Why the big picture isn't big enough

Enabling charity funding by changing donor perspective

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Abstract

It can be assumed that confidence in the charitable sector is closely linked to the total funding received by its members, which in turn is closely linked to the true impact to beneficiaries.

Despite a large proportion of the UK's earning population giving regularly, working and volunteering for charities, significant factors for dissatisfaction with the system as a whole have become recognisable tropes in mainstream media and everyday conversation.

We examine these factors and propose a change in how the general public gives to charity. The crux is around providing assurance to each individual that all the problems they care about are being addressed using their donations. It is hard to see how to achieve this when individuals are encouraged to support a small number of charities working directly with beneficiaries. We provide details of a small-scale service we set up to implement this change, and discuss our findings.

Executive Summary

Empath UK is a donor-initiated project to explore gaps in the existing range of options for individuals giving to charity, based on our assertion that donors are widely dissatisfied. Our goal is to use analysis and action to inspire a new generation of solutions in the charitable sector that are effective in filling these gaps.

There are two primary outcomes from the project. One, we identified gaps in provision and defined characteristics of potential solutions; we discuss the issues involved and provide some practical guidelines and options for donors and solution designers. Two, as a demonstrative solution, we ran a service that aggregated small donations from family and friends over a period of several years, distributing £25,000 over a portfolio of 78 small grants. This portfolio met several constraints designed to promote healthy high-level system characteristics, such as wide coverage of cause, geographical areas and type of organisation, and including donors' preferences in the process for allocating funds.[1]

One might reasonably infer from how the sector solicits funding today that beneficiaries, charities, or major philanthropists are the dominant participants in charity. We consider the omission of the general public from this list to be inadequate for all concerned. The natural and practical authority on charity only comes from the individuals who care about the beneficiaries; we will explain how charities fail to represent the interests of such individuals, while high-wealth philanthropists account for under 5% of charitable funding in the UK.[2]

While we rely on such caring individuals working in the charitable sector not just for their goodwill but for an expert view of the needs of various beneficiaries, current ways of working

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[1] Details of many of the projects included are available at www.empathuk.org
[2] Coutts Million Pound Donors Report 2017 https://philanthropy.coutts.com

are centred around a contrived atmosphere of competition that is wasteful and unwelcome from the point of view of the caring individuals who make the work viable by donating, and we will show that it is also unnecessary. This is one of several criticisms of a nature that can easily lead to a reduction in confidence that giving to charity is an effective, or even a responsible thing to do with one's money. We assert that a lack of attention to what donors need has been a widespread but silent deterrent to individuals giving, and that better provision can increase overall donation levels as well as making donors more satisfied with the effect of their contributions.

This becomes a particularly interesting opportunity in today's polarised societies, which can be characterised in part by dissatisfaction with the outcomes of the dominant socio-economic models - and especially their capacity to provide assistance where it is needed - at a time when the efficacy and trustworthiness of charitable organisations is more regularly called into question, and support is growing for exploring alternative and additional options such as basic income, providing money directly instead of funding services, micro-credit, and social enterprise. Perhaps while both government aid and welfare can be seen to some extent as given out of the obligation and necessity of an implicit social contract, strengthening the capability of the general public to give may be a way of building a stronger sense of goodwill domestically and internationally. There is a potentially game-changing opportunity to present charitable giving on an equal footing alongside other consumer options, and this has substantial potential to increase individuals' engagement and satisfaction with both charity and society.

In this paper, we break down the core problem, enumerating the underlying factors for likely dissatisfaction in donation and highlighting concepts relating to each factor. We place an emphasis on long-term impact, widespread giving, group giving, proactive service-discovery, mitigating natural biases, and helping individuals to make quantitative funding decisions. With the problem described, we outline a framework for solving it, before using this framework to describe how we designed and built our own proof-of-concept service. Finally, we discuss our findings and make recommendations for next steps and changes in outlook for individuals and corporate entities in various positions. As the paper's authors are primarily individual donors from other walks of life generally unconnected to the charitable sector, this is our point of handover to those well-placed and inclined to take this further. We consider that we have clarified the fundamental needs that are not being met today, bringing together many strands of existing thought and showing how they can be consolidated into a strong direction for charity.

Structure of this document

We describe here our overall approach and how we have structured this document, so that readers with different relationships to charity can find readily what is of interest to them.

What we are presenting is a combination of a project and a problem analysis with many avenues of enquiry that could easily be taken beyond the scope of the project. We have focused on three areas: the identification and breakdown of the problem, the project itself

from design to discussion of results and future opportunities, and recommendations based on both.

Conceptual definitions, where we rely on them heavily or they are not already in widespread use in the context of charitable giving, can be found in Appendix A.

Quick answers to difficult questions - to the extent that we have been able to anticipate them - can be found in Appendix B.

The charitable projects included in the service portfolio can be found on the project website at www.empathuk.org

Introduction - problem statement

We define our problem by describing the needs of the donors affected and the range of options currently available to them. We describe how the existing options meet the needs, and summarise where there are gaps.

Background

There are approximately 30 million people who give to charity in the UK,[3] a relatively small and well-off proportion of the global population. The median monthly donation is around £20. As well as joining the effort to raise substantial parts of the global population out of poverty and respond to international crises of several kinds, charity in the UK also tackles domestic problems. The budget for the UK charitable sector is approximately £50bn per year, provided primarily by individuals' donations and government funding, with trading activity and investment income as minor contributors.[4] The sector comprises 150,000 registered charities.

Donor profile

The defining characteristics of the donor we consider are that they have sympathy for a range of charitable causes far wider than the number they actually donate to, they care about how effective a charitable service is and will take this into account when deciding how much to give, and in addition they care that any contribution they make is consistent with the "bigger picture" of a healthy socio-economic system.

Donors of *any* earning level and giving potential may fit this profile. Here it is worth making two points explicit. First, that individuals who give a small amount regularly over their working lifetime will contribute in total a substantial sum of thousands or tens of thousands of pounds.[5] Second, that if we could aggregate a large population of people who each give a

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[3] https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2018-report.pdf
[4] https://data.ncvo.org.uk/a/almanac18/income-and-spending-2-2/
https://www.ncvo.org.uk/about-us/media-centre/briefings/219-the-charity-sector-and-funding
[5] 40 years of giving the median of around £5 per week amounts to a personal total of over £10,000.

miniscule amount, then the total amount is enough to keep a medium service running, or many small services.[6] There's no practical need to set a minimum here - someone contributing £5 as a one-off has every right to care about the bigger picture.

Donors may feel dissatisfied or frustrated by particular things that may indicate significant omissions or inefficiencies in the bigger picture. Two examples of this are encountering serious levels of suffering such as homelessness (indicating major gaps in provision), and being exposed to large volumes of charity advertising (also indicating major gaps in provision, and the inefficiencies of a kind of "infighting").

Donors may or may not be aware of country-level initiatives such as the Sustainable Development Goals, or additional or supplementary strategic goals by major organisations. They will prefer a balance between strategic progress and immediate relief. It may be more important to them to ensure that everybody in need always has some provision, for example, than to eradicate the world's biggest problems. We expect most people to fall between these two extremes but closer to the first.

Donors may or may not wish to be closely involved with or informed about the individual projects they support, and may or may not wish to alter their level of support in response to a charity's performance or behaviour. Some donors may contribute in additional ways, which may for example include volunteering or being employed by a charity they support, or organising a collective of small donors to act as a more effective stakeholder. Other donors may prefer a "give and forget" approach that they can rely on.

A donor may or may not value what we call "single-impact matching", which is when a charity advertises precisely how a small donation might be used (for example, "£X will feed a child for a week". See Appendix A for more details). Whether they do or not, their overriding concern will be for efficiency and impact in the big picture.

Donors may care about the amount of their donation that is used abroad.

Dissatisfaction factors

Having given a general impression of the donor mindset, we consider seven specific areas where such donors are likely to experience some dissatisfaction.

Waste
These donors don't like inefficiencies that result in less money reaching the beneficiaries.

Some aspects of waste are well-recognised in the sector: it is common for charities to say what fraction of a donation will reach the beneficiary, and how the remainder is spent. Additionally, many charities try to make effective use of volunteers, reducing the number and

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[6] 10 million people giving 1p a month gives an annual income of approximately £1m. Enabling a satisfactory way to achieve this might mean that a donor giving the median amount supported 2000-50000 charities regularly, and this would be a primary income stream for most of them.

cost of permanent staff needed. It has been widely acknowledged that both points when taken to extremes can be counter-productive.[7]

There is less conversation around advertising, but it is clear to donors that a lot of money goes into grabbing attention and competing with other charities. We appreciate that advertising usually pays for itself from the perspective of the charity doing it, we know that it brings in donations that otherwise wouldn't reach the sector at all, and we acknowledge that this has most likely come about as a compromise in good faith in the absence of more strategic thinking at the whole-sector level. We also acknowledge that most charities now communicate openly how they spend their funds. However, having thousands of charities all advertising to the general public rather than more specific audiences is inherently wasteful, and we need wasteful systems not to get in the way of more holistic solutions.

Beyond advertising, there are leaders and experts from charities who contribute to charity debate in the national media. While the promotion of this debate is healthy at its core, this can also be a source of self-serving and partisan criticism undermining other organisations in the sector, or the sector as a whole through communicating a sense of frustration and lack of improvement. From a public standpoint, these can also be seen as causes of waste.

We find it likely that this focus on waste, because it is simple to find evidence of and describe but cautioned against by experts, often masks deeper and more complex concerns including the others in this list. An immediate consequence of this is that addressing waste in isolation will not be enough to meet donor needs.

Lack of representation

These donors don't like their donations being spent in a way that takes little account of what they care about.

Most donors donate a large amount of money over their lifetime. One of the practical benefits of donating a large amount of money in one go is that the donor can measure out funding between different projects and aspects of projects with some precision. This precision represents a direct communication of the donor's detailed wishes to the sector. This precision is limited even for a major donor, but is usually lost entirely when an individual makes a small donation.

There are practical reasons for this, but we can see ways around them, and believe it is a reasonable goal for an individual to be able to specify how they would like to see the sector use its money, and to have their own donations however small used in a manner sympathetic to this.

We see sub-par solutions arising in the absence of tackling this problem directly. One is single-impact matching, where a charity explains how they use a typical £3 donation. While

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[7]

https://www.vox.com/future-perfect/2018/11/26/18103372/overhead-charities-effectiveness-donations-giving-tuesday

there are aspects of this to be appreciated, we think that people intuitively understand that this cheapens their actual value, and we have more to offer them.

This is an example of bias - where a donor is persuaded to make a decision based on the exaggeration of relatively unimportant details or needless constraints. The consequence of all bias is to widen the gap between what a donor believes should happen, and how their contributions are used.

Lack of coverage
These donors don't like having to say no to causes they think are worthwhile.

Because so many charities advertise to the general public, at face value it is unavoidable that we see adverts for causes we sympathise with but don't support ("I'm not rich enough to be able to support every cause that I approve of.")[8]

There are two reasons for this being unavoidable, both of which we will be challenging. One is the perception that there is a practical minimum size for a single donation; the second is that an individual can only interact with a relatively small number of charities.

This raises the question of whether we are really "doing our bit", and it's not a question that an individual donor is in an informed position to answer today. Donors can reasonably feel some responsibility for funding gaps in the sector, and individual charities being forced to close their doors.

Deficiencies in the big picture
These donors don't like participating in a system that isn't working or leaves people out.

