Richard Thaler, author of *Nudge*, in the New York Times

We're exploring creating a mechanism to enable time-poor donors (=most of them) to find good charities. Some donors find their way to independent charity analysts such as GiveWell, Giving What We Can or The Life You Can Save. Those analysts are great but they collectively recommend only about 15 charities in the whole world: all in international development, mainly health. For donors who don't want to support those charities - e.g., who want to give to cancer - there's almost zero advice for them. Meanwhile, programme officers in staffed grant-making foundations (some sensible, some less so) analyse charities' effectiveness.

The strategy is to borrow somebody else's homework: compile the 'recommendations' of independent charity analysts and sensible grant-makers in a searchable website ('recommendations' of funders are their grant lists). That site is like a supermarket: it 'stocks' the charities recommended by analysts or sensible funders, and markets itself to donors as a source of reliable products and as being a smart option for donors.

How we will choose charities

In general, we won't analyse or choose *charities*. Instead, the model is to analyse analysts or funders ('*suppliers*') and to 'stock' the recommendations of those whose selection process we find to be sensible. This will be a great deal cheaper, by leveraging work already done.

We will choose suppliers based on their selection criteria and process, i.e., the reliability of their homework. We will consult with experts on our criteria for assessing suppliers, and then make them public. Caroline Fiennes' book *It Ain't What You Give* recommends this approach of borrowing professional funders' homework and gives some criteria for selecting them: we will use those as a start (attached). It is very likely that we will need to talk to potential suppliers to understand their criteria and processes, i.e., they will need to consent to us analysing them. Some grant-makers will not consent to being analysed: that's fine (well, it's bizarre of course), they're not compelled to leverage their work in this way. Others will be analysed but won't 'pass'. Clearly a third set will 'pass'.

We expect this to be controversial. To our knowledge, nobody has ever systematically assessed grant-makers' processes before and it may not go down well. Oh well.

Once a particular supplier 'passes' (i.e., we decide we're happy to borrow its homework), two things happen. First, we will let them edit their 'stock-lists': for instance, they may have a small grantee which can only absorb, say, the £100k that they're providing, and may not want the general public to put a potentially unlimited amount into it. In fact, for that reason, a funder can de-list a charity from its stock-list at any point. And second, we need a feed of their recommendations. Ideally this will be automated. For grant-makers reporting their grant lists in an open data format through 360Giving, we will probably use that.

We will retain the right to add charities to our 'stock' if we come across particularly good ones which haven't gained support from independent analysts or mainstream funders. (This is hardly uncommon: often ideas which are important and innovative – or urgent – can't find their way to support from mainstream funders.) We will need some criteria for doing this: some are suggested in Appendix 2.
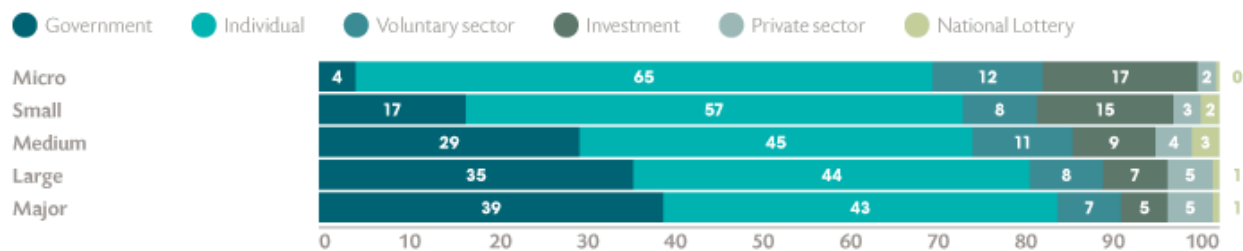
"Invest like Warren Buffett"

Contents

If you want to give to cancer, how can you find out which charities are any good? Currently you basically can't

Source of income to UK voluntary organisations by size of organisation, 2011/12 (%)

Source: NCVO Almanac 2014

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[1]'Charity' is used here loosely to mean any social purpose organisation which a donor might support, irrespective of how they are incorporated.

The intended impact

The goal is improving beneficiaries' lives. This may be by (a) moving donations from less good charities to better ones, and/or by (b) generating 'new' donations, into the recommended charities[1].

The site's primary visible impact is money moved to the charities 'recommended'. Clearly it's tough to track this since not all (or perhaps any) donations will be made actually through the site. However, all the independent analysts have developed ways around this.

