

GIVING

what we can



Fundraising Prospectus 2015



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givingwhatwecan.org

Part of the Centre for Effective Altruism, a registered charity in England and Wales, Registered Charity Number 1149828.

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Giving What We Can helps people donate as effectively as possible

Our members pledge to donate at least 10% of their incomes to the world's most effective charities

We evaluate charities and recommend the most effective to our members

So far, we've moved over \$7 million, and our members have pledged over \$400 million to these charities

Now we need your support

Go to
givingwhatwecan.org/fundraising
to donate

Our Recommended Charities

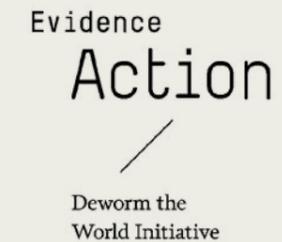
Giving What We Can recommends the following charities on the basis of extensive research showing them to be among the most effective in the world.



Malaria kills over *half a million* people every year, but the **Against Malaria Foundation** can provide an insecticide treated bednet for under **\$8!**



Schistosomiasis is a devastating disease, but the **Schistosomiasis Control Initiative** can provide a child with treatment for less than **\$2!**



Treating intestinal worms is one of the most effective ways to improve school retention, and **Deworm The World** can deworm children for just **50 cents.**



Malnutrition can stunt a child's growth and lead to learning difficulties, but **Project Healthy Children** can fortify a year's worth of meals with essential nutrients for just **5 cents!**



Child from Orissa, India carrying a bednet provided by the Against Malaria Foundation

How effective are we?



Our achievements so far

1000+ members donating

**\$7 million already moved
to effective charities**

**\$400+ million pledged
in future donations**

2010	2020	2030	2040	2050	2060
\$ \$ \$ \$ \$	\$ \$ \$ \$ \$	\$ \$ \$ \$ \$	\$ \$ \$ \$ \$	\$ \$ \$ \$ \$	\$ \$ \$ \$ \$
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Our Vision

A world without extreme poverty

Our Mission

Inspire donations to the world's most effective charities

Our Mission Statement

We believe that people in the developed world have an amazing opportunity to substantially improve the lives of countless people at the other end of the global income scale. Our members pledge to give at least 10% of their income to the organisations which can do the most good with their donations. We use evidence to identify those organisations and share our findings. By forming a global community and making public our commitment to effective giving, we can inspire others and ensure that we make a real impact on global poverty.

The Pledge

I recognise that I can use part of my income to do a significant amount of good.

Since I can live well enough on a smaller income, I pledge that for the rest of my life or until the day I retire, I shall give at least ten percent of what I earn to whichever organisations can most effectively use it to improve the lives of others, now and in the years to come.

I make this pledge freely, openly, and sincerely.

To become a Giving What We Can member, you must pledge to donate 10% of your lifetime earnings to effective causes.

So far, over 1000 people have taken the pledge, collectively committing to donate more than \$400 million over the course of their lifetimes

About Giving What We Can

Who we are

Giving What We Can is an international society dedicated to eliminating extreme poverty in the developing world.

To achieve this aim, we work to build and maintain a community of members, all of them committed to giving at least 10% of their income to the world's most effective charities.

We believe that extreme poverty, along with the problems it causes, is probably the worst ongoing disaster in the world today. A billion people lack access to clean drinking water, and more than 800 million go to bed hungry each night.

However, it doesn't have to be this way. For those of us living in the developed world, our comparative wealth gives us an amazing opportunity to make a real difference. But this will only happen if people give what they can, and give to effective charities and causes.

What we do

We want to change the way people give money to charity.

Many people are happy to give, but do so sporadically and without much awareness of the impact their donations will have.

Instead, we encourage people to commit to set aside and donate a fixed percentage of their income in a targeted manner. Giving What We Can members pledge to donate at least 10% on an ongoing basis. But just as importantly, they donate this to the charity or charities which they believe to be the most effective in the world.

Donating 10% won't always be easy, which is why we focus on building a community of givers: a support network in which effective giving is normalised and celebrated. Our pledge acts as a form of pre-commitment which helps

members to stick with their intentions, and we provide reminders and encouragement to our members to help them meet their giving targets.

We undertake and review research to identify the most effective poverty-relief charities, which we then promote to our members, along with anyone else interested in making a difference. We also run the Giving What We Can Trust, which provides an easy and tax-efficient way for people to send donations to effective charities overseas.

Since we were set up in 2009, over \$7 million has been donated to effective organisations thanks to our efforts, and over \$400 million has been pledged for the future. We're ever-growing, and we're changing the landscape of charitable giving.

Our Team



Prof. Toby Ord
Founder and President
Represents Giving What We Can in the media; provides advice to WHO, World Bank and the Prime Minister's Office. Research Fellow in Ethics at the University of Oxford.



Dr Michelle Hutchinson
Executive Director
Sets the strategy for Giving What We Can. Manages team members and evaluates progress. Has a PhD from Oxford University and was recently named a Global Shaper



Dr Andreas Morgensen
Deputy Executive Director
Provides strategic advice. Professor at Jesus College, Oxford. Has conducted research for Giving What We Can for four years.



Jonathan Courtney
Director of Outreach
Responsible for Giving What We Can's Outreach strategy. Focuses on supporting chapters and encouraging new chapters to develop.



Alison Woodman
Director of Community
First point of contact for new members; keeps established members engaged. Organises events & manages the Trust. Has worked for charities in India & Mongolia.



Dr Hauke Hillebrandt
Director of Research
Researches the effectiveness of our current top charities and looks for new interventions to recommend. Holds a PhD in Neuroscience from UCL and was a Harvard fellow.



Sam Deere
Director of Communications
Handles communications and helps to bring new members on board. Previously a political adviser and comms director for several high-profile Australian politicians.



Luke Ilott
Director of Growth
Incoming, commences mid-year. Will work alongside Sam to help people along the pathway to membership.