Most people are painfully aware of the large scale of suffering, both internationally and domestically, and our collective failure to meet the most basic needs of a large proportion of the global population, and it is far from clear whether the situation is improving reliably, even with a long-term view. This awareness is visible in the readiness with which we can encounter people discontent with incumbent political and economic systems, in everyday life and in the media. The suffering itself is also visible in news media and in locally visible problems such as homelessness, mental illness, and addiction.

This is important because individuals' priorities can change based on whether or not we are on a credible path to resolving some of the biggest problems in the world in a reasonable timeframe. In particular, if we are not, then higher priorities might be ensuring no one is completely neglected, or that what we do spend is spent effectively, or to begin with fixing problems in our own neighbourhoods.

Put another way, every donor is potentially affected personally by under-addressed suffering in the world, and has a natural claim (because they care and provide funding) to a say in:

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https://research.kent.ac.uk/philanthropy/wp-content/uploads/sites/667/2019/06/how-donors-choose-charities-June2010.pdf

1. How we make the best of bad situations;
2. How we try to improve the overall situation over time;
3. How we balance these two.

Lack of accountability

These donors don't like having little control over organisations that spend their money.

There are two relevant strands to accountability - the visibility into what the organisation is doing, and the ability to influence what it is doing. This can range from telling a cancer charity that you think it should be focusing more on research into cures and less on palliative care, to demanding that a scandal-hit executive is dismissed.

On the one hand, there have been improvements in accountability following changes in how people communicate and coordinate collective action, particularly making use of recent internet technologies. This can be effective when a charity behaves unethically. On the other hand, the sector has been built to depend on charities acting in good faith - most regulatory safeguards are either advisory or apply after the fact. Collective action may be able to build a relationship between charity and donor deeper than that between charity and regulator, but it doesn't appear to be there yet. For now, if a charity has engaged in unacceptable behaviour, reacting by reducing or cancelling donations - a decision donors can be uncomfortable with - is one of few available options. We are aware of some charities including donors as a represented stakeholder when setting and assessing organisational and project goals, and see this as a positive attempt to address this issue.

Over-reliance on expertise

These donors don't like that they have to keep on top of current issues to know whether they're giving responsibly.

Many people like to get to know the areas that they support well, but those wanting to put in enough effort that they can call themselves experts are a tiny minority. For almost everybody, relying on existing expertise would be preferable to making this investment. If the expertise is absent or unreliable, many will turn to less reliable alternatives instead of trying to develop their own knowledge.

For example, people want to help the homeless, but when they are told that giving money directly - as often requested by the homeless - is likely to do more harm than good, exasperation is a common reaction. There are three outcomes:
1. People give anyway, preferring the surface-level good of responding to a direct request for help (especially when there is no consensus on the reasons not to);
2. People don't give, not wanting to take responsibility for the longer-term harm they might be contributing to or facilitating;
3. People do carry out their own research into the issue, and they find that it is a complex issue that neither government nor other well-placed organisations are willing to provide advice on.

All three outcomes have the same effect that people have less confidence, they give less money, and they feel that not enough is being done by them or by society.

What is needed in this example is authoritative organisations to decide, publish, justify, and continually review their positions on the issue. It matters less that there might be several such positions, and more that there are clear positions supported by a process that manages expertise. This allows donors to delegate in good faith.

Beyond this example, while in theory people with different political views might prefer too broad a range of actions that mutually exclude each other, we suggest that the demand for special treatment for particularly nuanced views is generally outweighed by people just wanting to help, and that it is therefore appropriate to provide donors with a service allowing them to delegate certain choices to independent experts.

In particular, we consider that the number of examples that are sufficiently divisive as to produce a national split, while they certainly exist, is low enough that they can be managed by presenting choices to the donor.

Lack of appreciation
These donors don't like being treated as less important than they are.

While any single charity will depend on maybe thousands of individual donors, most of whom will give small amounts regularly that are each a tiny proportion of the aggregate, this characterisation misses something important.

Giving regularly, the median donor (£20/month) contributes around £10,000 over their working life. Every such donor is essentially a significant philanthropist in their own right, and if they choose to give up the chance to put their name in stone by supporting one major project, in order to give - as we encourage - smaller amounts to many different charities over a longer period of time, then it is sensible that we help them to feel that this is at least as worthwhile.

We help donors to feel that giving more widely is worthwhile by treating each small donation with the same care as if we had received the full amount in a single payment. In practice, this means asking how they want you to spend your budget, and accounting for every penny.

Overall, failing to satisfy donors carries the risk that donors will move somewhere else - particularly if someone else can satisfy them, and as their ability to make use of collective action improves. We suggest that it is only because inertia on these problems is prevalent throughout the sector that charities are not seeing this with clarity today, and that it manifests instead as a lower contribution volume sector-wide - some people are spending less on charity than they would like.

Methodology

The primary source for describing the donor profile and selecting and expanding upon each of the factors for dissatisfaction has been personal opinion and anecdotal experience. This carries the advantage that we can make assertions confidently about the views and needs of

the donor, at the cost of not knowing how widely the profile may be applied. Because our view is that the assertions are strongly intuitive, and because we are recommending several changes to a conceptual model, we have preferred a less cumbersome exposition, and for the most part confined supporting data to the appendices. Supporting references for each dissatisfaction factor and other aspects of the donor profile may be found in Appendix D.

Since it has been clear for the ten-year duration of our project that no service already both met our requirements and had strong adoption, we have given a high priority to the independence of our thinking. To that end, almost all supporting references were sourced after compiling our profile and results.

We do endorse the value of more evidence-driven approaches, and would welcome any clarity and confidence they can bring to this area. However, while collating supporting data, we ran into concerns around the quality of reporting methodologies and results that we felt would undermine the strengths of our approach if relied upon too heavily. For this reason, we include references primarily as signposts to other interested and active parties in the research area.

Current options

Here we describe several services that meet some of the needs of the donors we described in the previous section. We take a broad view that includes options from outside the charity sector.

Philanthropy matching

Sites such as The Big Give[9] focus on helping individual donors find individual projects, allowing donors to search for projects typically by keywords, type of cause and location. The main appeal is that donors can discover projects that are a good fit for their personal values and interests, implying a close relationship between a charity and its supporters.

JustGiving

JustGiving and similar services serve as payment collectors for charities. Generally, any charity can register with the site, and any individual can register a fundraising page for that charity. They either take a cut of each payment or charge a flat fee, justified by them making the fundraising process streamlined and easy to use, and handling payments. This is a compelling and popular option when collecting money.

Government

Several branches of government deal with areas of charity. The Department for International Development (DFID) manages the UK's aid budget. The Department for Work and Pensions (DWP) manages the system of domestic benefits, which plays a major role in addressing homelessness, unemployment and disability. The tax-funded National Health

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[9] https://www.thebiggive.org.uk

Service is the sole health provider for most UK citizens, with almost all essential services provided free of charge to users.

These entities receive their funding from government revenue. It is uncommon but possible for individuals to overpay taxes or donate to the government, and individuals making high-value contributions may be able to make stipulations about where their contributions should be used - but in general there is no ring-fencing of funds to protect welfare and aid budgets from changes in government priorities.

Lotteries

Lotteries are a major source of grant funding for a wide range of community organisations and projects. The National Lottery is licensed by the government, overseen by the UK Gambling Commission, and encouraged to operate independently. The "donor" in this case is considered to be primarily a consumer of the lottery game offered, and has no input into how grants are distributed.

Payroll Giving

Some organisations provide a system to take employee donations directly out of salary. Employees may prefer this over managing their giving directly from their own accounts, or may use the opportunity to give collectively to causes. Some systems allow donations to any charity, or it may be limited by the system supplier or the organisation.

Community organisations

Organisations such as Rotary clubs bring together local members as donors and support local community projects and causes, as well as any of their members in need, and some more general causes. Demonstrable impact of some grants is of high importance. The local organisations may join together to form a national network, united by a shared ethos or leadership. Some religious organisations operate similarly. At a smaller and narrower scale, supermarkets and businesses also look to make contributions to local or special-interest causes.

Micro-finance

Websites such as Kiva[10] enable individuals and businesses to provide capital for low-interest loans to small-scale businesses in developing countries, which might be an effective alternative to aid and direct service-provision.

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[10] https://www.kiva.org

Small grants

Going one step further than low-interest loans, there is active research into the relative efficacy of making unconditional grants to individuals and families in developing countries. While not currently under consideration in the UK, several countries have discussed and trialled the related idea of providing a government-organised national income to all citizens.

Special cases

Comic Relief

Comic Relief is for most intents and purposes a normal charity with a focus on tackling poverty, but has a special relationship with UK culture, resulting in an annual event supported by national media.

Radio 4 appeals

BBC Radio 4 reserves a number of short programming slots each week for its charity appeal. [11] 3-minute slots are used to highlight the work of the week's charity. Radio 4 selects a different charity each week, 49 in a year, and manages donations from its listeners, also allowing listeners to set up a regular donation to be split evenly between all charities. This raises approximately £1m each year.

Identifying gaps

The following table gives a high-level assessment of how well each existing giving option meets the different donor needs we have outlined previously.

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[11] https://www.bbc.co.uk/charityappeals/appeals/radio-4-appeal

	Number of causes reached by one person	Individual say in where the money goes	Individual control over / trust of management	Ability to match individual preferences	Demonstrable impact of one person
Importance to donors	High	Medium	Medium	High	Medium
Philanthropy matching	Low	High	Medium	High	High
JustGiving	Low	High	Low	Medium	High
Government	High	Low	Low	Low	Low
Lotteries	High	Low	Low	Low	Low
Payroll Giving	Low	High	Low	Medium	High
Community organisations	Medium	Medium	Medium	Medium	Medium
Micro-finance	Low	High	Medium	Medium	High
Small grants	Low	High	Low	Low	High
Comic Relief	Low	Low	Low	Low	Medium
Radio 4 appeals	Medium	Medium	Low	Medium	High

Two points are clear from this. First, although it is possible for an individual to direct their money with some precision, no option gives a high level of accountability to individual donors. Second, the methods available to an individual for reaching a high number of causes (government, lotteries) do little to give control to individuals.

We don't believe it's necessary to look for a single solution with good coverage of all the criteria; our focus instead is on how to combine the solutions effectively and find where more is needed.

Best current options

Supporting community organisations gives a compromise across the board, but it doesn't address the two high priority criteria: reaching a high number of causes, and matching an individual's personal interests and values. To cover these, we would suggest opting for government or lottery contributions, and philanthropy giving, while supporting community organisations for local and personal causes. We think this constitutes one of the best solutions *currently* available, and we will go on to discuss its weaknesses and opportunities for improvement.

Remaining gap

General causes

We believe philanthropy matching solves its area well, and gives the heartening message that philanthropy is not the preserve of high-wealth individuals. We would like to see a solution that takes this message further - the scope should be **the causes that people don't have a personal attachment to but would support in principle**, which we will call *general causes*.

We make a distinction between such general causes and projects serving "niche" interests, which are local or personal or driven by particular sets of values. As a complex example, most people know someone whose life has been impacted seriously by cancer, and those of us who have been fortunate to avoid it are often still prepared to support cancer charities. We say that cancer is a general cause, and for some people it is a personal cause as well, and for some of those people it feels right to dedicate more attention and money to that personal cause. More clear-cut personal interests are your local school, your church, and any political groups you subscribe to.

A further example, strategic goals like the Sustainable Development Goals or campaigns like making poverty history are general causes by design. How much people want to support them relative to other general and niche causes can be expected to vary.

