



## Goldilocks Case Study: GiveDirectly

Unconditional cash transfers are increasingly recognized to be a cost-effective strategy for reducing poverty. 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. However, the study also found that transfers induced jealousy among neighbors.

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 the 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.

## **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 economywide 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.

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