Secondary effects may include: increasing funders' transparency about their selection processes; improving those selection processes; improving effectiveness of other charities as they seek to get recommended.

Obviously we need to be careful with tracking the impact since tracking it precisely would be expensive: the cost of collecting the data could easily outweigh their benefit. This is not an exercise in forensic epistemology.

Approach to development of the concept

This is a new product development project. ***We will approach it in a 'lean start-up' way***, ***learning a lot from human-centred design***. For instance, we will not spend ages creating some site and then launch it – only to be surprised that nobody wants it. By contrast, human-centred design revolves around *solving a problem which the person thinks they've got, rather than one that we think they've got.* It involves creating an experience which is delightful for them, and helps them achieve their own goals.

We will not start by creating a prototype and testing that. We will start 'real work' by (a) reviewing the literature about how people choose which charities to support (which we think says that they choose largely based on who asks them, or who they've heard of: it's rather unrelated to quality); (b) talking with 'real people' about how they choose which charities to support; and (c) testing with real people 'pre-technology' prototypes e.g., designs on pieces of paper. The aim is to rapidly iterate designs process such that when we start building with 'real' technology, we're likely to build something that people actually want and will use.

Thus clearly we can't say at this point precisely what we will build. This document outlines our current thinking and expectations – which we fully expect to change substantially on first contact with the market.

What gives us to think that anybody will use it?

Nobody's done precisely this before (it's an innovation!) but the reasons we think it not mad are:

- Independent analysts are moving quite a sum of money, i.e., a non-zero number of people will take advice about who to give to. GiveWell claims to be moving $8m in retail donations; Giving What We Can claims to have moved over $7m; TLYCS last year moved about $700k.

- Other expressed interest in impact: Charity Navigator's $1.6m revenue is mainly from retail donors wanting to support it; 80,000 Hours has provided advice on consequential careers to 100,000 people in its four year life. Giving What We Can (GWWC) has nearly 1000 (mainly UK) members each pledging to give >10% of their income to effective charities.

- Interest we have encountered, e.g., the notion of giving well proposed in Caroline Fiennes' book attracted a lot of attention (Money Week, Radio 4, etc.) At umpteen public talks, people have said that they'd like a way of finding good charities – and we often get asked if there is such a thing.

Clearly the segment wanting to give well isn't the entire market but does seem to be non-trivial. And adrift.

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[1] When asked why they don't give / don't give more, donors often cite a concern about whether charities are effective. It's not clear if this is really a barrier or just the product of poor survey design, but it might be the case that credible recommendations can overcome this.

Sourcing charities and suppliers

Doesn't this model risk 'stocking' lots of charities that are dismal and missing lots that are good?

Up to a point. A trade-off inheres in recommending charities to donors, between the rigour in the selection method, and cost. Cost is a major problem because these services are very hard to fund (see below). Therefore this service is designed to have on-going costs as low as practically possible, which limits the detail / rigour possible in the selection. The whole point is that somebody may have done that work already.

The various options for the selection are as follows. Speaking figuratively, the option we're pursuing is 80/20: providing perhaps 80% of the benefit with ~20% of the cost (<<20% cost of, say, GiveWell):

Increasing rigour / certainty / confidence. Increasing cost. $\longrightarrow$			
Taking recommendations from analysts & funders ('borrowing somebody's homework') without looking at their selection processes	Taking recommendations from other analysts & funders ('borrowing somebody's homework') having found their assessment processes defensible.	Charity Navigator model: turns out to have high start-up costs, but lower unit cost thereafter	GiveWell-type analysis: Very deep, very reliable, very (prohibitively) expensive
This seems too risky	*We're here. We'll only copy homework from somebody we're pretty confident is reliable.*	*These seem too expensive / unnecessarily expensive*	

Of course this model creates a risk of stocking something awful: some charity which is corrupt or ineffective and where nobody's spotted the problem. That risk is inevitable given the trade-off above and is the downside of not doing super-rigorous analysis. This isn't a huge concern: Standard and Poor's had given Enron top billing more or less until the day it collapsed despite having a huge budget for analysis.