"Niche" giving is the side of charity that is understood and works well today. There are several services that help you find good charities in your area of interest if you don't already know them, and it is typically easier to achieve good results for representation, accountability, and appreciation.

A solution that handles general causes similarly effectively would move us closer to a "one-stop shop" or "give and forget" service, which will appeal to some donors.

Government's role

Government makes funding available for these general causes, but their strategic objectives are not aligned well with the individual goals we have outlined.

The appeal of government involvement is that it has the electorally-backed authority to take difficult decisions about how to allocate funds to causes. Added to which, many major causes are societal problems, for which many people expect the government to take direct responsibility.

We note that politics, which is heavily reliant on structures to represent, account for and choose between many incompatible and even diametrically opposing opinions and preferences, is fundamentally different in this way to charity, which is characterised by a broad agreement that projects are worthy and beneficial, with the main difficulty being in allocating funding among the many such projects. There are places where the overlap

between charity and politics is significant and ambiguous, and there are people who have political reasons for taking issue with charitable activity, but putting both of these aside leaves the majority of donors having no objection to the majority of charitable work.

Because government is a complex organisation with many responsibilities and stakeholders, and because some charitable causes by their nature attract strong partisan support, government is more vulnerable to biases and conflicts of interest, or simply works within a tighter set of constraints than is necessary for the problem. A model of delegating to near-independent dedicated organisations while retaining ultimate accountability may be a more viable approach, but today it is difficult to see such organisations involving individuals meaningfully.

In part because its funding pool for grants is not protected from other government spending and in part because we don't tend to like government directing our personal discretionary spending, government's ability to encourage private contributions is restricted. Increasing overall private contributions, whether in coordination with government or not, is one of our main goals here.

Lotteries

The National Lottery and others have a long and successful history of making a large funding pool available to a large number of organisations - they have a reporting focus on how many grants they make in each postcode district[12] - and has more in common with our suggested direction than the other initiatives, despite charitable giving being a secondary consideration when we think of a lottery. While there is some debate about the level of profit taken by the operator and how it safeguards vulnerable players, and there are opportunities to increase donor representation in the granting process, we consider this to be one of the more positive systems of charitable giving in the UK today. We also think that there is demand for similar services without the game element but with the same scale of ambition.

Why is there a gap?

We feel that this is an important question that should be asked within the charitable sector. The reasons are likely to be complex; we supply our own speculation here without detailed development.

A common theme is that individuals being able to take responsibility seems more reasonable in an information-rich age, with more accessible services for transferring money. It is worth noting that the question of how an individual can and should respond to widespread suffering is a long-standing one with ample representation over centuries of art and literature.[13] This is not to say that solutions were previously unfeasible - we do not believe this - but that it is now more apparent that they could work well.

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[12] http://www.camelotgroup.co.uk
[13] We note especially a theme commonly used by Charles Dickens and others, where a character's lofty thoughts about and even large contributions to "global" problems are in contrast to a background of poverty, hardship and neglect in their immediate vicinity.

There has been a long history of expecting government to take responsibility at least for coordinating responses to large problems - the welfare state and the National Health Service being key examples. Making government responsible has created strong incentives (they are often key election issues) to show that these systems are working effectively and fairly, although this has not always been enough to guarantee their high performance. This is not the only possible approach: there is the potential for privately-funded charity to make a significant contribution in these areas; we note that at present the combined welfare and NHS budgets are an order of magnitude greater than charitable sector income, but there is scope for taking a longer-term view that the balance of taxation and discretionary giving could either shift dramatically, or we could see better results in other countries with a different balance..

There is a dissonance between the emotive nature of the need to relieve suffering, and the complex compromises and trust mechanisms required by effective solutions. Communicating can be difficult, and individual organisations can be vulnerable to public relations risks when they take difficult decisions.

The sector as a whole, despite being populated by people with similar needs, has never had a strong degree of accountability to individual donors, but has been oriented towards beneficiaries and major granting bodies (including government agencies) as its primary stakeholders. Our view is that we should expect to see strong representation for donors arise naturally, given that the core interests of donors are largely aligned and technology is making collaboration more accessible and effective.

Other innovations may have dominated conversations in the sector without delivering major benefits, and it is also conceivable that operational pressures on individual organisations has limited the capacity for innovation inside the sector.

Summary

The strategic gap in current giving options is for a service that can cover a large number of general causes, while being able at some level to preserve an individual's interests and preferences.

Solution Scope and Design

We first describe a chain of processes that breaks the problem down along practical boundaries. Addressing particular aspects of each of the processes will result in a service that fills the gaps just outlined. In doing this, we present a couple of characteristics that either indicate or promote a viable solution.

Although we designed our service before making this abstraction, we are providing the abstract level here because we were able to use it to pinpoint where other solutions were falling short of our goals. We present the more concrete service description in the following section.

Solution description

The solution we propose has at its core the ability for an individual to make a single, small payment that goes towards funding a large number of charities, but does not remove the individual entirely from decisions about the distribution of funding. The choices that donors can make about the distribution should be sufficiently intuitive that the solution is usable without in-depth knowledge of causes or charities.

Such a solution can be constructed from the following components:
1. Donor presentation - how the wide range of charitable causes in scope is presented simply to a potential donor. Produce an intuitive and easily digestible categorisation of charitable causes.
2. Donor expression - how donors can communicate to the service provider in a way that can be considered an authoritative mandate for distributing funding. Ask donors to convey preferences for one category over another, later informing how much money we should allocate to each. The goal is to move the bulk of responsibility for budget allocation from the board to the donors.
3. Work discovery - how the service provider can locate potential recipients for mandated funding.
4. Project selection - how the service provider chooses from a list of several potential recipients.

We can express all of the options described in the previous section in these terms. We take the National Lottery for example. Donor presentation is achieved by providing descriptions of a sample of the charitable projects that have previously received grants from them. There is no direct donor expression, because distribution targets are decided either internally or with regard to its licence. Work discovery takes the form of advertising for grant applications - straightforward these days, as the National Lottery is one of the best-known funding bodies. Project selection is also driven by internally-defined processes, details of which are publicly available through the operator's website.[14]

Solution characteristics

We explored several concepts while designing our service. A list of these can be found in the glossary in Appendix A. A couple of these concepts were either particularly important or not present in the other giving options, so we discuss them here.

Quantified giving

In the same way that a wealthy benefactor chooses to give more to one cause than another, we felt it was an important aspect of empowering a donor to preserve this ability in some way. One basic approach is to ask "if you had a large amount of money, how much of it would you spend on each of these things?"

One characteristic we wanted was that twenty like-minded people should have a similar level of control and impact as one person with twenty times as much to give, or to look at it

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[14] https://www.lotterygoodcauses.org.uk/funding

another way, there shouldn't be a substantial difference between giving monthly and giving annually (or giving daily, in theory). This is important because it engages the donor and connects them to the same bigger picture as if they were wealthy benefactors themselves.

Delegated giving

As noted in our problem statement, no current giving option has a high level of accountability to individual donors. Because it is unavoidable that each individual's donations will be a tiny fraction of a charity's total income, some kind of delegation and trust will continue to be an essential part of any solution. We note that even in politics, delegation on single issues by the general public is normal.[15]

When giving directly to a charity or through a granting body, a donor delegates key spending decisions to the charities' management and any major stakeholders. Alternatively, a donor may delegate to an organised group of donors that may itself constitute a major stakeholder.

How delegation is organised determines what control a donor retains, which can be an important element in whether they feel comfortable donating. With household names in the sector not being free from major scandals, donors will typically want to ask questions about what sort of accountability structures are in place, how their interests are represented, and what appropriate recourse is available to them in such scenarios.

Service definition

To implement such a service, we registered Empath UK as a company limited by guarantee, and as a registered charity with the Charity Commission.[16] We describe in this section how we designed a working version of each of the components given above, the initial difficulties we encountered and how we addressed them.

Donor presentation

We considered several options for categorising charities, and looked at existing work in the same area. In particular, classifications exist in charity law and in some of the services already described. One of the uses for the charity law classification is to make a clear determination of what activities can be considered charitable, and consequently whether an organisation can register as a legally-recognised charity. On the other hand, classifications used by services are used both to aid donors in locating causes and projects of interest, and to give a sense of completeness - that most types of causes are represented through the service. From this latter point of view, it makes sense that the classifications used by services would share much in common with the current legal classification.[17]

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[15]
https://www.huffingtonpost.co.uk/entry/donald-trump-republicans-democrats-poll_n_55e5fbb8e4b0c818f6196a82

[16] Companies House registration no. 7041985; Charity Commission registration no. 1135025.

[17] https://www.gov.uk/government/publications/charitable-purposes/charitable-purposes enumerates the legal categories defined in the Charities Act 2011.

For our service, there was an increased focus on completeness - a major part of the appeal being that we should reach a large number and broad range of charities, with the long-term ideal of "leaving nothing out" visible in our portfolio as early as possible. In addition, because we would be asking our donors to engage actively with the classification, we needed to limit the overall number of categories, and with this in mind also decided against using subcategories.

We did not set a fundraising target at the start of the project - it was treated as an ongoing service, enforcing from the start the principle that donors did not select charities or projects directly. While this created the problem of how best to keep donors involved, it removed the problem of how to get donors interacting with a large number of projects.

We made changes to our list of categories over the course of the project. Details of the considerations behind the selection and changes are given in Appendix E.

Donor expression

Donors registered using a paper form, which presented them with the first list of categories above, and invited donors to rank the categories in relative order of importance using numbers from 1 to 9 (9 being the most important), and to leave a category blank if they did not want to support it. The exercise was optional, and the form stated that leaving all categories blank would be taken as an instruction for the donations to be allocated at the discretion of the trustees.

Donors typically do not select all their charities at the same time and may never see the full picture of what they support, and while it is a positive move to make the overall effect more visible, we felt that it was asking a lot of donors, so we preferred to keep it simple by limiting the number of categories, just asking for a ranking, and not linking directly to budget implications. We also worked on form designs asking donors to imagine allocating either the budget for the charity sector, or their own "lifetime" donation.

Work discovery

Initially, we published the fact that we were seeking grant applications via our website and by writing to charities directly. This was enough for other charities to find us, and produced a manageable stream of applications and requests for information.

A few years into the project, we replaced this method with a detailed search by our trustees of the Charity Commission's database of registered charities, and we stopped accepting applications. We give our reasons for this in the results section below.

With each approach, our overall goal was to produce a portfolio of projects. We considered a project to be inappropriate for our portfolio if a significant proportion of people could be expected to object to any of their donations being put towards it. This often rules out religious and political projects, for example, but not necessarily projects run by religious organisations.

When we moved to using the charity database, it was desirable to have a close map between donor expression and the classification used by the database, and the database classification matches the definitions found in charity law (a charity may claim its objects relate to one or more of the legal categories). Instead of re-collecting donor preferences, we decided that our categorisation was close enough to these legal categories that it was acceptable to extrapolate the existing preference data to the new categories.

The Charity Commission periodically makes copies of their database available to download (see Appendix D), which allows anyone with technical resources to take advantage of common database features. The features we used to aid discovery were filtering and random sampling.

Project selection

Taking each category in isolation, we discussed what sensible objectives for each should be, and chose projects through a multi-stage filtering and voting process.

The scope was treated as flexible for the majority of the project's lifetime. In particular, we had kept open the option of expanding the service to public users until we decided to wind up the service. Delaying this decision had implications for whether our short-term focus should be on maintaining balance in the portfolio, or looking to emphasise diversity. The final scope was to demonstrate a significant portfolio using only a small number of private donors making small donations over a period of several years.

