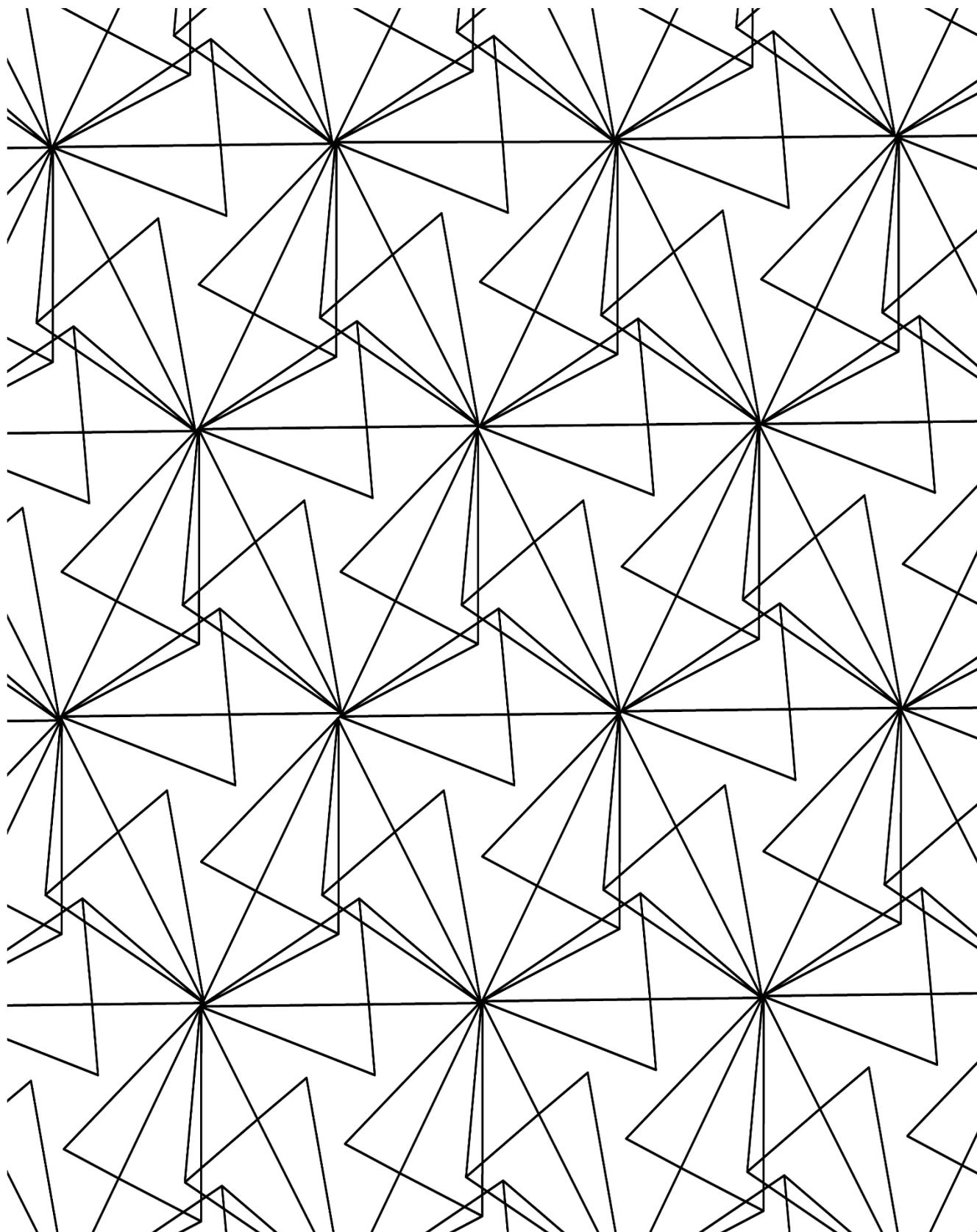


FOUNDERS PLEDGE REPORT SUMMARY

CASH TRANSFERS

Version: December 2018



BASED ON ORIGINAL RESEARCH BY **GiveWell**

This is a Founders Pledge summary and interpretation of original research published by [GiveWell](#). To view the latest version of GiveWell's full report on their website, please visit [this page](#).

About GiveWell

GiveWell is a nonprofit dedicated to finding outstanding giving opportunities and publishing the full details of their analysis to help donors decide where to give.

Unlike charity evaluators that focus solely on financials, assessing administrative or fundraising costs, they conduct in-depth research aiming to determine how much good a given program accomplishes (in terms of lives saved, lives improved, etc.) per dollar spent. Rather than try to rate as many charities as possible, they focus on the few charities that stand out most (by [their criteria](#)) in order to find and confidently recommend high-impact giving opportunities (their [list of top charities](#)).

To learn more about GiveWell, go to [Givewell.org](#).



The problem

The World Bank estimates that 770 million people (roughly 10% of the global population) were living in extreme poverty (less than \$1.90 a day at purchasing power parity) in 2015.ⁱ Around half of the people living in extreme poverty are in Sub-Saharan Africa.ⁱⁱ Poverty is a significant challenge to well-being, and its eradication is a priority goal for development.ⁱⁱⁱ Lack of economic resources has direct consequences on necessities such as food security,^{iv} access to healthcare^v and safe water services.^{vi}

The solution

Unconditional cash transfers (UCTs) are one of the most well-studied and effective anti-poverty interventions. UCTs consist of providing households living with money, either as a regular transfer or as a one-off, with no strings attached.

The evidence

A 2013 randomised controlled trial estimating the effects of transferring money to households living in poverty found that, in the short-term, the transfers increased consumption and the value of assets, such as savings and housing.^{vii} While there is a widespread concern that cash without strings attached might be spent on harmful products, the study showed that there was no effect on the consumption of tobacco and alcohol, and that recipients overwhelmingly spent the transfers productively and sensibly. The programme also improved food security and psychological well-being.

The organisation: GiveDirectly

GiveDirectly provides unconditional cash transfers to low-income households in Sub-Saharan Africa. They work in Kenya, Uganda, and Rwanda. They provide approximately one year's worth of annual income (~\$1,000) directly to beneficiaries via mobile payment technology.

GiveDirectly has very low administrative costs, so 83% of every dollar donated goes directly to recipients. GiveDirectly uses satellite imagery to compare the quality of roofs of family houses in order to identify the beneficiaries that could benefit the most from cash transfers. It also employs questionnaires to estimate household consumption, assets and vulnerability.

GiveDirectly's model is highly scalable, and they could productively use \$450 million in the next three years.



REFERENCES

ⁱ The World Bank. "Poverty" <https://data.worldbank.org/topic/poverty> (accessed 14th of December 2018)

ⁱⁱ The World Bank. "SDG Atlas 2018 - No Poverty" <http://datatopics.worldbank.org/sdgatlas/SDG-01-no-poverty.html> (accessed 14th December 2018)

ⁱⁱⁱ United Nations. "Millennium Goals - Poverty". <http://www.un.org/millenniumgoals/poverty.shtml> (accessed 27th of March 2018)

^{iv} Watts MJ and Bohle HG. "The space of vulnerability: the causal structure of hunger and famine" *Progress in human geography* (1993): pages 43-67.

^v Sala-i-Martin X. "On the Health-Poverty Trap" *Health and economic growth: Findings and policy implications* (2005): page 95.

^{vi} World Health Organization and UNICEF. "Progress on Drinking Water and Sanitation: 2012 Update" (2012)

^{vii} Haushofer and Shapiro, "Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya" (2013)