What about the fact that loads of charities and grant-maker processes probably aren't very good?
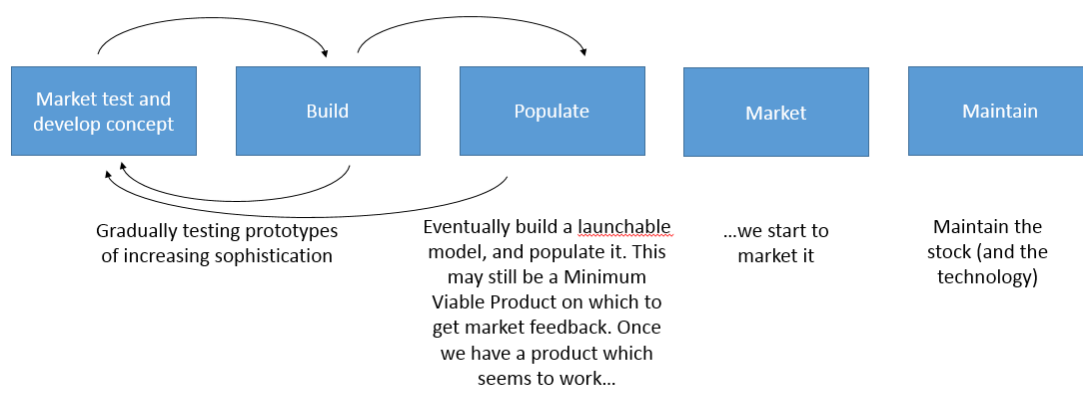
The biggest risks / weaknesses in the whole endeavour are that:

i)   Data and evaluation in the charity sector are generally awful. Much isn't researched at all, much of the data behind the research is unreliable and misleading, much research is unpublished, probably the published record is biased (nobody's ever looked at this: Giving Evidence is currently doing what seems to be the first study of it), much evaluation research is unclear, bad quality and/or hard to find. There is nothing to stop charities literally making up their 'evaluation' data – some have said that they do so.

ii) Few grant-makers' processes get round this. GiveWell does, by looking in huge detail at the raw data and research and having high standards… and hence only recommends four organisations in the whole world. But grant-makers' recommendations have considerably higher uncertainty (rather like a confidence interval) because they may well be based on charities' ropey evaluations. ***There may be few grant-makers with reliable processes whose recommendations we can trust***: since nobody really looks at their processes, we don't know whether this is true.

If this model turns out to be impossible for those reasons, well, that's interesting: we will write it up and look for an alternative model.

However, we will try to ***avoid the best being the enemy of the good***. The current world provides zero guidance to 'retail' donors, so it's surely possible to improve on that.

Project stages

Market test and develop concept → Build → Populate → Market → Maintain

Gradually testing prototypes of increasing sophistication

Eventually build a launchable model, and populate it. This may still be a Minimum Viable Product on which to get market feedback. Once we have a product which seems to work…

…we start to market it

Maintain the stock (and the technology)

i) **Market testing** and concept development: as discussed will be heavily informed by user feedback.

ii) **Build**: we may need to build a whole new site. However, there seem to be various potential partners around who have part of this already.

iii) **Populating** involves: creating the criteria for assessing suppliers, approaching suppliers to invite them to be involved (i.e., assessed), probably getting yelled at by some; identifying suppliers whose lists to stock; ensuring adequate 'coverage' of donors' areas of interest (see below); physically getting a list from suppliers; creating whatever other content the site needs about each charity. For instance, it may need a picture and brief description of each organisation, plus mechanism for making donations.

iv) **Marketing** will probably be the hard bit. That said, press have always been interested in 'consumer advice' stories of which charities to back and which not, so press coverage may not be hard. Partnerships will be essential here.

v) **Maintaining** the stock involves: keeping track of the donations to charities on the 'watch list' which we may need to de-list if they are getting 'too much' funding; updating the grant-lists from grant-makers (annually?); and periodically re-assessing the suppliers to ensure that we still trust their selection criteria and process. ***The process is designed to make on-going maintenance as light as possible***.
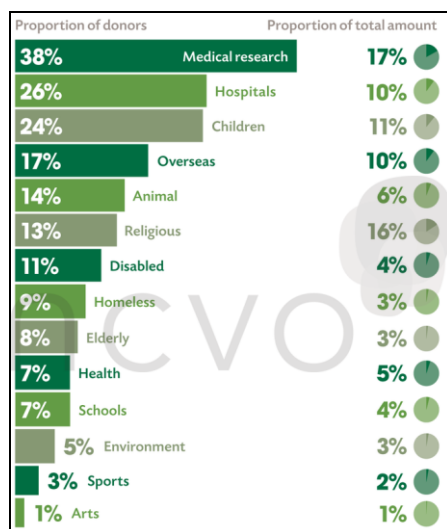
Populating the site