When budget became available for a grant of reasonable size, the board would discuss charities on list produced during the discovery phase, until it was agreed that there were enough good candidates to choose from. A shortlist would then be formed by each board member nominating two of the projects discussed, and a single project would be chosen through further discussion.

A grant offer would then be made to this project, stipulating that the grant was to be used for the day-to-day running of the project excluding any advertising and marketing costs. The reason for this restriction is that neither of our discovery methods relies on our recipients advertising, and our problem statement makes strong reference to inefficiencies around advertising. In the case of the first discovery method, each application was read and considered; in the second, any website containing sufficient information was considered.

Success criteria

The primary success criterion is whether the individual donor identifying with our profile feels that the portfolio of projects covered by the service is more effective than the result of each donor acting independently. We broke this requirement into individual indicators:
1. Is the overall outcome more satisfying than an ad-hoc, advertising-driven, individual portfolio?
2. Did the discovery method produce a better selection of work than passive individual efforts or a basic search via search engine or existing directory?

3. Are donors willing to give more money than before?

Secondary success criteria were:
1. To deliver a portfolio of grants driven by our donors' quantitative preferences
2. To deliver a number of grants not realistically attainable by an individual donor
3. To deliver a portfolio of grants covering all categories in our scope
4. To include projects that would normally find it difficult to reach our donors individually
5. To support charities of different sizes, and to support small charities with repeated grants
6. To include a geographical spread of projects both in the UK and worldwide

Results

Here we provide a summary of the service outcomes, before sharing details of our experiences in each of the solution areas.

All of the success criteria listed above were met to our satisfaction, with the following achievements:
- £25,971 raised and distributed in line with expression data
- 78 grants made, ranging from £100 to £1000
- 5 regular and 2 occasional donors, all personally known to the charity's board, all with registered expression data
- 9 years of accepting donations (2010-2018)
- 10 categories of charitable cause
- Geographical coverage of England, Scotland and Wales,[18] and causes abroad covering 6 continents

62p was the average monthly donation per grant, or £5.52 if every grant had recurred annually.[19] This shows that the portfolio's breadth could not have been achieved without bringing the donors together. These figures depend primarily on the number of donors, average donation and average grant size, but in general will decrease as more donors become involved - it would take just 2,500 median donors to reduce the larger figure to 1p (though we would expect to increase the average grant size in practice). We note that our group gave at a rate about double the national median, though this has little significance for our conclusions.

The service ran at low financial cost covered by the directors. The main overheads at this small scale were accountancy, postage, and web hosting costs.

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[18] Projects were selected so that every location in Britain has at least 1-2 funded projects based within 50 miles.
[19] Donation per month per donor per grant, with £25,971 over 108 months, 5 donors, and 78 grants (or 8.7 annually-recurring grants).

Donor presentation

Our categories involved varying degrees of nuance in interpretation. Some broader categories warranted detailed internal discussion, which we outline here.

For health projects, there are not just different types of ailment but very different types of response and long-term strategies, and making some choice between these is unavoidable. Taking responses to cancer as a familiar example, we find projects at every point of the scale from prevention to cure to palliative care to family and bereavement counselling, and providing everything from research to direct action at each point. For our scope we wanted to strike a balance between direct action, positive long-term strategy, and representing areas that might be undiscovered or forgotten by individual donors.

Education was a hard category to interpret widely, especially after we took the decision to treat school-building projects abroad under the Development category. While in developing countries there are many projects to build and run schools relying on charitable assistance, domestically the need is harder to interpret, with basic education provided to all and funded solely by government. We found promising projects for vulnerable and underprivileged groups and rehabilitating offenders, but beyond this it was problematic to find appropriate activities because of the contrast with educational work in developing countries. Education scored highly in donor preferences, and we do not think this is an accurate reflection of domestic needs outside of general schooling, so for this category in particular defining the scope earlier could have avoided confusing donors.

The addiction and abuse categories we presumed to carry strong primary interpretations of drug and alcohol addiction and domestic abuse. We felt that this dominance was not problematic at this time, but did not intend to neglect other types of addiction or abuse.

An extra complication in the above was that child abuse was another dominant interpretation, but we had a dedicated category for children. This was not the only complication involving children's projects - for almost any problem, we found projects specialising in children suffering from that problem. This was particularly apparent when we received applications, when a large number of projects involved holidays for sick children and their families. We considered this to be a market distortion driven by biases in selection processes, and it was a factor in our decision to look for alternative discovery methods.

The elderly category carried a complication in that it mainly comprises a collection of ailments suffered disproportionately but not uniquely nor universally by the elderly, including reduced health and physical capability, increased isolation, and poverty. Looking into the work done by existing grant-makers for the elderly showed that our characterisation of the category was in line with them, and we believe that donors would not be surprised by the projects involved.

We consider it unambiguous that some current and major environmental issues are polarising, which means that they are not considered in our scope, and a donor should continue to use alternative methods to support them. Our decision has been to prioritise and preserve a simple interpretation of charity, and make it widely acceptable. We were still

able to accept several environmental projects into our portfolio, but found that candidate projects were more likely than those in other categories to state strong political positions alongside their work, which often meant that we needed to discount them.

In the final version of our charity categorisation, each category is focused on UK-based projects, with the exception of Development (exclusively for projects abroad) and Crisis Relief (about 10% UK-based). In total, 70% of funds were allocated to projects in the UK.

Donor expression

Some donors reported finding it difficult or unintuitive initially to order the project categories, but all returned a form that was complete and comprehensible. Some donors omitted some categories, some used the same number across multiple categories, and some reduced the set of numbers to produce a coarser set of relative preferences (e.g. using only 1, 4 and 9, or only 1 and 2).

While very broad and open to different interpretations, this gave us a basic set of quantitative preference data. We looked at the effect of different mappings from these figures to grant-budgets, agreed reasonable criteria and found a mapping to satisfy them. This ensured a significant difference between different rankings while leaving no category barely funded - the least popular categories received 2.9% of the total budget, while the most popular received 16.9%.

From donor preferences to our budget

Though we considered alternatives, we ultimately chose to interpret the preference figures linearly. So, a category scoring a 9 from you would be allocated 9 times the budget as a category scoring 1. This served as a reasonable interpretation of the data for our small scale.

Following common sense, a budget was calculated separately for each donor, and then aggregated, so that each donor's preference figures only affected their own portion of the total budget.

For donors who had not specified preferences, the budget allocation was at our discretion. We decided to use an aggregated set of preferences from all donors to allocate these funds in a similar way, except that this aggregated set was not weighted by the size of each donation, i.e. we gave each donor an equal say in how these unrestricted funds were used. In this we also included preference data from non-donating members, who wanted to have their views taken into account as appropriate while either getting to know the service or unable to donate for any reason.

Work discovery

Our initial approach of inviting applications from charities produced a selection of eligible projects from charities that we were previously unfamiliar with. As mentioned above, it also produced an undesirable clustering of projects so that most areas were either over- or under-represented, which did not get us far towards the goal of achieving good coverage of

the sector. We needed a method that could both find projects based on quite specific criteria, and provide assurance that we weren't forgetting about significant problem areas.

The database contains around 150,000 active charities. Taking a random sample of these, it was clear that a large proportion would not suit our needs. There are several common reasons for this, including that we cannot find detailed information about what the charity does, or there is a lack of evidence of recent financial or project activity, or that the charity only serves niche or particularly local interests and so is outside of our scope (for instance, a high proportion of registered charities are schools and churches). We were able to filter effectively to mitigate these phenomena,[20] so that a high proportion of a filtered list were charities that merited active examination and discussion by the board.

Database filtering and sampling produced good shortlists in each area except Education. We put this down to a lack of definition both on our part and in general, for the same reasons as discussed under donor presentation. We took the approach of including a range of projects working with low-income, under-privileged or at-risk groups, rehabilitating offenders, and extra-curricular projects overlapping with other categories. For our overseas categories there was noticeably less variation in type of projects, but quite enough for the scale of our portfolio.

By sampling the whole database, we were also able to check whether our filters were leaving areas unrepresented. We had been concerned initially that we might find project areas that didn't fit well into our general-or-local categorisation - perhaps because of a wide variation by geographical region - but we did not find strong evidence of this. We also ran searches across search engines and charity news and aggregation websites to find accidental omissions. Following these, we are confident that our database method achieves a high level of coverage.

It was clear early on that positioning charitable activities intentionally to fit categories is common. We saw applications covering multiple categories (e.g. helping only disabled children from ethnic minorities), in volumes that were intuitively skewed compared to incidence of the complex complaints in the population. With the database approach, we saw charities that had registered under additional categories that appeared to be tenuously connected to their work, and some charities that had ticked every box possible. In both cases it was clear that these practices reduced our shortlist quality by adding less relevant projects to our search results; we handled this by applying filters for the more extreme cases, and by factoring it into the board's considerations.

Some projects were difficult to categorise - should a project educating school children about eating healthily be placed under Health, Children, or Education, or should the three categories take shared responsibility for it? We handled such cases individually through board-level discussion; at scale, we might resolve this problem by defining the categories, their responsibilities, and any mechanism for shared responsibility more clearly.

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[20] See Appendix C

Project selection

For the earlier discovery model where we solicited grant applications, we maintained lists of applications received in each category and would work from these when a sufficient budget became available. Significant trustee discretion was required in order to choose grant recipients, and imbalances in the numbers of applications received for each category made it difficult to construct or foresee a portfolio with sufficient coverage, which was the primary driver for us looking for more active discovery methods.

For the later model, some of the filtered lists contained thousands of charities, so we used random sampling to reduce the number under consideration without introducing bias. Different filtering was used for different categories, and for each charity making it past these a manual due diligence step was applied - this involved sanity checks of information on the charity's website, and following up any causes for concern; a charity was removed from the list at this stage if there was either a lack of necessary information or the information provided raised serious concerns not accounted for elsewhere on the website. In a small number of cases where we felt the project was otherwise compelling, we contacted the charity with questions.

Once we moved to this method, the quality and appropriateness of projects reviewed by the board was consistently high, allowing time for deeper investigation and supporting a higher level discussion around how we could optimise the portfolio. By the time we sent out a grant offer, our level of confidence in the recipient was high.

Being contacted out of the blue with a grant offer was a new experience for many of our recipients, and was frequently seen by them as a risk. Several grant offers went unanswered, and several of those responding employed safety measures, including asking for assurance that the offer was genuine, and requesting payment by cheque to avoid giving out bank account numbers.

A minority of respondents were unable to agree to the terms we set out. Our standard terms were that the full amount of the grant be allocated to the specified project, with daily administration costs included, but fundraising and marketing activities excluded. The two reasons for charities being unable to comply with this were that their accounting procedures or policies would not allow the restriction (we only encountered this with large, household names), or that they operated as grant-providers themselves and could not guarantee that their own recipients would meet these criteria.

Problems aside, the speed of reply, tone, and helpfulness in the responses received all met a high standard. This remained true when our offering was a very small fraction of the recipient's overall income.

With the small grant sizes we offered, we wanted to minimise the processing cost for our recipients. This was one driver for moving away from an application-based model. While it would have been difficult to do otherwise at our small scale, we ensured that no grant was a significant proportion of the recipient's total income; at a scale where this no longer held, some consideration would need to be given to the longer-term outlook of the recipient, and a

model centred around one-off grants would not be an appropriate approach. In anticipation of this, we decided to renew a small number of grant offers annually where a project continued to operate, subject to a summary report. Again to reduce cost, we limited this report to a basic confirmation that the grant had been spent as planned, and that the project had not changed substantially.

