

# USING THE PREFERENCES AND VALUES OF RECIPIENTS TO INFORM FUNDING ALLOCATIONS

## FINDINGS

Governments, foundations, non-profits, and individuals can incorporate the values of people and communities affected by aid into their decision-making through robust data collection and other mechanisms. [Recent research](#) by IDinsight supported by GiveWell finds the following from surveys of potential aid recipients in Kenya and Ghana:

- People affected by aid place a higher value on life than predicted by existing literature from high-income countries
- Respondents consistently place a higher value on young children's lives relative to older children and adults

## IMPLICATIONS

More research is required to expand on and validate the results of this study and apply this approach to different settings and decision-makers. IDinsight sees the following opportunities:

- 1) Expand the research agenda to capture the preferences of populations across more diverse contexts and other types of preferences not addressed by this study.**

This could include new countries, more regions within Kenya and Ghana, and across populations with a larger variation in income. Our methods could be adapted to capture preferences for other non-health related outcomes that do not converge on dollars per lives saved (e.g. equality of distribution, autonomy).

- 2) Work directly with other development organizations to understand how to incorporate people's preferences into their decision making.**

By working with other organizations who face similar trade-offs, IDinsight can better understand how they can use these results and establish what additional data should be highest priority to collect.

- 3) Develop tools that improve the accessibility of this data to a broader audience of policymakers and donors.**

The resource allocation decisions addressed by this study are complex, with no single 'right' answer. Simple tools that summarise different schools of thinking, and the most relevant data on each side, could make these decisions more accessible.

## OVERVIEW

International development leaders frequently weigh trade-offs between different types of good outcomes. For example, given limited resources, is it better to prioritize a program that increases household income or one that saves lives? Ideally the preferences and values of individuals affected by aid would help inform these decisions. Prior to this study, there was a clear lack of data on how people impacted by such interventions trade-off between different outcomes, which likely hampers the relevance and overall social impact of development efforts.

IDinsight and GiveWell recently completed a two-year effort to identify reliable methods to elicit the preferences of people in low-income communities and generate insights. IDinsight focused on methods that directly capture how people value increasing consumption versus averting the deaths of individuals of different ages.

After two years of piloting, IDinsight selected three primary methods based on reliability and relevance to GiveWell’s decision. IDinsight then surveyed ~2000 people who fit the criteria of GiveWell’s aid recipients across four culturally and geographically diverse regions in Kenya and Ghana.

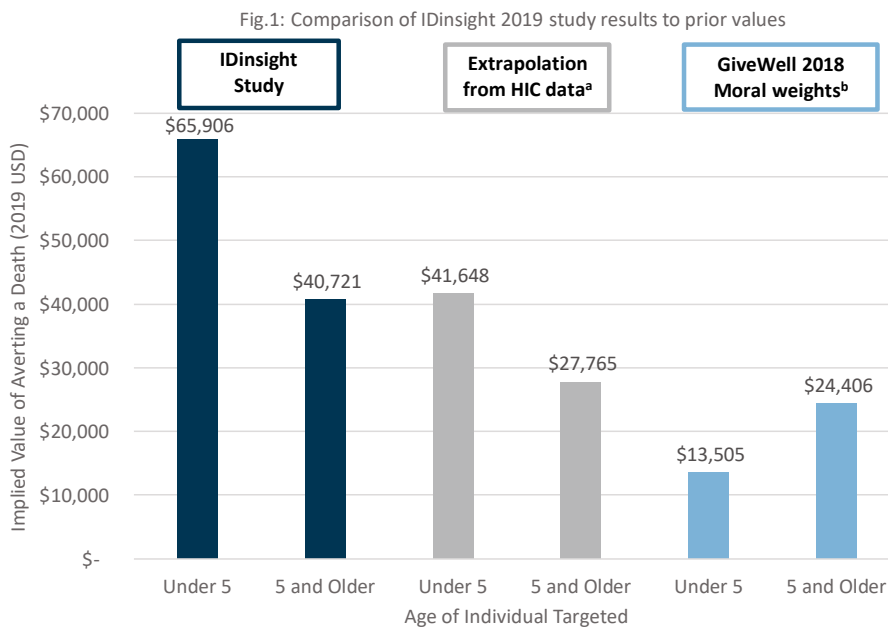


*Interview in Jirapa, Ghana. Enumerators used visual aids to help respondents understand.*