Our plans for 2015

This year is set to be a big one for effective altruism. With four major books on the topic set to be published, including one by influential moral philosopher Peter Singer, we anticipate heightened public awareness of the importance of and arguments for effective giving.

With this in mind, our plan for 2015 and early 2016 is to capitalise on the media attention. We'll have a particular focus on targeting people who are intrigued by the idea of effective altruism but don't know where to start, converting their interest into action.

At the same time, as our community grows it is increasingly important to maintain personal contact with our members, so that they continue to feel close-knit and supported. We'll also be stepping up our research programme to ensure that we make the best possible recommendations.

Effective altruism books set for release this year

The Most Good You Can Do
Peter Singer, April 2015

How To Be Great At Doing Good
Nick Cooney, April 2015

Doing Good Better
Will MacAskill, August 2015

Strangers Drowning
Larissa MacFarquhar,
late 2015

Our priorities for the next year:

Making First Contact

Effective altruism's profile is growing, and our job is to convert that into new memberships and more money moved to the world's best charities. We need to make first contact with potential members, communicating our goals and getting them interested. Based on our previous experience, two methods seem to be particularly well-suited to finding and persuading new members.

The first method is **local chapters**. Whether based around regions or educational establishments, these provide a more tangible, physical community, and can help to bring people in through word

of mouth¹. We now have a Director of Outreach dedicated to overseeing the chapters and their progress.

The second method is **social media**. We have recently brought on board a social media specialist to allow us to spread the word and, more importantly, encourage existing members to share their experiences in order to pique the interest of their friends and families.

⁽¹⁾ 37% of members who told us how they first heard of Giving What We Can mentioned friends. 50% of those who mentioned friends did so exclusively.

Getting New Members

Just as important as making first contact is ensuring that we maintain contact with people who do express an interest. We are working on improving the pathway to membership, maximising the chances of interested people taking the pledge and becoming members.

Our increased focus on local chapters and social media (see above) will improve our ability to follow up and help move people towards joining. We have already introduced our "try giving" feature, where people choose how much to give and for how long, to get a taste of how membership would work in practice. We also

plan to have a dedicated staff member as the point of contact for people on the pathway, someone who can answer questions and concerns and help to motivate people who are interested but have yet to make a commitment.

Maintaining Our Community

Our membership has doubled over the past year, making it increasingly important to focus on building and maintaining the community of members. We now have a staff member dedicated to existing members, answering questions and helping to introduce them to each other. We'll continue to provide high-quality events to draw the community together.

Ensuring that lines of communication stay open helps members to learn from each other and to continue meeting their giving targets. It also allows us to promote effective altruism events and spread the word to new people through our members (see above), including by encouraging members to set up new chapters. It's also an important way to ensure that members report their own giving, so that we can accurately evaluate our impact.

Improving Our Research

We have a shortlist of charities which we are proud to recommend. However we are constantly striving to improve our recommendations, check-

ing to see whether there are any other possibilities we have overlooked.

Over the next year our research team will be re-evaluating our existing recommendations and looking into new possibilities, updating and adding to our current list. We will also provide advice on issues such as the most tax-effective ways to donate money, and whether it is better to donate now or donate later (such as through a will). We will then communicate this information to our members, and to the public, ensuring people have access to the best possible information on how to give effectively.

Want to support Giving What We Can? Go to givingwhatwecan.org/fundraising to donate

Our Impact

We think it is important that people choose where to donate based on how they can help others the most. Therefore, in order to know whether Giving What We Can is a good target for donations, we need to know the impact of our activities. In order to help people to donate to the charities they believe are the most effective, we've described our attempts at quantifying our impact. We've also provided a spreadsheet so that you can make the same calculation using your own assumptions.

We measure our impact in terms of how many dollars we move to highly effective charities. We need to be moving more than \$1 to effective charities (which wouldn't otherwise be donated) for every \$1 given to us, otherwise it would be better to donate directly to those charities. Measuring impact is difficult and uncertain, so we have given a range of estimates, using different methods and assumptions. That range is between \$6 and \$300 to top charities for every \$1 donated to Giving What We Can.



Impact Calculations

We measure our effectiveness using the amount of money we've caused to be donated to highly effective charities. We've set out detailed calculations, so you can see how we arrive at our estimates.

We've provided both a low, very

conservative estimate, a higher, more realistic scenario, and an optimistic marginal impact calculation. We believe that, even at the lowest estimate of our effectiveness, Giving What We Can represents an excellent return on investment, and that you can be confident

that a donation to us will have as much positive impact as possible.

The calculations are summarised here. For an in-depth look at how we arrived at these numbers, please see the appendices, starting page 18.

Lower bound 6:1

The **lower bound** calculation uses more conservative or pessimistic assumptions, and counts only the money that we know we have *actually* moved to charity (as opposed to what people have pledged to donate in future). We think that this represents the worst-case scenario for our impact.

Under this scenario, for every \$1 spent by Giving What We Can, around \$6 is moved to top charities

The full calculation is set out on page 18

Realistic 60:1

The **realistic** scenario uses detailed information about what we expect members to pledge into the future, and provides what we consider to be the most realistic estimate of our effectiveness.

Under this scenario, for every \$1 spent by Giving What We Can, around \$60 is moved to top charities

The full calculation is set out on page 22

Optimistic 90-300:1

The optimistic calculation tries to find our marginal impact – that is, what is the cost of signing up another member, compared what we expect that member to contribute over their lifetime.

the other two calculations) suggests that it is plausible that for every \$1 spent by Giving What We Can, somewhere between \$90 and \$300 is moved to top charities.