Analysis/Discussion

We assess what went well and what could have been improved in our implementation, and offer a more open-ended discussion on the issues involved.

While many of the issues raised were not critical at our small scale, we had in mind throughout that we should remain as close to a scalable solution as possible. Consequently the board has discussed issues in detail that were not planned for implementation in the short term.

Donor presentation

We would have preferred, with donor comprehension in mind, to give detailed descriptions of what each category would and would not include, and the strategic goals of each. One benefit of not doing this was that we had some flexibility to include later projects that didn't fit our initial classification system.

Defining categories - as we did for animals and overseas projects - to replace common points of contention with quantifiable choices and a single point of control is a pattern we felt worked well. For example, having animals as their own category, instead of some donors being "animal people" and others being "people people", each donor is given their own clear choice about quantifying between human and animal suffering, which we feel is a better outcome.[21]

A problem that we have not been able to resolve in this project is how to mitigate the bias introduced by any hierarchical categorisation system. Focusing on partitioning different concepts and different types of suffering makes it easier for the donor to understand, but may produce categories with vastly different needs, while a natural default response would be to assume that categories presented together are broadly similar in scale and need. We feel that this could be addressed effectively, but it unavoidably requires some method of quantifying differences between distant categories. This is problematic because, if done poorly or over-simply it will erode donor trust, and we expect that it would require an economics institution to research and maintain a sufficiently compelling model. With that caveat, we present our initial thoughts here.

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[21]

https://research.kent.ac.uk/philanthropy/wp-content/uploads/sites/667/2019/06/how-donors-choose-charities-June2010.pdf gives a list of other common binary distinctions where this approach may work well.

Evaluation framework

We focus on two elements for a given cause: the size of the population affected and the suffering experience of the population. While these are interlinked with mortality, morbidity and longevity metrics, we believe that only focusing on suffering gets close enough to what drives donors. It is of course harder to describe, measure, and communicate, and is liable to subjective variations.

A provider might determine population sizes and give a descriptive account of their experiences, but it is the donor's role to determine how they feel about these descriptions and make quantitative distinctions between different experiences. In essence this is the approach our project encouraged, but the size and experience were implicit or omitted, with the donor left with a lot of guesswork.

A common marketing strategy is to find the single sufferer who best portrays their condition to the audience, and to remove all other information that would distract. With every condition of suffering, there is going to be a variety of levels of suffering, and it would be achievable and more useful to describe how many people there are at each level. This will already be happening for some projects behind the scenes, but make these different levels available to donors, giving them the position of judging between accounts of suffering, and they have a level of information that they can use to guarantee their spending aligns with what they want.

Complications arise with measuring the sizes of populations, and accounting for bias and imbalances in different accounts of different experiences, but in the big picture the framework appears viable and would provide a better donor experience.

Donor expression

Overall, we do not expect great results at scale from donors using numbers from 1 to 10 - we expect that donors will feel it is neither clear nor sufficient, but that this high-level perspective is still desirable. We spent some time working on designs for a better donor experience, focusing on three specific areas.

First, there are several ways to make it clearer and easier for a donor to appreciate the consequences of their choices. Part of this is visual - showing what part of the whole goes to each category; and part is about giving more context to the quantities - for example showing what an individual's spend would be over a decade, or showing how we would spend our current budget based on their preferences.

Second, we acknowledged earlier that there are some areas where a considerable proportion of donors might be put off by some aspects of a project: for instance, where medical research involves animal testing, or environmental projects include political lobbying. Where the distinction is clear, it could be presented to the donor as a yes/no choice, as part of a questionnaire alongside the preference form. Where the distinction is unclear or presenting the choice to donors is unfeasible for some other reason, we would simply exclude the project (and make this clear).

Third, adding feedback mechanisms would enable donors to say where improvements are needed. We considered how to do this by allowing feedback on individual projects, but felt that giving this level of detail immediately would be unhelpful: directly comparing two different projects is not the same as setting budgets for high-level categories, and our donor profile does not require particular expertise or overall perspective. We would not rule this out for a more mature service, particularly if effective mechanisms for delegation were in place, but we would be very cautious about tying such feedback directly to individual funding decisions.

Although all donors completed their preference data, we anticipate that many people would prefer to delegate this, and there are several options here. Apart from completely unrestricted donations, we looked at different ways of aggregating donor preferences to create an "average" profile (i.e. all donors' preferences, averaged), and thought about how we might set up a "champion" model - where public figures and experts explain how they've turned their knowledge and feelings into figures. Alternatively, we considered ways of setting up a social networking element - though looking briefly into that option raised several practical concerns, and we think it would be challenging to get it right.

A further thought for scaling is that we would expect a large proportion of donors to interact only once with a preferences system, so there is a challenge around whether and how to improve the system over time while honouring donors' original expressions.

70% of funds being allocated within the UK was reasonable given the preference data.[22] The process of putting together our portfolio of projects made it clear where our earlier versions of our preference model could be improved, and if we were to support new donors now then we could give more explicit definitions of categories that would give clearer answers to questions like this. There may be more we can do; ultimately, if we can find simpler ways to visualise the whole picture and the practical impact of each decision then that is helping our donors.

Another way to characterise charitable activity is based on how a project addresses a problem. How to split funding between long-term strategic research into the root of a problem and immediate action to mitigate its effects will generally not be a decision that belongs primarily to experts on the specific problem, but having the donor decide or delegate will be a better outcome.

Some data clusters were visible in our database search, and we can see this becoming a more pressing question at scale. Homelessness and refugees might be more prevalent in cities, with unemployment affecting rural areas more; different health problems are more pervasive for different socio-economic groups. Overall, we don't think that this dilutes the usefulness of the *general causes* concept, but it highlights that there may be more to do to ensure donors are represented effectively.

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[22] Global causes, Emergency & Poverty, and Development & Welfare altogether accounted for approximately 50% of the initial budget.

There are two kinds of delegation at play here. One is for decisions which a donor can't make effectively because they don't have access to the appropriate information, which we call expert delegation, and which has no decent alternative. The other is for decisions where a donor trusts someone else to represent their feelings, which we call sympathetic delegation. Some donors will want to avoid sympathetic delegation as much as possible, while others will want to use it heavily in order to maintain an emotional distance from the causes they support. We want the donor to be able to separate the two types. The basic role of an expert is to provide advice as a service; going beyond this towards a "we know best" mentality without donor consent produces a conflict of interest that erodes confidence in the service relationship.

Overall, partitioning of the charitable sector is a highly constrained problem. We were pleased with the results from our solution, and expect that it could be used at scale with only minor tweaks, but there are several places to look for a smarter approach.

Work discovery

We were very happy with our results from using the database to find projects without relying on advertising, and it took some of our grant recipients by surprise to receive personalised grant offers seemingly out of nowhere. This regulator-maintained registry of which organisations are working in which areas gave us the ability to find eligible charities at low cost to both sides and with low bias, and we strongly hope it will continue to be available in a usable form.

As mentioned, we needed to work around a large proportion of charities that were inappropriate for us, primarily schools and churches. These naturally dominate the register, as they are usually eligible for charitable status. We checked our search procedures and results for other biases, with no major findings, and so overall we can recommend using this database for future projects.

While we have stated that we would have liked to fund more overseas projects, there was less variation in the content of projects we found abroad. We do not know whether this is because the charities running them were UK-based. We had no objection in principle to running very similar projects in many places, but it raises a question about how we might get better assurance that the right needs are being met and there aren't opportunities that we're missing. A key requirement for running a similar service at scale would be to promote the identification of gaps in existing provision and ensure such gaps can be filled. This is a more noticeable need for overseas projects but will also apply domestically.

Project selection

At scale, it would become more important to define strategic objectives in each category - although the overall aim is to leave nothing forgotten, this gives no guidance about how to attribute different amounts to different projects within a category. We considered setting up panels of experts to advise the board in each category. We also considered whether, going beyond the "human story" case studies in common use in marketing material, we might find new ways to represent beneficiaries more effectively. While we have no strong ideas to

report here, in principle this could provide us with a more nuanced view of suffering across different categories, and be used more authoritatively for making quantitative decisions.

Beyond this, project selection is already carried out effectively by other granting bodies. It is in the other service components where we see more immediate opportunity or need for improvement.

Recommendations

This project has been an independent initiative designed and run by volunteers interested in how best to donate to charity as an individual with limited discretionary income. While this donor group has not been recognised and served effectively at all up till now, we have reached a point where, having analysed the problem and showed a solution demonstrating the opportunities and benefits, we believe there are no further major conceptual obstacles to raising donor satisfaction.

Because of the limited context and resources available to us, we have preferred to make only recommendations likely to work independently and in isolation, but we present them together here in order to give a sense of the overall improvement we consider achievable.

Recommendation	Increase donor representation	Create portfolio services	Research donor needs	Focus on good giving	Promote collective charity
One-off donors	When anyone asks you for money, ask them how donors are represented.	Your opinions influence some decisions even if you're not donating regularly - don't withhold them.	Let people know what you want, or how you feel about what they offer.	Acknowledge that how you make your contribution is more important than how much you give.	Talk to friends and family and look for opportunities to contribute or influence together.
Regular donors	Give your larger contributions to charities representing donors effectively.	Try new services out as they appear, with a small donation. Tell other people about new services.	Let people know what you want, or how you feel about what they offer.	Aim to give, as part of a group, to a large number of charities.	Consider saving together and pooling a granting pot with friends and family.
High wealth donors	Give your larger contributions to charities representing donors effectively.	Take interest and provide early support to emerging services.	Let people know what you want, or how you feel about what they offer.	Try to cover all areas. If you have personal projects then decide how to split your contribution between those and general causes.	Encourage other people to join you. Consider publishing your giving strategy.
Charitable sector	Explore and implement donor representation inside your charity.	Engage in discussions with emerging services to find effective new income streams and to spot changes in supporter behaviour early. Discuss whether you can set up a portfolio service yourselves by working with other charities.	Set up focus groups to find out what your donors are looking for outside your area. Ask them if there's anything that would make them want to give more.	Work out a roadmap to shift spending from advertising to working with granting services. Collaborate with charities in other areas to form a compelling portfolio.	Narrow the gap in experience between high-wealth donors and the general public. Encourage high-wealth donors to include collaborative projects in their portfolio.
Business	Advise local organisations on design and implementation of representation structures and processes, and how to gauge success.	Setting up portfolio services independently, bringing an outside perspective and experience in a different business context, could be a valuable contribution.		Require high standards from payroll giving schemes. Maintain a charity budget balanced between local projects and general giving to satisfy staff.	An existing company can be a healthy environment for people to coordinate their giving, or it can be unwelcome if staff already manage their giving effectively elsewhere. Providing a range of unpressured options around time, money and access to expertise can be received positively by employees.
Research	Look for ways to give donors union-like structures that enable them to behave and be recognised collectively as a coordinated and coherent entity.	Look for better ways to divide the sector conceptually into manageable chunks, accessible to non-experts, while mitigating the effects of biases.	Look for factors that affect satisfaction and donation rates. Develop expert and public understanding of suffering, the effects and limitations of money and services, and models of individual and societal responsibility. This would raise donor confidence in direct and delegated decisions.	Look for ways to gauge charity success from the donor's perspective. Communicate economic model research findings (e.g. consequences of wide adoption of different giving strategies) to donors effectively.	Look into effective organisational structures for donors at various scales.

