Economics Nobel Prize 2019

Awarded to Abhijit Banerjee, Esther Duflo and Michael Kremer for their experimental approach to alleviating global poverty

Presented by José Vila-Belda
Research Manager
Department of Economics
University of Zurich
$4.6 Trillion Later, Foreign Aid Remains An Economic Somnolent

Source: Data from OECD Factbook 2011-2012 DOI: 10.1787/factbook-2011-2012
Ice-cream consumption and PISA educational performance scores

Sources: OECD; Euromonitor; The Economist

Mean score on PISA reading scale, 600=best
small is beautiful
small is beautiful

(Randomized Experiments)
The Case of Malaria Prevention
The Anopheles Mosquito

2018:
228 million cases of malaria
405,000 deaths caused by it
Insecticide-treated bednets:
Insecticide-treated bednets: effective but low coverage
Insecticide-treated bednets: **effective but low coverage**

How can bednet use be expanded?
How can bednet use be expanded?

Policy option 1: Free distribution
Policy option 2: Cost-sharing
How can bednet use be expanded?

1. Use

- **Policy option 1:** Free distribution
- **Policy option 2:** Cost-sharing
How can bednet use be expanded?

1. Use

<table>
<thead>
<tr>
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How can bednet use be expanded?

1. Use
2. Access

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How can bednet use be expanded?

1. Use
   - Policy option 1: Free distribution
     - √
   - Policy option 2: Cost-sharing
     - ✗

2. Access
   - Policy option 1: Free distribution
     - ✗
   - Policy option 2: Cost-sharing
     - √
How can bednet use be expanded?

Policy option 1: Free distribution

Policy option 2: Cost-sharing

1. Use
   - X
   - ?

2. Access
   - ✓
   - ?

3. Cost per user
   - X
   - ?

- Policy option 1: Free distribution
  - Use: X
  - Access: ✓
  - Cost per user: X

- Policy option 2: Cost-sharing
  - Use: ✓
  - Access: X
  - Cost per user: ✓
How can bednet use be expanded?

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Cost-effectiveness
# How can bednet use be expanded?

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The Experiment
Fees paid by user as % of market price
(Market price: $7)

1) Free

2) 2.5%

3) 5%

4) 10% ($0.70)
The Findings
Use of Bednets

Usage rates among households that purchased or received the product

- Percent of households using the product at follow-up vs. Transaction price (2009 USD)
Use of Bednets

Usage rates among households that purchased or received the product

- $1.66 slippers (Kenya 2010, 3 month follow-up) [7]
- $7 bednets (Kenya 2007, 2 month follow-up) [9]
- $7 bednets (Kenya 2007, 1 year follow-up) [9]
- $7 bednets (Kenya 2007, pregnant women, 2-4 month
- $0.26 clorin (Zambia 2006, 2 week follow-up) [4]
- $15 water filters (Ghana 2009, 1 month follow-up) [19]
- $15 water filters (Ghana 2009, 1 year follow-up) [19]
Finding #1: Fees Do Not Substantially Promote Use
Access to Bednets

Take-up rates of preventive health products at various prices

Percent of households who took up the product

Offered price (2009 USD)
Access to Bednets

Take-up rates of preventive health products at various prices

Percent of households who took up the product

Offered price (2009 USD)

$2 soap (Uganda 2009) [7]
$2 vitamins (Uganda 2009) [7]
$15 plastic latrine slab (Tanzania 2015) [18]
$1 soap (India 2009) [7]
$7 bednets (Kenya 2007) [9]
$1.66 slippers (Kenya 2010) [7]
$0.26 chlorin (Zambia 2006) [4]
$0.4 chlorin (Kenya 2004) [17]
$15 water filters (Ghana 2009) [19]
$2 vitamins (Guatemala 2009) [7]
$2 soap (Guatemala 2009) [7]
$1 vitamin (India 2009) [7]
$5 cement latrine slabs (Tanzania 2015) [18]
$7 bednets (Kenya 2007, pregnant women)
$2 deworming (Kenya 2001) [3]
Finding #2: Small Fees Cause Big Reductions in Access

Take-up rates of preventive health products at various prices

- $2 soap (Uganda 2009) [7]
- $2 vitamins (Uganda 2009) [7]
- $15 plastic latrine slab (Tanzania 2015) [18]
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Policy option 1: Free distribution

Policy option 2: Cost-sharing

1. Use

2. Access

3. Cost per user

Cost-effectiveness
Policy option 1: 
*Free distribution*

Policy option 2: 
*Cost-sharing*

1. Use

2. Access

3. Cost per user

Cost-effectiveness
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**Cost-effectiveness**

- ✔️ Policy option 1
- ✗ Policy option 2
Malaria Spending Worldwide
Percentage of population sleeping under insecticide-treated bednets

2006

2015
Malaria cases per 1000 people per annum

2006

2015
Agriculture

www.povertyactionlab.org/policy-insights
Agriculture

Crime, Violence, & Conflict

Education

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Environment, Energy, & Climate Change

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