Developing countries in need: which characteristics appeal most to people when donating money?

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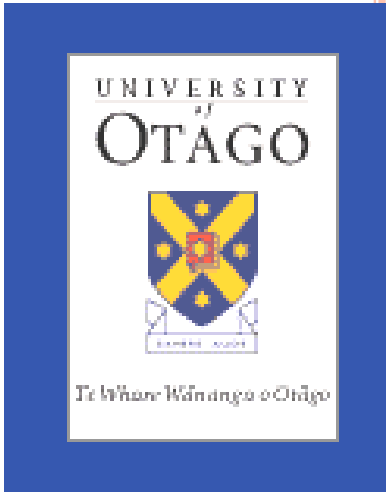


MOTIVATION

- What recipient-country characteristics do aid donors care about when giving money to LDCs?
- E.g. Do they prefer to give to countries:
  - Where per capita income is low?
  - Where mortality is high?
  - With close ties to their own?
- "Donors" could mean country governments, NGOs or individuals (our focus is on individual donors)

MOTIVATION

- Why is this important?
  - Assist aid agencies in their marketing efforts (and possibly with the targeting of their funds)
  - Can analyse whether government aid donations are consistent with the preferences of that country's citizens

Our approach

- Conjoint analysis survey
- What is conjoint analysis?

Country 1	Country 2	Country 3	Country 4
Y/cap=$400	Y/cap=$2000	Y/cap=$500	Y/cap=$2000
IMR =20/1000	IMR=50/1000	IMR=50/1000	IMR=10/1000
No ties to NZ	Some ties to NZ	No ties to NZ	Some ties to NZ
20% hungry	30% hungry	10% hungry	20% hungry

Our approach

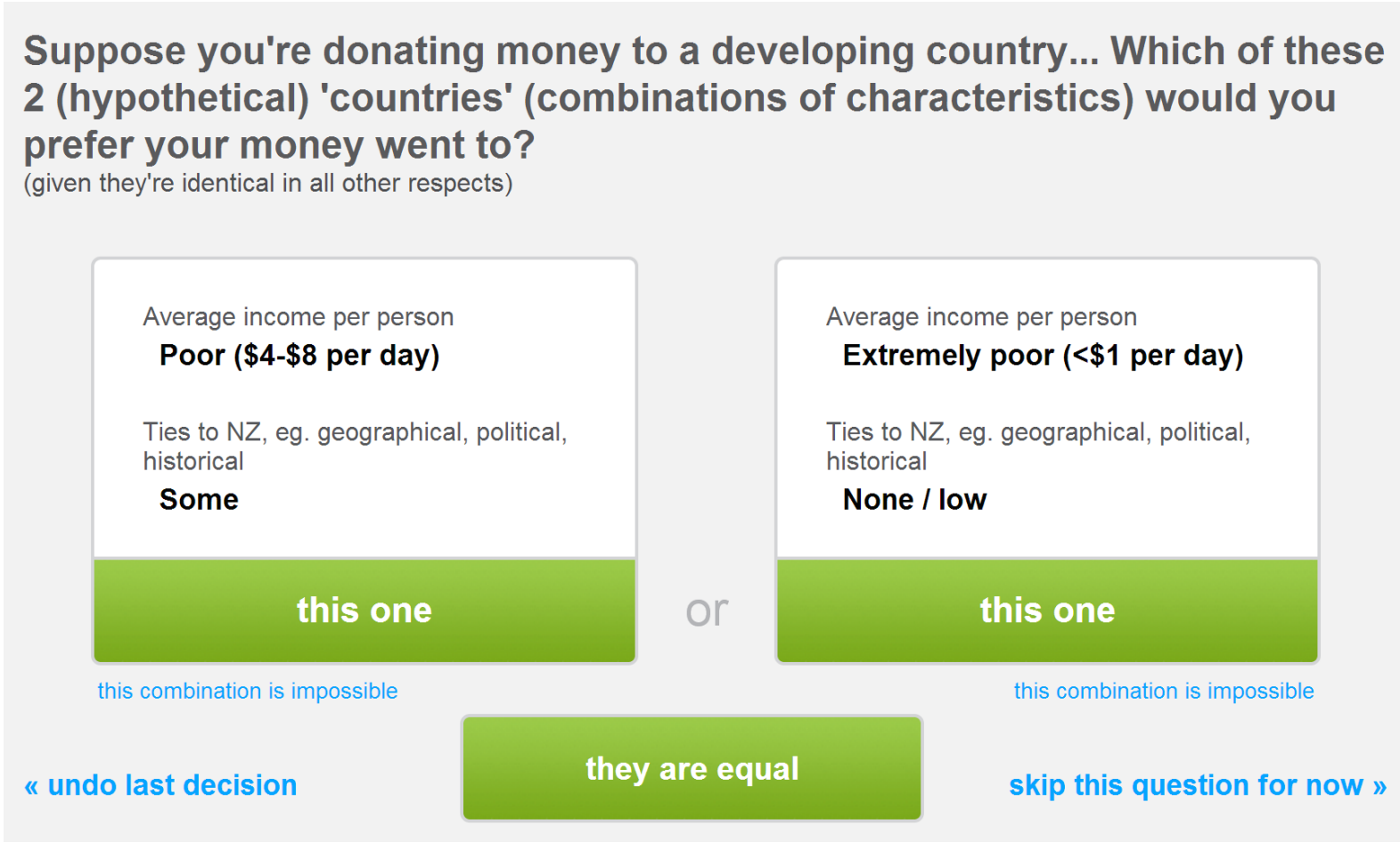
- Participants take part in a conjoint analysis survey (using the PAPRIKA method) and, for 200 randomly chosen participants, we give $20 to World Vision to spend in the country that most closely matches the participant's preferences
  - Each participant also went in the draw to win $1,000