The full calculation is set out on page 28

This calculation considers a range of scenarios, and (while it is perhaps more speculative than

Budget

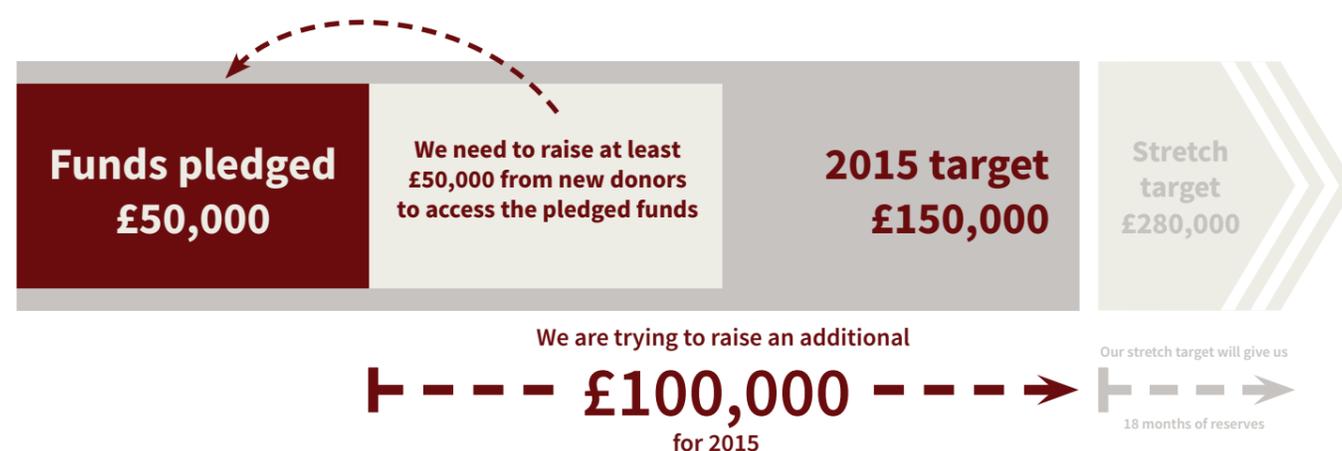
This spring, we would like to raise our full budget for 2015, so that for the rest of the year we can focus on our core activities, instead of fundraising. We also want to finish the year with at least 12 months of reserves. In order to achieve both of these goals, **we need to raise £150,000** in this fundraising round.

Our aim is to broaden our base of donors who

donate regularly and substantially – at least £1,000 per year. To achieve this, we are running a matched fundraiser, in which people who have previously donated less than £1,000 to Giving What We Can, and are now donating over that amount, can have their donations matched (up to £5,000). We have previously relied mostly on a few very generous donors; we would like to be less dependent on any one individual going forward.

We have previously had more staff turn-over than we think is ideal. An important part of making sure that staff view working for Giving What We Can as their preferred long-term option is

improving stability year-to-year. Therefore, it is crucial both to broaden our donor-base and to maintain adequate levels of reserves - preferably between 12 and 18 months.



2015 Budget

Item	Cost (£)
Employee pay/tax/other and intern support expenses	123,452
Communications and Chapters	7,660
Administration (members and GWWC Trust) and unassignable	15,123
Research, training and equipment	3,200
GWWC share of CEA expenses	53,988
10% contingency	20,342
Total	223,765

Expenses Summary

Item	Amount (£)
Reserves at the beginning of the year	+ 207,000
Donations so far this year	+ 78,000
Expected donations from regular donors over 2015	+ 50,000
2015 budget	- 220,000
12 months of reserves <i>12 times the Dec 2015 budget, plus £20,000 which is our share of an extra central staff member, which we think will be required by 2016 given current rates of CEA growth.</i>	- 265,000
Total	£ 150,000

Giving What We Can share of CEA expenses

Giving What We Can is part of the Centre for Effective Altruism, which allows us to benefit from shared HR, office costs, services, staff benefits etc.

Item	Cost (£)
Employees	20,468
Office	11,356
Services (recruitment, fundraising, intern accommodation)	9,112
Sundries (including financial and legal costs, lunches, technical, training)	5,281
Total	53,988

Appendix 1: Lower Bound Impact Calculation

This calculation is a conservative estimate of Giving What We Can's impact. It only takes into account impact that has already happened and was concretely measured. In this calculation, we only count money that we know with high certainty has already been moved to effective charities, and would not have been moved without us. It takes in the years 2009-2013, which are years for which we have the most

complete data. It considers only money that was actually given up to the end of 2013, rather than using donations made in 2009-2013 to make assumptions about future donations, and only includes money which went to the most effective charities and would otherwise not have been donated at all. It then compares that to our costs up to the end of 2013.

Summary of the calculation

Giving What We Can's costs up to the end of 2013 were **\$395,000**.

The donations to top charities that members told us about (and which would otherwise not have been donated) was **\$872,000**.

From information provided to us by two charities, and one large donor, we learned about an additional **\$1,499,000** which was donated to top charities, and would not have been donated if not for Giving What We Can.

Adding these numbers gives the total donations to top charities attributable Giving What We Can in 2009-2013: **\$2,371,000**.

This means that **for every \$1 donated to Giving What We Can over 2009-2013, \$6 was donated to top charities**. This excludes future donations from members who joined over the period, donations to other charities and impact from causing people who already planned to donate money to donate it to more effective charities.

Costs

Giving What We Can's total monetary costs up to the end of 2013 were £119,838. Up to the middle of 2012, Giving What We Can was run entirely by volunteers. For the previous impact evaluation (up to 2012), we worked out the number of hours spent by the volun-

teers on running it, which gave 11,865. Costing volunteer hours at £10 per hour (indicative of salary costs were these people paid staff)¹, this volunteer time was worth £118,650. Therefore

(1) This is conservative - we expect that our current staff are more productive, and therefore have a greater impact on how effective we are, than volunteers.

the total costs up to the end of 2013 were £238,488, which equates to around **\$395,000** (2013 dollars).

Total Donations from Members

Until 2014 (when we introduced the 'My Giving' section to our website, allowing members to

Top Charities

Throughout these calculations, we refer to 'top charities'. This includes additional charities to those we currently recommend (see page 5). For the purpose this analysis, the charities in this category are listed at the right.