Our central estimates, aggregated across our three primary methods, found that:

1) Individuals place higher value on life than predicted by extrapolations from high income countries (HIC), and than reflected by GiveWell’s previous moral weights.

2) Consistent with HIC literature, but in contrast to GiveWell’s previous moral weights, respondents consistently place a higher value on young children relative to older children and adults.



<sup>a</sup>Extrapolation based on Robinson et al 2019 guidelines, and per capita consumption of respondent population (~\$300/year). <sup>b</sup>Note that these are currently being updated for 2019 to incorporate the results of this study.

## INFLUENCING DECISION-MAKING

These results can immediately inform GiveWell's cost-effectiveness analysis and charity recommendations. It can also start influencing decision-making more broadly among large international development actors.

**For GiveWell,** incorporating the preferences of people captured in this study would lead to a higher relative cost-effectiveness of charities working to avert the death of young children (e.g. Helen Keller International, Malaria Consortium, and Against Malaria Foundation etc.). The incorporation of the study results into GiveWell's charity recommendations could shift significant additional resources towards these child health charities.

**For others:** these methods can also be used by a large range of foundations, governments and individual donors to inform program priorities. The study demonstrates it is possible to capture the preferences to inform the complex moral trade-offs development practitioners make. While more data is required from a broader range of contexts, these results can immediately inform a host of benefic-cost analyses (BCA) and strategic policy decisions, which currently rely on extrapolation from HICs.<sup>1</sup>

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<sup>1</sup> Our results are within the range of predicted values for this population based on Robinson et al. 2019 guidance. However, having data from the target population offers two immediate advantages. 1) It increases confidence in the output of BCA as the underlying assumptions better reflect the preferences of target populations. This may increase the likelihood that decision-makers use these results. 2) It provides a more granular look at how preferences vary within countries (while current guidance focuses only on country-level estimates). This also allows for BCA that is more targeted to the population served.

## APPENDIX: METHODS AND RESULTS

We used three primary methods to capture and triangulate respondent preferences.

Method 1: Value of Statistical Life (VSL) Our first method captured VSL by stated preference. Respondents were asked for their willingness-to-pay for a vaccine or medicine (randomized) for themselves or their child (order and selected child randomized), that gives a small risk reduction each year over the next ten years. Prior to the scenario, respondents complete a small probability training module, using visual aids, to ensure and test for understanding of risk reductions.

Four small probability test questions were answered correctly the first time by 58% of our sample; respondents who failed to answer correctly on a second attempt, or who were willing to pay more for a smaller risk reduction, were not included in the estimation sample. People randomly offered a small risk reduction had a willingness-to-pay significantly less than those offered a larger risk reduction (i.e. we passed the ‘weak external scope test’, which is a benchmark for VSL studies).

Our VSL result for the full sample is \$35,733. Based on Robinson et al.’s recommendations, the predicted VSL for a sample of adults of this income level is \$27,765 (range \$1,876-\$45,760).

	Adults	Children 5-18	Children under 5
<b>Full Sample (USD)</b>	<b>\$35,733</b>	<b>\$31,713</b>	<b>\$40,763</b>
Kenya (USD)	\$41,125	\$29,695	\$55,045
Ghana (USD)	\$31,248	\$33,912	\$30,467

