

Authors

Rebecca Dizon-Ross
The University of Chicago

Pascaline Dupas
Princeton University

Jonathan Robinson
University of California, Santa Cruz

Governance and the effectiveness of public health subsidies: Evidence from Ghana, Kenya and Uganda*

Rebecca Dizon-Ross Pascaline Dupas Jonathan Robinson[†]

January 16, 2017

Abstract

Distributing subsidized health products through existing health infrastructure could substantially and cost-effectively improve health in sub-Saharan Africa. There is, however, widespread concern that poor governance – in particular, limited health worker accountability – seriously undermines the effectiveness of subsidy programs. We audit targeted bednet distribution programs to quantify the extent of agency problems. We find that around 80% of the eligible receive the subsidy as intended, and up to 15% of subsidies are leaked to ineligible people. Supplementing the program with simple financial or monitoring incentives for health workers does not improve performance further and is thus not cost-effective in this context.

JEL codes: D73, H11, I15, I38

Keywords: leakage, extortion, shirking, motivation

*This study was funded by the NICHD (grant P01HD063315-01), the Hellman Fellows Fund, UCLA and Stanford University. Dupas gratefully acknowledges support from the National Science Foundation (grant 1254167) and the Sloan Foundation. The study protocols received approval from the Ghana Ethical Research Committee, the Ugandan National Council for Science and Technology, the Ugandan Joint Clinical Research Centre, Kenya's Ministry of Science and Technology (research permit office), the IRBs of MIT, UCLA, UCSC, Stanford, and IPA, and received foreign clearance from the NIH for the work in Ghana. The Ghana experiment was registered on the AEA RCT Registry (A04HCT0000033) and a pre-analysis plan for it was submitted to the JPAL Hypothesis Registry in December 2011; the data is publicly archived at the Harvard Dataverse (DOI: 10.7910/DVN/P04NKK). We thank Koenne Abiodun, Jonathan Adelle, Lili Schulte, Sarah Green, Cathia Bessio and Khita Ahmed for outstanding field research assistance. We are grateful to Francisco Antman, Jessica Cohen, and Ben Olin for detailed comments and suggestions, as well as to numerous seminar and conference participants for insightful discussions. All errors are our own.

[†]Dizon-Ross: Booth School of Business, University of Chicago, rdizon@chicagogsb.edu; Dupas: Department of Economics, Stanford University, and NBER, pdupas@stanford.edu; Robinson: Department of Economics, University of California at Santa Cruz, and NBER, jrobin@ucsc.edu

Governance and the Effectiveness of Public Health Subsidies

Distributing subsidized health products through existing health infrastructure could substantially and cost-effectively improve health in sub-Saharan Africa. There is, however, widespread concern that poor governance – in particular, limited health worker accountability – seriously undermines the effectiveness of subsidy programs. We audit targeted bednet distribution programs to quantify the extent of agency problems. We find that around 80% of the eligible receive the subsidy as intended, and up to 15% of subsidies are leaked to ineligible people. Supplementing the program with simple financial or monitoring incentives

for health workers does not improve performance further and is thus not cost-effective in this context.

January 16, 2017