The first four are our recommended charities, and the rest are all charities that we consider to have a high chance of being extremely effective, but that we do not include in our current list of recommendations¹. While we consider our parent organisation, the Centre for Effective Altruism, to be a highly effective charity, we have excluded it from these calculations to avoid possible double counting and maintain probity.

(1) Some were previously recommended and have been supplanted by more effective charities; some have not been recommended yet because of uncertainties in the information available to us when we evaluated them; we are uncertain of GiveDirectly's effectiveness, but defer to GiveWell's consistent recommendation

Our list of top charities:

- Schistosomiasis Control Initiative
- Deworm the World Initiative
- Project Healthy Children
- The Against Malaria Foundation
- GiveDirectly
- GiveWell
- RESULTS
- The Abdul Latif Jameel Poverty Action Lab (J-PAL)
- Dispensers for Safe Water
- Cool Earth
- Stop TB
- Innovations for Poverty Action

report their donations directly), we used yearly surveys to ascertain how much members donated, and their incomes. For those members who joined before the end of 2013, 67% told us their income and donations for one or more years in which they were members. Member donations recorded by this survey up to the end of 2013 had totalled **\$3,994,000**¹.

Try Givers (non-members who commit to donating regularly for a specified time) reported donating \$11,000 over 2013. We didn't advertise this option widely until 2014, hence the small number of participants.

(1) Numbers have been rounded to the nearest thousand for simplicity.

This number is sufficiently small that we have excluded it from our calculation of how much money would have been given anyway.

In the future we plan to use money flowing through the Giving What We Can Trust when preparing impact evaluations. However, we are unable to use it for the purposes of this evaluation as it was only set up in December 2013.

Donations that would have been made anyway

When they join, we ask all our members what percentage of their income they think they would have donated if they hadn't joined Giving What We

Can. This allows us to calculate the amount of money which would not have been donated if it had not been for Giving What We Can, by subtracting the product of their income and their previous predicted donation percentage from their actual donations. Of course this was only possible for those members who gave us both donation and income data. Doing this gives a donation total of **\$2,138,000**.

Additional Tracked Donations

We also try to get information from our recommended charities as to how much of their donations were attributed by the donor to Giving What We Can.

Project Healthy Children told us over 2013 they attributed \$74,000 of donations to us.

The Against Malaria Foundation got \$424,000 in donations from donors who cited Giving What We Can as their reason for donating.

We did not manage to obtain this information for the Schistosomiasis Control Initiative or Deworm the World Initiative.

To prevent double counting, we subtracted the donations of members who told us they gave to PHC and AMF in the giving survey from the amounts that PHC and AMF gave us. Doing this gave an additional \$52,000 going to PHC and \$95,000 going to AMF. This will be an under-estimate, given that not all members would have mentioned Giving What We Can to the charities when donating. This gives an additional **\$147,000** attributable to Giving What We Can.

A large donor who has given us detailed information on their donations and the extent to which those were caused by Giving What We Can was not a member at the time, though they subsequently joined. Over the period 2009-2013 they donated \$8,560,000, of which they estimate \$7,123,000 wouldn't have been donated to effective charities if it weren't for Giving What We Can. Therefore, a counter-factually adjusted lower bound for the money Giving What We Can moved to charity between 2009 and 2013 in total is **\$9,414,000**.

Donations to Top Charities Only

Of the donations our members reported over the 2009-13 period, \$3,055,000 was to top charities. Excluding money which would have otherwise been donated to charity, and money donated to the Centre for Effective Altruism, gives \$872,000. This does not include money which would have been

donated anyway, but which was given to more effective charities due to Giving What We Can.

The large donor mentioned above donated both to a Donor Advised Fund, and to a number of charities. Of their combined donations, \$1,346,000 was donated to top charities¹. Adding this to the information provided to us from the Against Malaria Foundation and Project Healthy Children and donations that would not otherwise have been made to top charities from members gives **\$2,365,000**.

Putting it all together

Given our costs for the period (\$395,000), this means the lower bound for our leverage ratio (the number of dollars which we caused to go to top charities for every dollar donated to us) over the period 2009-2013 was **approximately 6 : 1**.

(1) Again, excluding the Centre for Effective Altruism.