Recommendation	Expect biggest results from the general public	Start small	Treat every donor as a philanthropist	Focus on the plan
One-off donors	Note that one-off donations are a major source of funding.[23]		Whenever you give something, you're closely linked to a more powerful group of donors. Expect to be treated with respect.	Join in with people who have a compelling plan, even if you're giving just once.
Regular donors	Note that government welfare and aid have limitations, and high-wealth individuals aren't high contributors overall.	You can start safely planning with a friend or family member. This already improves over all the alternatives currently on offer.	You're giving a lot over time, so think of yourself as a philanthropist.	The executive setting the sector budget is you. Decide how much you want to give, and how much you want to give ad-hoc, e.g. sponsoring friends.
High wealth donors	Note that bringing lower-wealth donors with you will multiply your impact by an order of magnitude.	Allocate a portion of your giving budget to new methods and see how they perform.	Encourage the charities you work with to offer high-wealth services to groups of lower-wealth donors.	Share your views on why you give more to some causes than others. Commit to giving effectively.
Charitable sector	Invest in lower-income donors as your most important customers.		Factor into your donor profile that they are giving up the opportunity to have one big impact in order to support you, which merits respect and the reward of excellent service.	Make donation a rewarding experience over the long-term.
Business	Businesses have a particular advantage when it comes to running projects and accessing networks of people to generate new ideas, solve complex problems and build complex systems. These are likely more effective ways for businesses to contribute than cash donations.	Support groups of employees who want to coordinate. This may be more effective than company-wide initiatives.	The bulk of charity funding comes from employees donating money, which indicates that the benefits of working for a socially active company run by active philanthropists will never outweigh employees' salary needs.	If your company gives to charity, track (and ideally publish) what you've supported overall and continuously, over years and decades. Consider creating dedicated governance roles to keep track of the bigger picture.
Research	Determine whether individual-driven (voluntary) wealth redistribution can be an effective long-term strategy. Consider it alongside current and historical welfare state policies.			Determine whether one-off and annual events are effective and optimal for raising donor contribution. Consider supporting a supranational governance function to track research priorities and donor and beneficiary needs.

Start small, start now

Starting small could be making a 1-year personal giving plan, clubbing together with one other person, or getting a local community organisation to talk about donor representation. It is possible to do this easily and informally just starting with one or two friends and family - this is one approach the authors will be using after closing the prototype service. Note that the service worked with just 5 donors over several years, and improved outcomes for all of them.

You can also start small by adopting some principles that support the long-term, for example:
- Don't give the same amount to everybody
- Don't do all your giving by snap decisions

We would encourage individuals to improve their existing donation practices to reflect the novel aspects of our project, adopting planned long-term giving and group-giving. Planning a giving strategy that looks several years ahead allows an individual to see themselves more as a high-value philanthropist making important decisions about helping people substantially, which in turn gives them the confidence to remove themselves from more wasteful advertising-based discovery channels. Group-giving allows an individual to reduce waste and reach more causes overall by pooling donations, also reducing waste.[24]

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[23] https://www.cafonline.org/about-us/publications/2019-publications/uk-giving-2019
51% of interviewed donors give "from time to time", i.e. not regularly via direct debit.
[24] See Appendix A

Increase donor representation

Independently of all our other points, increasing and improving representation carries a high likelihood of increasing donor engagement and donation volume. We recommend that all parties look at what they can do to achieve this. However, we note that increasing donor engagement at the individual project level and not at the sector level may have a detrimental impact on satisfaction overall for some donors.

Create portfolio services

We envisage services of the type we have described in our project comprising a "broker" layer in the sector that handles general causes. That is, a donor would not go directly to individual charities, but would work with a different type of organisation that can represent the donor's general needs more directly. Public advertisements for general causes would be run by these brokers but not by individual charities, who would interact with brokers instead. This is immediately more efficient overall, and we would expect brokers to compete with each other by developing better methods for discovering projects and representing donors' needs. Importantly for the donor, any broker offers a single point of opt-in, so that you know you're already contributing when you find out about a new cause.

There are parallels with other markets where the introduction of a trusted brokering tier of organisations has brought substantial benefit to the service user - various market/price comparison services and financial investment/advisory services are two. These markets have very different characteristics, but the common idea is to separate the responsibility of representing users as a whole from delivering the individual services that meet part of their needs.

While we see challenges in implementing a service like ours at a larger scale, some of which we have discussed here, we expect such a service to be viable. A large-scale implementation may benefit from working with recipient charities more directly to establish expectations and new ways of working, especially where a significant change in finances might be anticipated. Such an implementation might come about from collaboration by larger charities within the sector or be created independently.

There is potential for providing other portfolio services, such as more advisory services to meet the problems around donors wanting access to expertise about specific issues and giving in general.

Research donor needs

Next steps after our isolated analysis of what donors are looking for might include carrying out market analyses and exploring economic models, verifying the link between donor satisfaction and donation volume, exploring appropriate recommendations for how much donors should give based on their views and circumstances, and continuing to evaluate the effectiveness of different types of charitable activity in addressing longer-term and global problems. Note that all of these directions are motivated by supporting or questioning one or more of our dissatisfaction factors - it seems appropriate that research should be focused on

improving the results of donating from the donor's perspective, by improving efficiencies as well as enabling a more informed perspective.

Focus on good giving

We have mentioned "lifetime" giving previously, but regular and long-term giving are less important compared to giving as part of a more holistic big picture, which includes widespread and group giving. If you don't often have the means to give, then make it count when you do.

If you have a lot to give, we hope to have given you some new ways to think about the effectiveness of your contribution. There is a balance to be struck between inspirational projects that show tangibly how one person can change the world, and joining others in more widespread giving. When you contribute towards making it easier for others to join you, you enable a much larger impact overall. Our main advice is that you find (or develop) ways to delegate a substantial part of your giving - this is the important signal to send to people with lower disposable wealth.

Expect the biggest results from the general public

Roughly 75% of the charitable sector's income comes from individuals and government (the remainder comes from commercial activity and investment profit), and major donors account for under 10% of the contribution from individuals.[25]

While people often expect government to take on more responsibility in the charitable sector, including ensuring adequate funding levels for all, this is complicated by government having many other responsibilities, and we expect such complication to lead frequently to conflicts of interest, lack of focus, and unsatisfactory compromises. Additionally, from the government perspective, increasing donor satisfaction isn't associated with increased government revenue, so increases in total charitable funding could only be achieved by finding additional income - possibly through taxation - or rerouting funding from elsewhere.

By contrast, our assertion is that donors would release more funding from their disposable income if the sector's mechanics were improved. The key point here is that the biggest source of sector funding also has significant unused potential, and most of this potential lives in a large number of small decisions.

As discussed earlier, where we do see potential for positive government involvement is in strategic and representative decision-making.

While we might expect government to take an active interest ultimately, in the current economic and political climate we think it more likely that we will see early service providers operating at a large scale before any government-led initiative, and we particularly encourage private enterprise and existing sector providers to consider this space.

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[25] https://data.ncvo.org.uk/a/almanac18/income-sources-2015-16/
Coutts Million Pound Donors Report 2017 https://philanthropy.coutts.com

In theory, overpaying taxes could be an effective way for individuals to contribute more to the areas that are heavily dominated by tax-funded work. This would require the Treasury to treat such overpayments as restricted funds, and additionally would depend heavily on an individual's views around what the scope of government responsibility should be. We have excluded this from the scope of our project, which aims to provide a viable route independent of government.

Treat every donor as a philanthropist

One of our objectives has been to open up philanthropy as wide as possible. Not everyone has a lot to give, even over time. If you can give anything, then you can set an example by giving in a considered way - give in a way that shows what you care about, and that you will work with other people in order to help more - and by starting now.

Charities and charitable services can play a strong role in supporting this and reinforce the concept that every individual's small decisions are important and can be accounted for, remembering that a minimum transaction amount does not have to mean a minimum donation amount.

Focus on the plan

We have not talked about the social phenomena of sponsorship or annual or one-off events like Comic Relief and Live Aid. Our view is that these are positive and worthy of support, but their role and impact are minor compared to the scope we are considering.[26] The main benefits are raising awareness and celebrating our culture of giving, providing an appropriately regular nudge that brings people together and elicits donations that otherwise would not have been made at all. These are beneficial but of secondary impact in a model that encourages long-term, regular and delegated giving. Our recommendation to most donors is to support these but to expect to have more impact elsewhere.

The successful next step

Had we taken our own service further, we would have looked for the following outcomes:
1. Measure the satisfaction of our donors;
2. Establish dialogue with representative charities of different sizes;
3. Maintain communication channels with donors and the general public, and build processes to work with their feedback;
4. Explore additional funding models such as service contracts and incubator funding in addition to grants;
5. Seek separate funding to expand the scale of operation;
6. Establish high-level targets for fair geographical and other coverage;

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[26] Live Aid is said to have raised £150 million https://en.wikipedia.org/wiki/Live_Aid
Comic Relief raises donations of the order of £100 million annually
https://en.wikipedia.org/wiki/Comic_Relief#Fundraising
The annual sector budget is of the order of £50 billion annually
https://www.ncvo.org.uk/about-us/media-centre/briefings/219-the-charity-sector-and-funding
https://data.ncvo.org.uk/a/almanac18/income-and-spending-2-2/

7. Enter the "government-owned" spaces of welfare benefits, health, and international aid;
8. Support expert communities in all cause categories;
9. Start a research programme centralised on donor and beneficiary experience across all suffering areas;
10. Engage with economics research communities, with a particular focus on the macro-economic modeling of different giving strategies, to provide credible budgeting recommendations to the donors who ask for them.

Conclusion

By taking what might be called a "donor-first" view, this project has produced an analysis of donor disincentives, a framework for designing services to address them, and an implementation of such a service. Because we have not carried out market analysis, our assertion that similar provision could have a significant impact on total donation volume and donor wellbeing remains hypothetical but strongly intuitive. We fully expect that this provides ample motivation and clarity for other parties either to explore these questions more thoroughly or to begin providing new services to donors. We believe that in this paper we have removed obstacles that were preventing a serious problem with the sector from being identified and described accurately. The obstacles to solving the problem at the societal level are around building and transforming organisations, which require capabilities readily found elsewhere in the sector, government, business and entrepreneurship, so we now look to others to start engaging with these ideas and building solutions.

We advise individual donors not to wait for others to take action - we have outlined our recommendations for getting better outcomes from your giving today.

The hypothesis and independent running of this project raise a query as to whether research into the charitable sector is driven by appropriate priorities and adequately funded, and why no research in this area is widely known. While the charitable sector is staffed by people working hard in good faith under tight constraints, we believe that any failure to identify or set effective priorities is an important opportunity to subject the sector's governance to scrutiny.

Our analysis delivered insights because we returned to what we want from charity, and accepted that there is a large amount of common ground that is not currently used. This was a naturally intuitive approach, since the anecdotal readiness with which we encounter strong skepticism and disenfranchisement concerning such a well-intentioned societal phenomenon as charity can only be interpreted as a sign that those good intentions are implemented poorly. We sincerely hope, and have here provided strong reasons for us all to be positive, that through the adoption of pragmatic and targeted approaches to how it achieves its fundamental aims, the sector can build a healthy global outlook.

We would like to thank the Charity Commission for England and Wales for making its database available in a form we were able to use effectively. Several of the positive characteristics of our solution might not have been achieved without this database, and it is

a resource that was either lacking, less usable, or not freely provided when we looked at other jurisdictions within the UK and abroad.

