
The Wonkblog guide to holiday giving

By Dylan Matthews , Updated: December 22, 2012

The holiday season is upon us, along with the good will toward all that it entails. 'Tis the season to be jolly — and for many Americans, to give to charity. A seven-year study of online giving [found](#) that a third of all charitable donations in a given year come in December, with the giving rate increasing as the New Year approaches:

But too often, people make giving decisions without considering where their dollars will do the most good. To help remedy that, let's look at some ways you can use data to get more out of your holiday giving this year.

Give to charities that rigorously evaluate their programs

In recent years, a quiet revolution has begun in philanthropy that seeks to apply the findings of empirical development economics to designing better charitable programs. The work of the [Jameel Poverty Action Lab](#) (JPAL) and [Innovations for Poverty Action](#) (IPA), two economics labs run by economists from MIT and Yale, respectively, has shown that some interventions meant to reduce extreme poverty are extremely effective, while others have disappointing results. Giving out anti-malaria bed nets for free works; making people pay a small amount for them renders the program [much less effective](#). Attendance incentives don't make health providers and teachers show up to work, despite costing quite a bit; hiring contract teachers to replace delinquent civil service teachers [actually saves money](#) while increasing attendance.

The best charities implement such findings. That's why [GiveWell](#), which since its founding five years ago has already become the most rigorous and reliable evaluator of charities' effectiveness, insists that charities it backs either conduct their own randomized controlled trials (RCTs) to show that their programs work or base their programs on interventions that research from groups like JPAL and IPA have confirmed work.

"We found out that a lot of charities really don't have much data. You need good, randomized trials on what works and what doesn't," Alexander Berger, a research analyst at GiveWell, tells me. "So we started relying much more on academic evidence. We rely on literature reviews or do our own literature reviews to figure what are the most cost-effective programs, and then find

charities that do that kind of super-cost-effective programming.”

Currently, GiveWell recommends three charities: the [Against Malaria Foundation](#), [GiveDirectly](#) and the [Schistosomiasis Control Initiative](#). It specifically recommends splitting donations 70-20-10 among the three groups. The Against Malaria Foundation, or AMF for short, provides insecticidal bed nets to at-risk populations, primarily in Africa but also in Cambodia, Haiti, India, Indonesia, Nepal and Nicaragua. A bed net costs \$4 on average, and 100 percent of donations fund bed-net purchases.

Berger tells me that AMF is able to save a life for about \$2,300 to \$2,500, on average, with most lives saved being those of children. It also provides children with major developmental advantages by reducing the likelihood of disease, which contributes to greater educational attainment and earnings later in life. And it knows this because it is committing to tracking the results of its bed-net distributions and bases its practices on the best research available.

GiveDirectly is a young but [innovative](#) group that gives direct cash transfers of \$1,000 to poor households in Kenya to use as they please. The group is inspired by evidence that unconditional cash transfers are a very effective way to stop poverty, since they allow families to use money to buy whatever they need most, without donors having to guess for them. Berger also notes that many households who receive such transfers save the money, which increases investment and growth in the community over the long run. The idea, in a way, is so obvious it's hard to believe people hadn't tried to do it on this scale before: ending poverty by giving people money.

The Schistosomiasis Control Initiative focuses on treating children infected with intestinal worms, which are easy and inexpensive to get rid of — and not usually life-threatening — but which, if untreated, can greatly impede children's development and reduce lifetime earnings. Alone among the recommended charities, this initiative doesn't save lives per se, but it does make a major contribution to reducing poverty by laying the groundwork for children to earn more later in life.

Bigger isn't necessarily better

One of the things that's striking about GiveWell's list is that a lot of marquee charities — UNICEF, Oxfam, the Salvation Army, Doctors Without Borders, among others — aren't on it. It's not because GiveWell thinks those groups do a bad job, necessarily, but that it's just not possible to know whether they're doing a good one. Oxfam, for example, [neither](#) publicly releases evaluations of its programs nor focuses on areas where interventions would be particularly cost-effective. Other groups are even worse, because they both lack transparency and hurt some supposed beneficiaries. For example, some major “microfinance” institutions have been [criticized](#) by GiveWell for

their high rates of borrower “dropout,” largely because of business failures rather than the success of loans.

Give to places that need the money

Another reason to prefer smaller, proven-effective charities like the Against Malaria Foundation or GiveDirectly to big super-charities is that there’s a better chance they actually need the extra money. For extremely large groups, there’s less chance that contributions on the margin will increase programming. Smile Train, which focuses on helping children with cleft palates, has more than enough money but not enough doctors to perform all the surgeries it could fund, so GiveWell [doesn’t recommend](#) giving to it. Additional money won’t actually lead to more surgeries.

This is true even if you “earmark” money for specific purposes when you give. For example, Doctors Without Borders [told](#) GiveWell that even though donors can earmark money for vaccinations, a \$1 million donation to vaccinations could be used to free up money previously allocated to vaccinations for another purpose and would not actually have the effect of increasing money for vaccinations. Some of that other programming could be charitable, but it could also be administrative. That’s why the three charities GiveWell recommends are quite small. Small charities are likelier to really need the extra money.

Give money for research

One of the charities GiveWell has [commended](#) in the past is [Innovations for Poverty Action](#), the anti-poverty research group led by Yale economist Dean Karlan. If one of the essential features of good charities is their use of good, randomized experiments to back up their methods, then it follows that groups like IPA are needed to conduct those experiments, either in conjunction with charities or on their own. So giving to IPA is a good way to indirectly promote effective charitable work by other organizations.

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