Coverage

a. Countries

In principle, the site / service can cover any country… as long as there are charities there which either have been assessed by some sensible funder or analyst, or we can analyse them ourselves rapidly and cheaply.

b. Charity sectors

Ideally, and eventually, it would provide guidance to any donor, and hence would cover the main sectors in which donors are interested. For the UK, those are shown below. (One can of course argue that this distribution is 'wrong' and that we should seek to influence it. Even so, we will have most impact by meeting people where they are: getting people interested in, say, cancer to give to an effective cancer organisation rather than a less effective cancer organisation.)

There's a trade-off between populating lots of categories before launching, versus launching with one / a few. The problem with the first is that it delays launch and mean that we miss market feedback on the first few categories which could inform how we build the latter categories. The problem with the latter is that if people come looking for guidance on one sector and it's not there – yet – it may take ages to get them back when it is there. The Cochrane Collaboration apparently suffered from this: its early start on pregnancy earned it a reputation for being solely about pregnancy which took ages to shift.

Sectors supported by UK donors

Proportion of donors	Sector	Proportion of total amount
38%	Medical research	17%
26%	Hospitals	10%
24%	Children	11%
17%	Overseas	10%
14%	Animal	6%
13%	Religious	16%
11%	Disabled	4%
9%	Homeless	3%
8%	Elderly	3%
7%	Health	5%
7%	Schools	4%
5%	Environment	3%
3%	Sports	2%
1%	Arts	1%

So you'll do no analysis of the charities at all?

Correct – probably not. In the interests of cost, the process will probably be binary: if a supplier's process is reliable, we will rely on it and stock their recommendations, and if it isn't, we won't.

Material about each charity

This will probably be a major piece of work. We are likely to need some description and pictures of the charities – and that content may need to be curated. GlobalGiving and LocalGiving both have this.

Making donations through the site

There are (at least) two options here:

- having a mechanism for taking donations through the site.

- pointing donors to other ways to give (e.g., through the charity's own site).

The former will probably be easier for the user but harder for us to build. Charity Navigator, GWWC and GiveWell allow users to donate though their sites, though many donors donate off-site.

We will explore in the market testing which option/s we need to provide.

Other material on the site

The site could hold other helpful material for donors, such as about how to give well, typologies of charities (e.g., front-line service delivery vs longer-term campaigning), what not to look for (e.g., admin costs), relevant stories from charities, testimonials from donors about their learnings. Little of this needs to be created: there is a good deal already e.g., in videos by Bridgespan or Stephanie Shirley.

Economics

We see four possible sources of revenue for this:

- ✗ Users: taking a fee from donors. This either comes as a cost 'to them', or from their donation, or from their GiftAid. We can test this, but it seems a bad idea: donors normally really dislike paying for this kind of 'admin', having been trained by masses of terrible charity comms to want their whole donation to go to 'the actual cause'.

- ✗ Charities: another bad idea. It's bad because (a) if we're sourcing through 'wholesale suppliers' rather than analysing charities individually, the charities may not know that they're being considered. We don't have a front-door for them to come through. And (b) conflict of interest (actual or perceived) in terms of analytical integrity: it's hard to take an independent view of the quality of an organisation if it's paying your salary. The commercial ratings agencies got/get hammered for this conflict.

- ✓ Donations / grants unrelated to the 'flow' of business. This would seem the best option, e.g., from HNWI donors or foundations or others interested in improving philanthropy. Donors do fund such things, e.g., GiveWell, TLYCS and Charity Navigator are all largely funded (or at least, founded) by such private money.

- ✓ The grant-makers whose lists we stock. This is possible: some may see it as leverage of their grant officers' work. And/or they may be interested in supporting it for purposes of improving the effectiveness of giving in general, as per the point above.

Charity Navigator also gets money from (a)advertising onsite(!) and (b)donations from users – which are optional and not a fee. Some 'retail' people interested in effective philanthropy are interested enough to pay, e.g., 80,000 Hours which gives advice to (mainly) young people on ethical careers seems to be largely funded by those people.