Appendix A - concept index

General causes

Causes that people don't have a personal attachment to but would be willing to support in principle. This is in contrast to people feeling a particular affinity with a cause.

Proactive discovery

Any method that enables you to find appropriate charities and projects without them incurring a large / per-user cost. For example, finding websites from a database of charities. Examples of *reactive* discovery are responding to advertising (including both paid and unpaid search engine advertising), events, and street collectors. Proactive discovery reduces costs for charities.

Widespread giving

Giving smaller amounts to more charities in preference to giving larger amounts to fewer.

This reduces your influence and impact on individual causes but increases your overall impact and efficiency, so we encourage it. It is the single most effective change you can make now to reduce bias and neglect in the sector. There are complementary ways to increase your influence on individual causes - see group giving.

When we say "more charities", we estimate that people on average over their lifetime currently give to 20-100 charities,[27] and recommend increasing this to a minimum of 200. Based on our experience looking through charitable projects, it would not be difficult to compile a list of thousands of different projects that most people agree are worthwhile.

While this raises new practical problems around how to manage many charities and very small donations, these problems are solvable. For example, where people were concerned about the cost of processing donations, we provided a way to make many donations in one transaction, allowing people to give 62p monthly to several causes. While there is a per-transaction cost, there doesn't need to be a per-donation cost.

Long-term giving

Not everyone expects to be able to give over the long-term, but charities should treat you as though you do by default.

Thinking about how much you could in theory give over many years shows you that your own personal contribution would be a significant one - potentially thousands of pounds. It should be recognised that every time you donate any small amount, you're giving up later opportunities either to treat yourself or to make a very large donation in one place.

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[27] Roughly based on Blackbaud 4-6 charities per year
https://hub.blackbaud.co.uk/npinsights/next-generation-of-uk-giving

By considering each small donation as a key part of a bigger whole, we expect donors to be more concerned about how efficient each one is.

Bias

Where a donor is persuaded to make a decision based on the exaggeration of relatively unimportant details or needless constraints. The consequence of all bias is to widen the gap between what a donor believes should happen - the big picture - and how their contributions are used.

Some factors should be unimportant in a decision, but the natural thing to do is to try to use all the information we have. This is a problem when choosing between very similar charities, especially if everybody has very similar biases, which can become a target for expensive marketing campaigns.

Many of the concepts we advocate are ways to remove and reduce bias and its effects.

Single-impact matching

When a charity says what a small amount of money can do, e.g. "£3 to feed a child for a month". This also occurs on a larger scale, e.g. "£31,200 to train 100 community health workers".

Our position is that this is appropriate for reporting impact simply to existing supporters, and for raising support for local/niche causes.

An ideal situation for single-impact matching is where a small business is looking to spend half their charitable budget on local charities or projects that are of special interest to the business (while the other half might be used for general causes).

It is more problematic when used more widely, e.g. for advertising a general cause, because it tries to distance the giver from the bigger picture in two ways, discouraging widespread giving and neglecting long-term giving, which is potentially damaging from being over-reductive.

We raise the possibility that for some donors it is because the bigger picture looks negative and out of control that they look for more value in single-impact matching.

Group giving

Giving as part of a group, even a small group, is a way to increase your collective influence over the charities you support. It also allows you in practice to give smaller amounts to individual charities.

Both of these factors encourage and facilitate widespread giving and mitigate bias.

Local (niche) giving

The opposite of general giving, this is giving that is more specific to you, either because it's geographically close to you, or relevant to your life particularly in some way.

We encourage finding a balance between local and general giving that makes you comfortable.

Planned giving

As there is always an urgent need for charitable donations, it is most effective to give in a planned way rather than solely in response to events such as natural disasters or requests. It can also help you to plan your long-term giving and so get a better impression of your impact.

Planned giving can be straightforward regular donations, but regularity isn't necessary. Tithing is a more advanced approach, linking how much you give directly to your income.

Random selection

Where bias is a significant concern, random selection can be an appropriate tool, even for individuals.

For example, say we have two good charities dealing with unrelated problems, and 100 donors who care about both but can only choose one each. Both are presented well, though one has a slight but obvious presentational edge. It would be a healthier result for the donors to decide by tossing a coin than for all of them to choose the better presented one, since each donor would prefer them to be treated equally to one of them receiving no funding.

These are not the only options in reality, but the example demonstrates how even small biases can lead to very poor outcomes, where even random choice would have been preferable.

It is feasible that the best possible big picture outcomes are unobtainable without including some randomness.

Delegated giving

Partially or wholly delegating the choice of what to fund to a person or organisation you trust to understand the problem and represent your broad preferences.

We advocate that most giving should be delegated, or "unopinionated", so that given effective representation and accountability structures, individuals can make donations in confidence without needing to research or keep informed about an organisation. Individuals minded to get more involved might contribute to the representation structures for a small number of the charities they support, while remaining unopinionated about others. Trust needs to be managed as a top priority to support this approach.

We draw a distinction between "expert" and "sympathetic" delegation - whether you delegate to someone because they have in-depth knowledge or because they are good at representing your personal views. Expert delegation comes in when you don't expect to understand the issues involved fully enough; sympathetic delegation enables you to take a large number of decisions or to take decisions without engaging too emotionally with the causes.

Appendix B - FAQ

This is a mixture of questions we have been asked and questions we have asked ourselves, selected to cover what we see as the bigger moves away from current thinking and the more serious concerns about change.

Why introduce an extra organisation between the donor and the beneficiary? Surely that's more wasteful and less accountable?

The much bigger waste is when many organisations, that as far as the donor can see are very similar, compete against each other for the donor's attention and money. That on its own can be enough to justify an extra tier of organisations. This brings new opportunities for donor representation, which can have a positive impact on accountability.

Why would donors choose to give up the ability to choose individual projects?

They still have that option, and we expect them to use it for "local" giving. By choosing directly every project they support, without some level of delegation, we see no way for donors to satisfy all the basic needs we've identified.

How can people interact meaningfully with a simple numbering system that's meant to capture complex decisions across a charitable sector with a hundred thousand organisations?

We essentially want to ask people to set the budget as if they're the executives of their own trust fund. Unless they want to invest in specialist knowledge - and most people don't and shouldn't need to - then they will need to trust and delegate decisions at some level. We have chosen a level which we think is most accessible while addressing significant needs that were previously unsatisfied, and we have laid out where we think it could be improved.

You say you want people to give 1p to a large number of charities - are they really going to believe it works or bother?

It is purely a logistical issue, with a number of ways to achieve it. We have seen a raised awareness of the effectiveness of crowd-sourced funding with sites like Kickstarter; people do put their money behind the idea that they can be a small part of something, and we think there's much more mileage to be had. Already at our small scale we got down to 62p donations behind the scenes. What isn't feasibly effective is telling everybody they need to interact directly with hundreds of projects, or thousands of organisations offering fundamentally similar services all advertising directly to the general public; this is where we need a new type of service.

Don't you need a large number of people to sign up before this makes any difference?

We've taken the approach of designing something that works well at a small scale that can be adopted incrementally, instead of carrying out market research to find out whether there's already a large number of people looking for this. The number of recipient charities in a portfolio can start off small when the number of donors is small, and the approach achieves a notable improvement in coverage over each donor giving alone. What we've achieved gives an individual a way of donating that complements current options, and that, if many people do it, promotes efficiency across the sector as a whole. This on its own can make some donors a lot happier in their giving even before the scale is achieved, and keeping donors happy in their giving is vital. We have outlined ways in which individuals can avoid negative giving characteristics, and ways a service can facilitate and improve this.

What evidence is there that donors would give significantly more?

It's also about having healthy relationships between the donor and the sector, but we would expect to see a substantial increase in donations. We have applied generic reasoning about happier customers spending more, alongside the factors for current dissatisfaction we have identified.

Shouldn't we focus more on the beneficiaries than the donors?

We ask how to get more money to beneficiaries, and our answer is to treat donors well - this would be lesson one in customer service in any other field. While charity can be fundamentally different from business, we just think that this is the common sense approach. This in no way compromises the beneficiaries, and is entirely compatible with improvements in representing them.

How much should people be giving?

We've focused on how to give, rather than how much to give - giving *as if* you were investing millions. A quick answer would be to leave it to individuals to determine the right amount for them. We expect that there are many donors who would appreciate more detailed guidance on this, but we felt that this would require a detailed analysis far beyond our main scope.

We can offer some very broad guidelines:
- You can afford something from your income unless you're at risk of poverty.
- People with more disposable income can give disproportionately more.

With news focusing on increasing inequality in societies, why have you focused on giving options for the general public rather than high-earners?

As the general public already feel that they should be giving to charity,[28] our aim has been to remove obstacles in their way and alleviate any feelings of dissatisfaction with their own giving. For the particular problems we have looked at, we think that high-earners - with the same charitable needs as anyone else - don't actually have better options than what we have described, so we would recommend that they follow the same methods, and there's no reason to consider them a separate group. Aside from that, there is simply more disposable wealth in the larger group.

Which charities will lose out with this approach?

We would anticipate some level of change within the sector, and it will be valuable for any large-scale services to include charities in managing this change, to reduce and plan for disruption arising from budget changes. Ultimately the goal is to reallocate funding without omission, in order to increase the overall funding available, and if any charities cease to operate permanently then the service provider will need to account for this. We would draw attention to services falling outside our scope, particularly where it might not be clear that donors still need to support these individually - charity work that has a significant lobbying component, as is the case with some homelessness, domestic abuse, environmental and human rights work for example, was ineligible for funding during our project.

Why not focus on the wealthy instead?

Although high-wealth individuals account for a smaller proportion of charitable income now, that does not take into account their potential, so we consider this to be an open question. We chose to work with what we already knew, which is that individuals with low discretionary income want to give effectively to charity, and looked for ways to make it a more mutually positive experience. We consider that developments such as The Giving Pledge[29] indicate that many of the wealthy are not averse to giving away substantial amounts and are primarily concerned about the method of doing so, which raises the exciting possibility of tackling that problem collaboratively to satisfy both groups.

What about relying on one big charity in each category?

This is close to the status quo in some ways, where there are one or two go-to household names for a charitable category. On the whole, while it might do a good job of reducing the number of charities we need to think about, if it effectively eliminates competition then we don't see it as a healthy outcome for donors at this time, not least because evidence that charities currently understand what their donors are looking for is limited. Instead, we

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[28]

https://research.kent.ac.uk/philanthropy/wp-content/uploads/sites/667/2019/06/how-donors-choose-charities-June2010.pdf
[29] https://en.wikipedia.org/wiki/The_Giving_Pledge

envisage a small number of services working across different categories and competing efficiently against each other on donor satisfaction. Over time, we will find that different donors prefer different services because of how they interact with donors and how they select charities across the sector. Donors are then happier and giving more; charities are spending less money and administrative time on acquisition and retention of donors, and more on the work they care about; services have an incentive to support new charities being set up in response to new problems or ideas.

Our point about the number of charities in the sector is that it is too many for most donors to work with and too many to have in a single competitive domain. We do not think that there are too many in absolute terms.

Appendix C - database filtering

The Charity Commission database can be accessed via its online search website, or by downloading the raw data.
- Online search http://apps.charitycommission.gov.uk/showcharity/registerofcharities/RegisterHomePage.aspx
- Data download http://data.charitycommission.gov.uk

We filtered income level and recent financial reporting, removed charities without registered websites, and searched for particular keywords in the stated objects.

