

How to Love the Poor Overseas

What Could Go Wrong?

- Charity Navigator launches in 2001 after an orphanage director is found to be siphoning funds
- Currently, Charity Navigator reports on the financial strength and accounting transparency of thousands of charities
- In 2013, they announce the intent rate “Results Reporting”

We originally asked charities several questions regarding the logic behind their programs, the measures or indicators they were using to assess progress, any third-party organizations that might have validated their achievements, and the degree to which they listen to and utilize the opinions of those they exist to serve.

What we learned, however, is that while some organizations are trailblazers and are well under way in their collection and publishing of results data, the majority of organizations have little information they are making publicly available. Some of this may be the result of organizations simply wanting to keep this information to themselves. But the greatest proportion, we believe, is that **most organizations are not yet truly working on a results basis and are not equipped to provide the kind of reporting we were seeking.**

[emphasis added]

There is too much emphasis on inputs and not enough on impact. This has been worsened by an effort to create more accountability through sites like Charity Navigator. There is so much emphasis now on expense ratios that there is an underinvestment in administration and efficiency.

Nicholas Kristof

Pulitzer Prize Human Rights Journalist

What's the Goal?

What do we want to get out of it?

- Relief from guilt
- Fulfilling an obligation
- Asserting power or dominance
- Warm glow

What's the Goal?

- “To the extent that you [fed, clothed, and sheltered] the one of these my brethren, even the least of them, you did it to Me.” Mat 25:40
- “You shall love your neighbor as *yourself*.” Mat 22:39
- “But when you give to the poor, do not let your left hand know what your right hand is doing, so that your giving will be in secret; and your Father who sees what is done in secret will reward you.” Mat 6:3-4

How Not to Do Cost-Benefit

- Low cost, by itself, is not value
- High cost, by itself, is not luxury
- So why evaluate charities based on how much they spend on their programs or how much they spend on administrative staff?
- Too much focus on inputs, not enough focus on results

About Administrative Costs

- Inconsistently measured (creates an incentive to *mis*-measure)
- Not even a bad thing...

The same can be said about most other metrics, such as the burn rate, working capital ratio, etc.

(What about fundraising costs?)

- When you give \$1, you want it to do as much good as possible...
- Suppose for every \$1, an NGO gives f to fundraising and the rest to the poor
- For a net gain of $1 - f$
- unless the fundraising is successful.
- If every fundraising dollar generates m new contributions, then your \$1 results in a net gain of $(1 - f) \sum_{i=0}^{\infty} m^i f^i = \frac{1-f}{1-mf} \gtrless 1$

There's No Need to Settle

- We evaluate charities based on the wrong information because it's there
- But the right information is easy to get ahold of!
- Randomized Controlled Trials are being performed constantly
- In some contexts, we know far more about international charity effectiveness than we know about domestic efforts

Quick Start Guide

- [Give Well](#) offers top picks after lots of vigorous research
- [Evidence Action](#) scales up interventions that have been validated in multiple studies
- [Christian Economist Bruce Wydick](#) sums up the sentiments of his colleagues for Christianity Today

A Lifelong Strategy

1. Start fresh when possible
2. Pick a cause or country you like.
3. Bookmark a research summary web-page (next slide)
4. Give to the organizations named in the research.
5. Trust them to make smart allocation decisions

Easier Than You Think

- [Innovations for Poverty Action -- Scaling Up](#)
- [JPAL -- Policy Lessons organized by Sector](#)
- [JPAL – Search](#)
- [CEGA projects](#)
- [3ie -- Systematic Reviews](#)
- [3ie -- Interactive Evidence Gap Map](#)

Have Faith

- Once you know that an NGO is trustworthy...
- ...and at least capable of making an impact
- I recommend trusting their judgment on the details.
 - i.e. no earmarking...

This is How We Change the World

- “...do you not know that the Saints will judge the world?” 1 Cor 6:2
- “And his master praised the unrighteous manager because he had acted shrewdly; for the sons of this age are more shrewd in relation to their own kind than the sons of light.” Luke 16:8
- “Behold, I send you out as sheep in the midst of wolves; so be shrewd as serpents and innocent as doves.” Mat 10:16