That is, we think it will need some subsidy in perpetuity. It's perfectly possible that it could be 'sponsored' in part or whole by e.g. a bank or watch company or whatever.

Organisational considerations

Possible partners

- Kyn which is a relevant 'platform for donors' and seems to know about technology

- GuideStar, which is creating 'Give Like Gates' portfolios

- Other large-scale 'supermarkets' such as GlobalGiving, LocalGiving and Kiva, from whom we can perhaps borrow technology or learn about running such a system

- AgoraFund which seems to be building something quite similar

- GreatNonProfits which has relevant data from the public about non-profits' performance

- 360Giving which is assembling the grant-lists of most foundations and encouraging open data format for foundations to publish their grant-lists.

Giving Evidence's relevant track record

Giving Evidence makes no claim to have in-house all the relevant skills. The project will be overseen by Caroline Fiennes, and managed by a project manager with a relevant background. Relevant elements of Caroline's track record include:

- *Selecting charities*: serving on boards of Charity Navigator and The Life You Can Save; plus five years at New Philanthropy Capital when it did charity analysis, including designing its first charity analysis output.

- *IT design and build*: oversaw design and build of software for charities to do Full Cost Recovery (now here); worked at Reuters on design and build of new software for the financial markets. Overseen builds of various websites.

- *Engaging the public in effective giving, and use of media*: Caroline has done masses of this e.g., public talks and conferences, talks on radio and writing in the popular press.

- *Network*: our most useful track-record/asset is our network, given the potential for this project to leverage other work elsewhere.

Who will eventually own and operate this thing?

Organisationally, the entity eventually created could sit anywhere: perhaps as a project of Giving Evidence, perhaps in the charity which this donor already created, perhaps in another existing charity, perhaps as a new entity. It may not matter.

Governance

Because the initiative will be controversial – preferring some funders over others – it is important that it be trusted, and trust-worthy. Therefore we envisage having a board, or advisory board, or steering group with a wide range of respected people from the sector to steer the process of 'judging' funders and analysts.

Next steps

Where we are currently

At the beginning. Having read Caroline Fiennes' book, a donor (who for now wishes to be anonymous) approached Caroline about this idea and we've been discussing it for a while. We've consulted with various others who are interested in helping, e.g., 80,000 Hours, The Life You Can Save, a well-known financial journalist, and FeedbackLabs. The donor has recently provided a small grant to enable initial research and development.

Possible next steps

- Get feedback from our 'friends and family' on the concept

- Talk to lots of 'real donors'. This (as discussed) is essential to do early since it informs everything else. May of the 'technical' questions – e.g., around sourcing process, criteria, technology – will be shaped /fall away depending on feedback from potential users.

- Consult with experts in the philanthropy sector about the concept, and about what the criteria for assessing grant-makers should be

If it all looks feasible, eventually we'll build a prototype, most likely on a minimum viable product basis.

As mentioned, this paper describes an idea we are considering.
Your comments are welcome:
please address them to: admin@giving-evidence.com

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Appendix 1: Criteria for selecting suppliers: taken from *It Ain't What You Give*

"If you can't make use of recommendations from any of the organisations listed above – maybe they don't cover the region or issue you're interested in – the next best option is to look at other reliable large funders, fundraising foundations and media organisations. For example, Oprah's Angel Network, founded by Oprah Winfrey, which ran from 1997-2010, gave grants to organisations providing basics such as access to education, books and homes.

You're probably safe to take a recommendation from an analyst or donor if:

- it publishes the list of who it supports or recommends;
- it publishes the strategy and/or criteria by which it arrived at that list. This will indicate that it's really serious about what it does, and enable you to decide whether you agree with the criteria. Do those criteria align with the principles of good giving? Are they solely related to merit?; and
- you like its list. If it includes charities that you think are suspect, the organisation's criteria aren't right for you.

It is worth giving to another donor (as opposed to just picking charities from its list) if it adds value to your donation. Perhaps it brings in lots of volunteers, or leverages its experience by getting changes at the base of the triangle, supports charities in other important ways or avoids duplication. It was this logic which led the world's most successful investor, Warren Buffett, to donate the overwhelming bulk of the money he is giving to charity, a cool $30 billion, to the Bill and Melinda Gates Foundation."