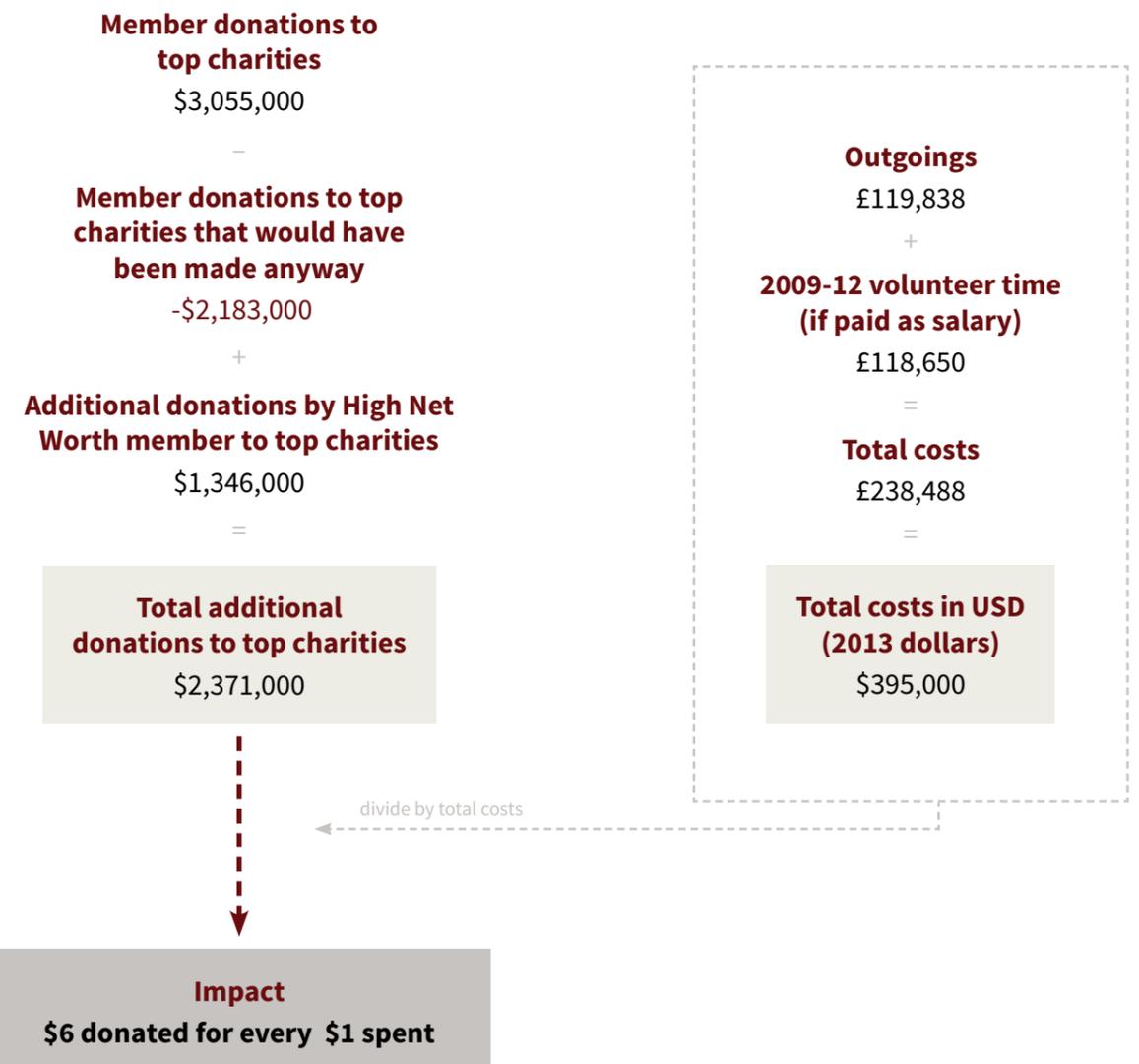
Limitations of this calculation

This calculation does not include:

- any impact we had on non-members apart from the one large donor mentioned who joined after 2013
- any impact from causing people to give to more effective charities rather than the ones they otherwise would have
- members who did not tell us about their giving
- any impact by non-top charities
- any donations made in the future.

Consequently, it is likely to undershoot Giving What We Can's actual impact by a considerable margin.

To try to get a more realistic estimate of our effectiveness, the next section (page 22) outlines a more sophisticated calculation which takes some of these factors into account..



Appendix 2:

Realistic Impact Calculation

This calculation aims to provide a realistic estimate of our actual impact. The previous calculation (page 18) gave a very conservative lower bound for our effectiveness – it simply asked how much our members had already reported they had donated to our recommended charities which they wouldn't have otherwise donated, compared to how much our costs had been.

By contrast, this calculation aims to provide our best guess for how much money will be donated to top charities from our members for each dollar spent by Giving What We Can. The assumptions are therefore intended to be realistic, not pessimistic. If you wish, you can visit givingwhatwecan.org/impact we have provided a spreadsheet where you can try out the calculation using your own assumptions.

Summary

In this calculation, we start with the total amount of money members who joined between 2009 and 2013 pledged to donate to the most effective charities.

Donations which we would expect to go to non-top charities, which would otherwise not be donated total **\$7 million**. Members donating to more effective charities than they would have otherwise total **\$9 million**.

We then adjust to account for people leaving or ceasing giving, donating a different amount than they pledged and a discount rate.

This means that the total value donated to top charities by the members we recruited between 2009 and 2013 is **\$34 million**, time discounted and adjusted for donations that would have been made anyway.

We then calculate our impact from a number of different sources, in each case calculated in terms of 'top-charity equivalent' dollars.

This equates to \$67,000 per member, and suggests that our leverage ratio is around 60:1 – that is, **for every \$1 spent by Giving What We Can, around \$60 will be donated to top charities**.

The donations we would expect to go to top charities which would not be donated if it hadn't been for Giving What We Can total **\$17 million**.

Limitations of this calculation

This analysis does not take into account any impact we have aside from the money we move to our recommended charities by getting people to join Giving What We Can (for example, people who are persuaded by the case we make for effective giving and who donate to our recommended charities, but

have not chosen to become members). We believe that this means our estimate is likely to be lower than reality.

Furthermore, the calculation only includes the future donations of members who joined up to the end of 2013, because we do not have complete

figures for 2014 yet (the UK tax year has only recently finished, and the Australian one does not end until mid-year). As our membership has grown faster than our costs over 2014, this also means that our estimate is likely to be lower than reality.

Costs

Total costs for Giving What We Can over the 2009-2013 period were \$395,000. This includes actual expenses, and volunteer time costed as if it were paid as salary (see page 18 for more detail).

It is plausible that, in order for the rate of membership attrition to remain at its current level (see below), we need to invest time in the future into activities promoting member retention.

It is likely that some of Giving What We Can's general activities will contribute towards member retention (Giving What We Can continuing to grow might keep members feeling enthusiastic about the organisation for example). However, it is also likely that other activities would be explicitly required to retain these members (e.g. events, newsletters, support etc).

We estimate that for the 391 members in these cohorts, the work involved would be the equivalent of around one full week of work per year for a member of staff (which costs us in the region of \$1,200) over the next 40 years. This puts our total costs for these cohorts at **\$443,000**.

Donations pledged by members

The amount of money pledged by members who joined up to the end of 2013 was **\$146,119,864**.

Members pledge to donate a proportion of their income (at

least 10 per cent) for the rest of their working lives. They provide us with information about how much they expect their average future salary to be, and their current age. From the latter we work out how many working years they are likely to have left, and therefore their total expected income over their working lives. We then multiply this by the proportion of their income they have pledged to donate (in most cases, 10 per cent) to derive the total donations we expect them to make in the future.