Registration with the Charity Commission allows a charity to categorise itself in three dimensions - what they do, who they help, and how they do it - selecting from a fixed list of options. The "what" dimension corresponds to the legal categories of charity, and so corresponds closely to the final list of categories we chose. Additionally, charities supply free-form text describing their charitable objects.

Our first pass through the database looked for charities that matched appropriate categories and/or used appropriate keywords in their objects, such as "child". We excluded charities if they:
- Were not marked as "registered"
- Made no income filing or filed income below £20,000 in the last year
- Did not have a registered website
- Did not list a specific region of operation within the UK for domestic categories
- Registered under 5 or more different categories

Additionally, we built up experience that filtering out some words would remove inappropriate charities effectively: as most schools and churches in the UK are eligible for charitable status but inappropriate for our purposes, we were able to remove most of them from consideration automatically at this stage. While this also removed some appropriate projects closely involved with schools or churches, it meant that charities remaining on our list were far more likely to be appropriate.

Charities on the resultant long list were randomly ordered, then the list was typically truncated to no more than 100 charities. The website for each of these charities was manually inspected, and a further set of criteria applied:
- The website should display active/recent and pertinent information
- The website should resemble the database profile of the charity
- The website should make it clear that the charity accepts donations from the general public
- The website contains no content clearly making the charity an inappropriate grant recipient

Charities on the resultant shortlist were inspected and discussed by the board as budget became available to make a grant in the category. A secret ballot of board members would narrow the list to 2-4 charities, from which a final recipient or recipients were chosen by consensus through discussion.

Appendix D - secondary sources

We provide secondary sources to support the case that the factors causing donor dissatisfaction are representative of a significant group.

Inclusion in this list indicates that they provide evidence of one or more of the problem factors, and in no way implies our agreement with any statements made. Indeed, we include several references that make recommendations we entirely disagree with, but attempt to make clear why each has been chosen.

Intentionally, almost all of these have been sourced after we made our conclusions.

All hyperlinks were retrieved successfully in June 2019.

1. How donors choose charities © 2010 Beth Breeze
   https://research.kent.ac.uk/philanthropy/wp-content/uploads/sites/667/2019/06/how-donors-choose-charities-June2010.pdf
   Most of the findings in this paper were of direct interest to us. What they capture includes a preference of some donors for sympathetic delegation and an assumption of expert delegation, that choosing between charities is difficult for donors, and that they care about coverage ("Some interviewees expressed feelings of regret, and experiences of stress, that the number of requests for help exceeds their ability to respond"), support for categorisation as a method of donor presentation ("Self-made classifications and 'mental maps' help donors to cope with the complexity of the charity sector"), that donors actively use bias as a practical workaround when choice is difficult, and one example of willingness to contribute a negligible amount to non-preferred charities ("I'd put 10p in, shall I put it that way?").
   There is also evidence that donors want to avoid being "drowned out" by government

and other donors. We assume that this is driven by other dissatisfaction factors rather than being one in its own right.

2. https://www.newstatesman.com/node/193396 (2000)
   A strongly worded opinion piece covering lack of representation, accountability, and waste.

3. https://www.civilsociety.co.uk/news/financial-times-attacks--highly-inefficient--charity-sector-and-calls-for-government-to-force-charities-to-merge.html (2015)
   Focused on reducing waste from a government oversight and funding perspective.

4. http://www.bbc.co.uk/ethics/charity/against_1.shtml (2014)
   The BBC's Ethics page on charity covers several strong but lesser-heard questions about whether charity is effective and good. It provides a couple of good examples of bias ("favouritism, not fairness").

5. https://www.ncvo.org.uk/2-content/1757-are-there-too-many-charities
   The NCVO discusses whether the number of charities is appropriate.

6. https://www.youtube.com/watch?v=ZfiWoVbd3jk
   A comedy sketch from Mitchell and Webb that gives an overview of the sector and captures several of our dissatisfaction factors and common frustrations at simplistic approaches.

7. https://www.thenorthernecho.co.uk/news/13754862.charity-chief-calls-for-an-end-to-chugging/ (2015)
   A news article covering "chugging", which has become a widely-used derogatory term, with the view that it puts charity income at risk by treating donors poorly.

8. http://www.charityscience.com/blog/how-charities-are-actually-wasting-your-money-video-and-infographic (2015)
   An infographic that puts across a point about using simple metrics to promote a false sense of effectiveness. As stated elsewhere, we can't endorse using "cost-effectiveness" in this way, but it shows people caring strongly about waste and personal impact.

9. https://thedecisionlab.com/charity-inefficiencies-altruism/ (2017)
   This article talks about "parochialism" where we have "niche" causes. It covers widespread giving from a more economics-driven perspective, judging that the utility benefit ("warm glow") to the individual donor is greater if they give smaller amounts to more charities. For reasons stated, we do not support an aggressive use of "marginal benefit" to resolve funding questions.

10. https://www.dailymail.co.uk/news/article-3357458/One-five-UK-s-biggest-charities-spending-half-public-donations-good-causes-spend-little-ONE-CENT-charitable-work.html (2015)
    While the Daily Mail's report appears to be entirely unreliable, it collates robust responses that cover why charities should maintain funding reserves. Strong coverage in a national newspaper indicates that this is a common emotive issue.

11. https://80000hours.org/articles/best-charity/ (2016)
    This article from 80,000 Hours covers some less common angles, and we single them out for supporting access to general expertise (see our "sympathetic delegation") as something that people want. They also link to some interesting exploratory projects, encouraging thinking from new angles.

12. https://www.theguardian.com/voluntary-sector-network/2014/sep/29/poverty-porn-charity-adverts-emotional-fundraising (2014)
    This article covers "poverty porn", discussing issues around how charity work is portrayed through advertising, and touching on the idea of single-impact matching.
13. https://www.civilsociety.co.uk/news/over-80-per-cent-of-charity-ads-given-1-star-ratings-from-public.html (2018)
    This article takes the perspective of optimising marketing strategies for individual charities, showing a high level of donor dissatisfaction with advertising.
14. https://www.thedrum.com/news/2018/03/28/charities-need-focus-less-the-cause-and-more-the-consumer-say-agencies (2018)
    This article from charity-sector watcher The Drum Network is rare and welcome in suggesting treating donors as consumers and highlighting that making people feel good about giving is mutually beneficial.
15. https://www.givingwhatwecan.org/post/2013/11/should-you-only-donate-to-one-charity/ (2013)
    We don't agree with any of the points in this post and find the reasoning weak, but it shows people interested in big picture outcomes, efficiency and representation, and acknowledges basic concerns about coverage.
16. http://freakonomics.com/2012/12/06/charitable-giving-why-fewer-is-more/ (2012)
    This short post from two sector specialists advises against widespread giving on the grounds of fixed per-recipient costs such as transaction costs and individual application/report writing. We agree with the reasoning, and have taken steps to remove those precise obstacles.
17. https://www.vox.com/future-perfect/2018/11/26/18103372/overhead-charities-effectiveness-donations-giving-tuesday (2018)
    This balanced and detailed article covers why judging between charities on overhead is not to be recommended. We condemn the reported stance from Charity Watch that a bad metric is better than none, which shows sector organisations amplifying secondary biases.
18. https://www.quora.com/Which-is-better-giving-a-little-to-many-charities-or-giving-a-lot-to-a-few-charities
    We include a public question+answer website as representative of grassroots debate. This shows people caring about waste and personal impact, but also shows that while charitable and economic organisations may have near-consensus on some of these questions, the answers are not reaching the general public and awareness is low.
19. https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1093
    From the American charity rating organisation Charity Navigator, they define accountability as a key factor in how they assess charities.
20. https://www.institute-of-fundraising.org.uk/guidance/managing-fundraising/accountability-and-transparency/
    Professional body the Institute of Fundraising also shows accountability to the public as a central tenet.
21. https://www.theguardian.com/voluntary-sector-network/2015/feb/03/transparency-charity-priority-ben-summerskill (2015)
    An article from the Guardian with a more donor-oriented view on accountability.

22. https://www.cafonline.org/about-us/publications/2018-publications/uk-giving-report-2018 (2018)

    CAF's report contains a pie-chart that shows the actual allocation between cause areas. The prevalence of ad-hoc giving and drop-off in regular giving we read as strong indicators of donor disengagement.

23. https://www.charityfinancials.com/charity-financials-insider/every-penny-counts-1708.html (2017)

    This article discusses failures of a "micro-donation" initiative that mirrors our recommendation to divide individual transactions into a large number of donations to reduce the fixed costs associated with widespread giving. Despite the strong idea, this appears to be an awkward implementation that doesn't deliver enough for donors.

24. Republicans Like Obama's Ideas Better When They Think They're Donald Trump's https://www.huffingtonpost.co.uk/entry/donald-trump-republicans-democrats-poll_n_55e5fbb8e4b0c818f6196a82 (2015)

    This report on a poll notes that Americans habitually "rely on partisan cues", defining their individual positions on single issues by delegating.

Appendix E - category history

Version 1

We began with nine categories. Most donors registered using this version. The focus was on capturing preferences that covered the whole range of charitable activity, using a minimal number of categories. The most frequent question we anticipated was about the proportion of money spent abroad, so we presented donors with a "Global causes" category to make this choice fairly explicit.

1. Children
2. Elderly
3. Emergency & Poverty
4. Development & Welfare
5. Global causes
6. Health
7. Environment
8. Animals
9. Art & culture

Version 2

The second version was driven by our experience trying to map projects to categories in the first version, and looking for ways to communicate the scope of each category - both were difficult in places.

Art & culture was removed as a category in its own right, as it would have required substantially different treatment, and we considered it unrealistic for the board to make

representative allocations based on the information captured. To take into account existing donor preferences, it made sense to look for art and cultural contributions as a factor when selecting projects in other categories. There were many opportunities to do this in practice, as we saw art employed in solutions to other problems, aiding communication with sufferers, or building confidence and self-worth, or in building communities. At this point, we decided that our focus should be on suffering, and that supporting cultural organisations beyond this should not be within our primary goals. We recognise that in making this choice, we are working with a narrower definition of charity than allowed for by UK law and the regulator. We consider that it is a very clear and intuitive division to make, and that whether organisations falling outside our scope may benefit from similar tax-breaks is unlikely to be a matter of concern to our donors.

Emergency & Poverty and Development & Welfare were separated into four independent categories. Additionally, we had found it difficult, based on the domestic projects we had seen, to justify Emergency and Development as top-level categories in their own right, while the global projects we had seen all fell neatly into the two categories, so we changed their remit to cover projects abroad primarily, and removed Global causes from the list.

1. Health
2. Education
3. Emergency
4. Children
5. Animals
6. Environment
7. Elderly
8. Development
9. Welfare
10. Poverty

Version 3

The final version was driven by the switch to using the Charity Commission database to find projects - this method was more effective when using a similar categorisation to the database, which uses the categories defined in charity law.

We divided Welfare into four categories: Abuse, Addiction, Disability and Unemployment. We split Poverty into three to cover Homelessness and Refugees in their own right.

1. Abuse
2. Addiction
3. Animals
4. Children + family
5. Crisis relief
6. Development
7. Disability
8. Education
9. Environment

10. Health
11. Homelessness
12. Older people
13. Poverty
14. Refugees
15. Unemployment

Appendix F - about Empath UK

The trustees past and present of Empath UK were:
Peter Fayle (2009-2019)
Mark Miller (2012-2019)
Alex Le Vey (2010-2015)
Matt DiNello (2015-2016)

The initial concept was developed by Peter. Alex and Matt have held roles in various other charitable organisations; Peter and Mark work in other fields.