Appendix 2: Example criteria for assessing charities

1. GiveWell's criteria

- **"Serving the global poor.** Low-income people in the developing world have dramatically lower standards of living than low-income people in the U.S., and we believe that a given dollar amount can provide more meaningful benefits when targeting the former.
- **Focused on evidence-backed interventions.** We have a high standard for evidence: we seek out programs that have been studied rigorously and repeatedly, and whose benefits we can reasonably expect to generalize to large populations (though there are limits to the generalizability of any study results). The set of programs fitting this description is relatively limited, and mostly found in the category of health interventions (though there is also substantial evidence on cash transfers).
- **Thoroughly vetted and highly transparent.** We examine potential top charities thoroughly and skeptically, and publish thorough reviews discussing both strengths of these charities and concerns. We also follow top charities' progress over time and report on it publicly, including any negative developments. Charities must be open to our intensive investigation process — and public discussion of their track record and progress, both the good and the bad — in order to earn "top charity" status. We also provide a list of charities meeting our first two criteria for donors who are concerned that this requirement creates problematic selection effects."

2. Giving What We Can's criteria

"We currently believe that health interventions to be the most effective at improving the lives of people in developing countries. As a result, although we still investigate other areas, health interventions are our primary focus… A primary goal of our research into health charities is to identify which charities will do the most good, measured in QALYs per dollar (or pound, or yen…) donated."

GWWC has told us that it has three criteria around the potential impact of new donations, which are whether the problem address is: large; solvable; and currently neglected.

3. Adapted from *It Ain't What You Give*

Goals. Is the charity clear about its goals? Do you think that its work is important? Does it show a clear understanding of the problem it's trying to solve? Strong charities provide lots of data about the problems on which they focus and how those problems arise.

Activities and theory of change. At a minimum, you should be able to understand the charity's activities and how they are supposed to contribute to the goals (i.e., its theory of change.) Ideally, the charity will cite some evidence for its theory of change. Is the evidence credible? Are you comfortable with where its work sits on the triangle? If not, stop: find another charity to consider. If yes, continue, looking now for:

Results. Is the charity clear about what it achieves? Charities often talk about the problems they address (dyslexia, forced migration, homelessness) which is important but you're looking for solutions. Does the

charity have a sensible-sounding process to discover what it is achieving? (Lack of detail is a bad sign.) I'd usually expect to see some case studies – stories of specific people or pandas helped, as well as an overview of the numbers of beneficiaries served or systematic changes created.

Stronger evidence of a charity's results than its own documentation would be provided by an independent evaluation. The strongest evidence of all would be from a randomised control trial, which would identify the contribution of the charity to that change.

Charities which are very new or innovative may not yet have results, and neither will charities whose work takes a long time to bear fruit. In those cases, I'd want to see some rationale for their work based on evidence from other organisations. Be sensitive to the fact that innovative work may fail; that's quite acceptable, as long as the reasons are understood, documented and shared.

Trustees and management team. Does the charity have the kinds of skills, experience and diversity which you would expect, given its goals?

'The team with the best players wins' - Jack Welch, former CEO, GE

Learning and improving. Does the charity publish examples of learning and improving, perhaps changing its activities in response to its own experience and research, or that of other organisations?

Working with others. Most charities' goals are too large and complex for any organisation to achieve alone. Therefore look for evidence of collaboration with other charities, businesses, academics and/or with government agencies.

Transparency. Does the charity make it easy to find basic information, such as annual reviews and accounts, strategic plan, and methods for involving beneficiaries in its work? Is it honest about the challenges it faces?

Influence. Is the charity publicly discussed by other people such as beneficiaries, volunteers, academics or funders? Is its work cited in books or articles as an example of good practice?

Finances. Registered charities with income above £500,000 will have audited accounts. Ideally, a charity has a spread of funders to mitigate the risk of them migrating away. Ideally too, a charity would have a few months' reserves. Short reserves are not a cause for alarm if the charity is well-established and funding is likely to continue. Reserves of more than a year or two and your money will (probably) sit in the bank for quite a while before it's spent, so you may conclude the charity isn't a priority use for your funds.

Beneficiary involvement. Because beneficiaries aren't paying the piper, and aren't even in the feedback loop, they can end up receiving what somebody else deigns to provide. To ensure that they get what they actually need, good charities involve beneficiaries in planning their work – they might involve young people in planning leisure activities, or consult soldiers' families about priority problems they face. (Clearly this is impractical in some instances, such as when the charity is serving animals or future generations.)