This methodology obviously relies on the accuracy of members' predictions about their future income. In general we have found that these predictions seem conservative, as most people underestimate their future earning potential¹. If members do not estimate their future salary, we use the median salary for their country. We think that is a fairly pessimistic assumption, as our median member has an expected earning potential higher than the median wage².

Accounting for membership attrition

Some members leave Giving What We Can, and therefore

(1) For example, many members estimate their future income will be the same as their current income, even though they are at the beginning of their careers - in reality, income typically increases throughout a person's career

(2) For example, many members attend prestigious universities and/or are pursuing careers that have an average salary much higher than the median wage

can be assumed not to actually donate the money they pledged. Others we lose contact with, so that we don't know whether they donate the money they pledged. The rate of people leaving has so far been 1.7% of members per year³.

Other people lose contact with Giving What We Can. The rate of people going silent has been 4.7% per year (we have counted people as silent if we haven't had any contact with them for over 2 years). It seems likely that members who go silent still donate some amount, but it is likely to be less than the amount they pledged. We have assumed that this will be around one-third of their original pledge (for example, if a person pledging the standard 10% of their income has gone silent, we've only counted 3.33% of their pledge in this calculation).

Given these numbers, the total of those ceasing donations per year is **4.8%**⁴. We've assumed that this percentage will remain constant over time. This means that after, say, 30 years, each member has a 23% chance of still donating, which we believe is a plausible estimate.

We have made the simplifying assumption that the money pledged will be donated in

(3) This number was reached by separating the data into yearly cohorts, working out what percentage of each cohort left each year, and taking the mean of these. The number going silent was worked out in a similar way.

*(4) i.e. $1.7 + (\frac{2}{3}) * 4.7$*

equal parts over the next **40 years** (the median expected working life of members as at the end of 2013). If no members ceased donating, that assumption would mean that around \$3,652,997 was donated each year. The assumption that the money will be donated in equal parts seems optimistic, because people's incomes typically increase with age. The assumption that the percentage of people ceasing donations is a constant percentage, on the other hand, seems pessimistic, as it seems likely that members would either drop off within the first few years, or remain engaged long-term.

Making these assumptions, the total donations we would

expect to be made would be **\$62,323,117**.

Discounting future donations

We discount the effective value of donations over time, to account for the diminished value of a donation made in the future, versus a donation made right now. This assumes that there is some loss of value caused by delaying an intervention; in essence, if people donate now, the people affected by the interventions they fund will be alive and making ongoing and valuable contributions to their community, and this is likely to have a compounding positive effect into the future. By contrast, these effects will not be compounding during the period between

the present and the date of a future donation, and therefore the total future positive effects will be lower.

The UK Treasury Green Book, used for appraisal and evaluation in the central UK government, recommends using a discount rate of 3.5% per annum to find the present values of benefits and harms accrued in the future. (See box below for rationale).

Using the Green Book rate to discount future donations, we expect future donations to have a present value of **\$40,420,077**.

Choice of discount rate

The Green Book discount rate incorporates a number of factors¹. One of these is a pure time discount, which we consider to be a dubious method of discounting future value; however, this is only a small component of the rate (less than 0.5 percentage points). The rate primarily tries to capture the effects of potential future catastrophes which would prevent the benefits of a policy (or in our case, a poverty-reducing intervention) from accruing, and the effects of economic growth combined with diminishing marginal utility of resources.

There are many considerations bearing on what the correct discount rate to use is. You might think that interventions such as deworming have strongly compounding benefits to a society, and therefore that the discount

(1) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

rate should be very high. However, as compounding benefits do not get reinvested into the same interventions, we cannot assume that social benefits necessarily lead us to conclude we should apply a very high discount rate.

Another way we might choose a discount rate is by looking at the savings rate as a proxy for the social return that we would lose out on by donating later. In other words, if people pledge to give \$100 in the future, what present value of money would be required to generate that future \$100 if invested now. The rate of return you could get on investments depends on the risk you're willing to bear, but a 3.5% discount rate is higher than the average UK savings rate of the last decade, and around what you could expect to achieve at the moment with a balanced investment portfolio.

Accounting for members donating a different amount than they pledged

The average pledge percentage for our members is 11.03%. The average percentage of incomes people actually donate is 12.92%. Using the ratio between these, given the amount of money pledged, we would expect to be donated is **\$47,346,092**.

The percentage of income that people actually donated comes from self-reported data contained in our membership records. We considered that the actual average might be lower; however, we cross-checked figures attached to members whose average donation percentage was more than 15% of their income by contacting these members directly. By only revising figures for higher-donating members, the lower-donating members are effectively weighted higher, and therefore bring the average down. Additionally, the people who give a greater percentage than their pledge percentage are disproportionately people with larger-than-average salaries (as you might expect), therefore the actual weighted average could be a bit higher than the one we use in this calculation. We therefore expect this number to be fairly accurate.

How much of this would have been given anyway?

Some of the money given by our members would have been given to charity anyway. To work out this figure, we ask people when they become

members what percentage of their income they would have given to charity if it had not been for Giving What We Can¹.

To work out how much money Giving What We Can caused to be donated, we divided the difference between the pledge percentage and the percentage members would have given anyway by the pledge percentage for each member, and then averaged over these²:

$$\left(\begin{array}{c} \text{pledge percentage} \\ - \\ \text{counterfactual percentage} \end{array} \right) \div \text{pledge percentage}$$

This tells us that, on average, 53 per cent of members' donations would not have been made were it not for Giving What We Can. Multiplying

(1) For people who had put their counter-factual as larger than their pledge, we contacted them to check that they did not think that Giving What We Can had resulted in them donating less (none of them thought that). We then capped their counter-factual at their pledge (that is, we assumed we had no counter-factual impact on them). For people who took the Further Pledge, only their pledged percentage was used (for simplicity). This makes the final number more pessimistic, because it does not account for people who would have given their pledge percentage if it were not for Giving What We Can, but would not have given everything above their baseline.

