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How to make your charity count

Indians do not give enough to charity, but the habit is growing among those who have been lucky enough to benefit from a dynamic economy. A little scientific inquiry can ensure that your charity can be effective

The Impartial Spectator | Niranjan Rajadhyaksha

Many years ago, our schoolboy gang had mastered a little trick to maximize collections for the neighbourhood Ganpati festival. We used to first approach the families that were most likely to make large donations. A crisp Rs 50 note meant a lot in those days. The initial donations we collected acted as a benchmark. Other families would then decide how much they would contribute in comparison to these large donors. Some would try to match that number while even the stingy would try to stay as close to the initial donations as possible. Our devious mind game was inevitably successful, with the average contribution higher than what we could normally have collected.

Behavioural economists would now describe this trick as an exercise in anchoring, a tendency of the human mind to focus on one piece of information to make a decision. Those first handsome donations for the local festival played on the minds of subsequent donors. I remembered the old trick when, in April, I read on the Mostly Economics blog written by Amol Agrawal about an interesting experiment conducted by two economists on how to encourage small donors to give for a particular cause.

The experiment was conducted by Dean Karlan of Yale University and John List of The University of Chicago. Here's what they did: They sent letters seeking donations for a charity focused on poverty reduction to two sets of people—those who had previously donated to the charity and those who had not. One set of letters told potential donors that their contribution would be matched by a similar sum by the Bill and Melinda Gates Foundation while another set of letters made no mention of such a matching grant.

The result from both groups was basically the same. Those who were told about the matching grant from the Gates foundation tended to give more. Charities seeking donations usually reach out to people who do not have credible information about its activities. I am sure several of



Science of giving: Donors like Microsoft founder Bill Gates (second from left) bring credibility to any organization seeking funds. Sondeep Shankar/Getty Images

us face this problem; we feel strongly about a particular issue but do not know enough about the people who approach us for money. What the promise of a matching grant did in the experiment conducted by Karlan and List is that it gave potential donors a credible signal that even the Gates foundation had confidence in the charity.

I saw a similar process work at Mysore in 2009, during the first TED conference held in India—TED is a global set of

conferences that invites well-known names from a variety of fields to talk about new ideas and innovations. Sunitha Krishnan had given a chilling talk on sex slavery in India, one that I would urge readers to watch on the TED website; it not only won her a standing ovation but disturbed people enough for the subject to linger on during the evening party as well. At the end of the talk, a woman stood up and told the audience she would give \$10,000 (Rs 5.36 lakh now) for the cause—but only if another 10 people in the audience made matching grants. More than 10 people put up their hands to join in. The conditional commitment worked like magic.

Let's shift to the other part of the charity game: What should you fund? Giving to social causes is a deeply personal act. You give to the causes you most intensely believe in. Large donors can definitely follow their passion, because the very size of their philanthropy can make a dent in the problem they are most concerned about. But smaller donors will have to perhaps think a bit harder about what activities to fund. Should it be education or environmental protection or human rights or something else? Where will you get the best bang for your buck?

A bit of scientific research could be useful here as well. One guide has been provided by the Copenhagen Consensus Center (CCC), a think tank housed in the Danish capital that seeks to provide well-researched advice on how money should best be spent to help people and the planet. "The idea is simple, yet often neglected; when financial resources are limited, it is necessary to prioritize the effort. Every day, policymakers and business leaders at all levels prioritize by investing in one project instead of another. However, instead of being based on facts, science and calculations, many vital decisions are based on political motives or even the possibility of media coverage," says the CCC website.

The advice proffered by the think tank is largely targeted at governments, civil society groups and businesses, but small donors can learn something from their research as well. In 2008, CCC published a report based on two years of careful analysis by 50 economists who were asked to find the most cost-effective solutions to 10 important global problems. Then a group of eight major economists, including five Nobel laureates, vetted the proposals.

The results were surprising. The most effective intervention is a very simple one—vitamin A and zinc micronutrient supplements for children. Giving such help to 80% of the 140 million undernourished children in the world would cost just \$60 million but lead to \$1 billion of benefits.

Five of the top 10 suggestions attack the malnutrition problem, with solutions ranging from salt iodization to deworming and nutrition promotion in communities. More fashionable concerns such as development of low-carbon technologies to combat global warming or conditional cash transfers feature relatively lower on the list (though their very presence means that they are important interventions as well). At No. 2, new global trade talks are a rare fashionable issue at the top of the list.

So if you want to figure out in what areas your charitable donations will have the maximum impact, then the Copenhagen research suggests that it would be in simple solutions that deal with malnutrition, the education of girls, clean drinking water and maternal care. I have tried to focus my meagre donations to charities every year on micronutrient support to young girls in poor communities.

The Upanishads define three principal human virtues: *damyata*, *datta* and *dayadhvam*, or restraint, charity and compassion. Indians do not give enough to charity, but the habit is growing among those who have been lucky enough to benefit from a dynamic economy. A little scientific inquiry can ensure that your charity can be effective.

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