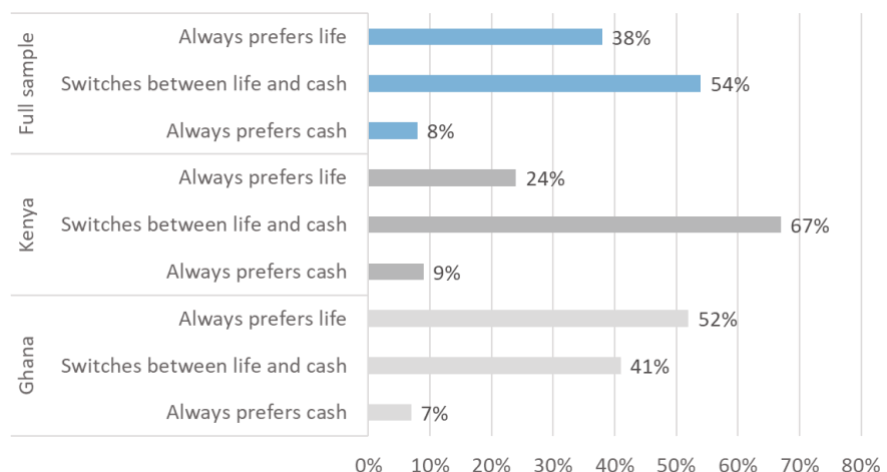
### Method 2: Relative value of money and life choice experiment

Our first choice experiment was presented as follows:

*“Program A saves the lives of 6 children aged 0-5 years AND gives \$1,000 cash transfers to 5 families. Program B saves the lives of 5 children aged 0-5 years AND gives \$1,000 cash transfers to [X] families. Which one would you choose?”*

We varied the value of X, both within and across respondents to capture the switching point between cash transfers and saving the life of an extra child under 5 across the population.

Using this approach, we estimated an implied value of life for children under 5 of \$91,049. The high value was driven by a larger number of respondents who always chose the life-saving program, even when compared to a program that offered 10,000 more cash transfers.



Our qualitative work suggest that for many respondents this represents a clear moral stance.

*“If there is one sick child in Migori County that needs treatment, it’s better to give all the money to save the child than give everyone in the county cash transfers.”*

**Method 3: Relative value of individuals of different ages choice experiment.**

Our second choice experiment was presented as follows:

*“Program A saves [100/200/300/400/500] lives of people aged [under 5/5-18/19-40/over 40], Program B saves [100/200/300/400/500] lives of people aged [under 5/5-18/19-40/over 40]. Which one would you choose?”*

Across our full sample in Ghana and Kenya, we found that individuals under 5 are consistently valued higher than individuals of all other age groups. We obtained the following ranking of the age groups we presented: under 5 years > 5-18 years > 19-40 years > over 40 years.

	Relative Value			
	Under 5*	5-18	18-40	Over 40**
Full Sample	1	0.8	0.1	0
Kenya	1	0.9	0.2	0
Ghana	1	0.6	0.0	0

*\*Under 5 are the comparison group for estimation. \*\*Our model estimated negative numbers, which we interpret as very low relative value of life over-40 year olds.*

**Aggregating across methods** To generate a single estimate to inform GiveWell decision-making we needed to aggregate across the three main methods listed above. There is substantial uncertainty around the estimates for each, and it is not clear that one method is of greater relevance to the GiveWell decision than others. So we aggregated by giving equal weighting to each approach, giving us an average implied value of \$65,906 for children under 5, and \$40,721 for 5 and older.

**Secondary methods** Our primary methods for capturing preferences rely on the conversion of benefits of a program into a unifying monetary measure. This is the most prominent approach to these trade-offs in policymaking, but there are other approaches we can also use to inform resource allocation. We therefore collected data relevant to alternate approaches, that may be used in conjunction with, or instead of preferences.

1. The people we surveyed reported a lower life satisfaction than predicted for this population, and this is strongly correlated with income level.
2. Based on modelled current and future economic contribution of individuals of different ages, we see a lower relative contribution of young children compared to prime-age adults.
3. People reported that death in a household has a high economic and emotional impact that varies substantially with age.

*For more information on all of the methods listed here, and further discussion regarding their limitations and use in practice, please see our [full study report](#).*