(2) This prevents any one member's projected donations skewing the number too heavily, and means that the number can be generalised to other members more easily.

through by that figure means that the amount we would expect to be given by members which would not otherwise be donated is **\$25,093,429** (meaning **\$22,252,663** would have been donated to charity anyway).

What charities do the donations go to?

The purpose of this calculation is to find our impact in terms of the dollars we cause to be donated to top charities. This impact could come from two main sources. Firstly, from members donating to top charities when they would otherwise not have donated at all. Secondly, from Giving What We Can causing members to choose to donate to more effective charities than they would otherwise have donated to.

To take this into account, we have estimated the amount of money given to top charities which would otherwise not have been given to charity at all. We have also estimated the amount of money which will be donated to more effective charities (weighting to account for the fact that the money would have been donated anyway, but to a less effective charity). Combining these figures gives the amount Giving What We Can caused to be moved to top charities, in 2013 top-charity equivalent dollars.

Value of donations that would not have been made otherwise

The fraction of money donated by members to top charities

(versus all other charities) for the years 2009-2013 was 54%.

54% of the \$25,093,429 in expected donations that otherwise would not have been donated to charity is **\$13,550,452**¹.

The remaining 46% of our expected donations (\$11,542,977) is going to charities which we consider to be less effective than a 'top charity'. We still expect them to be reasonably effective – they tend to be well-respected developing-world charities. We have multiplied these donations by a factor which reflects how much less effective we think those charities are than our recommended ones.

We have assumed that a non-top charity is around 50% as effective as a top charity. Using that factor to weight the value of donations expected to go to non-recommended charities, gives **\$5,771,489** in top-charity-equivalent dollars.

Adding these figures, the total future value of donations that would not have been donated otherwise is **\$19,321,940**.

⁽¹⁾ This calculation assumes that the money that would otherwise not be donated to charity and money which otherwise would be are equally distributed between top and non-top charities.

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Value of donations that would have been made anyway

We also need to know the impact we could expect in terms of affecting where people donate in cases where they would have given to charity anyway, but would have given to less effective charities than top charities.

As above, **\$22,252,663** of expected donations would have been made anyway.

To determine that, we need to know the fraction of people for whom we affected where they gave. Information is limited, but in 2014 we put a question on our pledge form asking whether we influenced where people gave. The percentage of people who said that Giving What We Can affected where they give is 65%. Assuming this information is broadly representative of all our members, the amount of money for which we expect to affect the destination charity is **\$14,464,231**.

As this money would have been given to charity anyway, Giving What We Can’s impact lies in the difference in effectiveness between where the money would have been donated, and where it was actually donated. As above, we have assumed that the value of the charities people would have donated to is about 50% as effective as

the ones we influence them to actually donate to. Therefore the expected value of changing the locations of people’s donations, in top-charity donation equivalent dollars, is **\$7,232,116**.

Adding it all together

Overall, the total value we might expect the members in the 2009-2013 cohorts to have, in counter-factually adjusted time-discounted dollars to top charities equivalent is **\$26,554,056**.

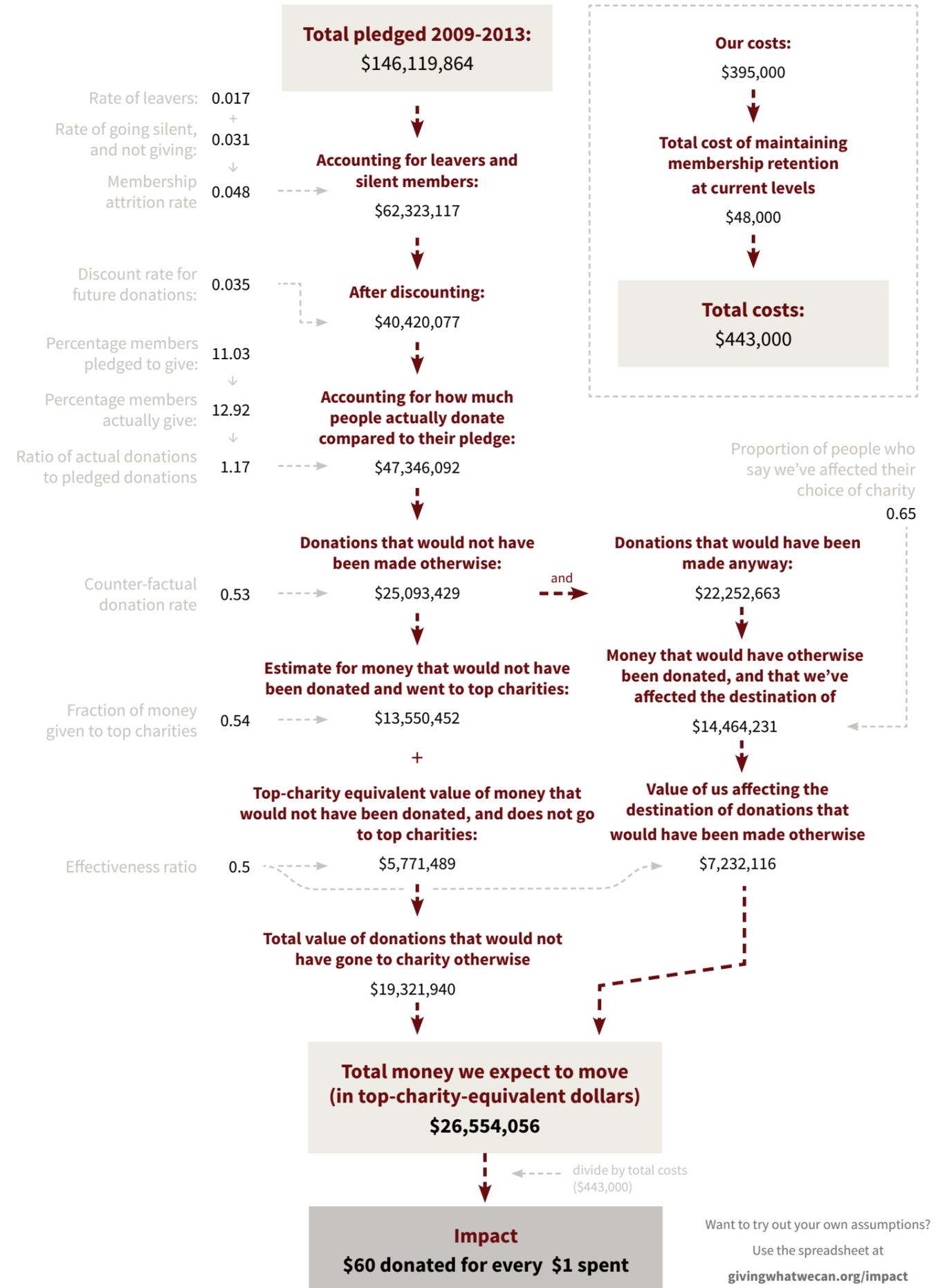
This is approximately equivalent to \$67,000 per member who joined over that period.

Our impact

We can use the total amount we expect our 2009-2013 members to donate to find our total impact – that is, how much we might expect our members to donate to top charities for each dollar we receive.

As above, costs up to the end of 2013 were **\$443,000**.

Dividing the total amount we expect to be donated (\$26,554,056) by our costs produces a leverage ratio of 60:1. **That is, for every dollar we spend, we expect approximately \$60 extra to be donated to effective charities** (in present-day, top-charity adjusted dollars).



Want to try out your own assumptions?
Use the spreadsheet at givingwhatwecan.org/impact

Appendix 3: Optimistic Marginal Impact Calculation

A related way to estimate the fundraising multiplier for Giving What We Can is to determine the cost of attracting an extra member, and take the average amount we expect them to give over the course of their membership (in this case taken from the above), and take the ratio of the two.

The analysis above estimated that an additional member would on average give around \$90,000 to top charities due to signing up to Giving What We Can and the follow-up we offer over the course of their careers.

We now need to estimate how many more members we would get if we incrementally grew the organisation, say by adding one more staff member. We will never know this number precisely - unlike average costs, marginal costs can't just be read off a spreadsheet and so are hard to pin down - but the

data we have does offer some useful clues.

The average cost of getting a member up until the end of 2013 was around \$900. More recently, in 2014, Giving What We Can's membership grew by 415 at a direct cost of £85,000 (\$130,000). This comes to a much lower \$320 per member on average.

As we grow it seems that the average cost of attracting members, rather than increase as we exhaust the available opportunities to find members, has gone down. Possible reasons for this are that a) we have made it easier to sign up online, which has made it easier to attract members; b) we are learning how to better convince people to join; c) as we hire more people, specialised roles within the organisation allow everyone to work more efficiently; d) existing members spread the word about us, cre-

ating some level of exponential growth; e) as we get bigger, we can spread the fixed costs of maintaining an organisation, such as legal compliance and strategic planning, over a larger amount of growth. This is some evidence that rather than Giving What We Can confronting increasing marginal returns as one might naturally expect, the marginal cost of getting members today could be lower than its average over the lifetime of the organisation. This is actually not so surprising for an organisation as small as Giving What We Can, which can enjoy increasing economies of scale as it grows.

Another clue about the marginal cost of getting new members is provided by pulling out 'organic' growth from the growth our staff generate through their work. For this approach we would need an estimate of how many people would join each

year regardless of what we do. We attracted 120 new members in 2013 and 405 in 2014. To be pessimistic, we could assume that all growth in 2013 happened organically, and would have happened without any extra effort on our part. If we take the 120 who joined in 2013 as the approximate number of people who join each year without any effort on our part, then we could estimate that we attracted an extra 285 through active effort in 2014. This would suggest each member cost \$460.

Another way of estimating the marginal cost of attracting members is to study the specific activities that you undertake and look at the number of members who seem to sign up as a result. In 2014 we conducted a trial with two interns contacting prospective members through Facebook. They spent around 100 hours together on

this project. Over that time they messaged 680 people, corresponded with 142, and ultimately convinced 8 people to take the pledge, and another 3 to take the Try Giving pledge. This would suggest that at the time we could get one person onto the full pledge with an extra 13 hours dedicated to the task - 1.5 days of full-time work. From our experience, this seems intuitively plausible. Of course, not every hour of staff time can realistically be dedicated to such outreach, as there are operational and management overheads. It is reasonable to assume that each extra hour of outreach requires approximately one hour of other work to support it. We would then need 26 total hours of staff time to attract a member. At our current salaries, this would cost around £300. The overhead on salaries for office rent and other materials would raise this estimate to £350, or

\$520, per additional member generated.

Of course, all of these estimates are just indications, but they build a reasonable case for the marginal cost of signing up an extra member falling between \$300 and \$1000. If the cost of attracting a new member is \$1,000 and they give an additional \$90,000 to top charities as a result, this implies a fundraising ratio of 90, while if the cost of an extra member is \$300, the multiplier would be as high as 300.

These numbers seem remarkably high, and it is quite reasonable to think that they are probably overestimates. However, they emerge naturally from the data we have collected, and bolster the case that Giving What We Can's fundraising multiplier is very likely over 10-fold, and could plausibly be much higher than that.

Previous Donors

Giving What We Can would like to thank our previous donors, who make what we do possible:

Luke Ding

Pears Foundation

Julia Wise and Jeff Kaufman

Patrick Brinich-Langlois

Alexander Gordon-Brown and Denise Melchin

Lyndsey Pickup

Frederick Mulder

Robert Collins

Oxford University RAG

Softwire

Ross Reason

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**Andrew Sutton and
Shiwei Jin**

Michael Peyton-Jones

Diana Fleischman

Giving What We Can is an international society of people committed to donating at least 10% of their income to the most effective charities in the world.

By donating to Giving What We Can, you aren't just supporting a charity – you're supporting donors all over the world to make the biggest difference they possibly can.

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