PAPRIKA METHOD

- Potentially All Pairwise RanKings of all possible Alternatives (PAPRIKA) method implemented using 1000 Minds software

- Participants make a series of pair-wise rankings of hypothetical countries with respect to their desirability for giving aid money to
  - The pairs of hypothetical countries are presented in random order and defined on two attributes at a time
  - Each time a question is answered, PAPRIKA eliminates all other possible questions that are corollaries of those already answered
    - This is achieved by application of the transitivity property
      - E.g. If hypothetical country A is ranked ahead of B, and B ahead of C, A must be ranked ahead of C

Screen shot of one tradeoff



SURVEY DESIGN

- First step: Determine country attributes to include

Attribute	Levels
Hunger and malnutrition	Low (most people aren't hungry)
	Medium (some starvation)
	High (lots of starvation)
Child mortality rate (under age 5)	Relatively low (0-49 deaths per 1000 children)
	Medium (50-99 deaths per 1000 children)
	High (100+ deaths per 1000 children)

Attribute	Levels
Quality of schools, roads, electricity supply, etc	Poor
	Very poor
	Extremely poor
Average income per person	Poor ($4-$8 per day)
	Very poor ($1-$3 per day)
	Extremely poor ($<1 per day)
Ties to NZ, e.g. Geographical, political, historical	None/low
	Some

- As well as answering the conjoint analysis survey, participants were asked a number of other socio-demographic questions
  - Gender
  - Age
  - Intended major subject
  - Have they ever been to a developing country
  - Etc

Sample

- University of Otago students, recruited from large first-year classes in Economics and Law, a second-year French class and the Commerce Students' Society
  - Are university students the right people to ask about donating money to charity?
- Survey was emailed to 1522 people, with 687 completing the survey
  - The conjoint analysis survey required participants to answer about 20 questions, typically taking 5-10 minutes in total per participant

RESULTS

Table 2: Mean part-worth utilities for all survey participants

Attribute	Mean part-worth utility
Hunger and malnutrition:	
Low	0
Medium	0.13
High	**0.29**
Child mortality:	
Relatively low	0
Medium	0.12
High	**0.24**

- Table 2 (Cont'd)

Attribute	Mean part-worth utility
Quality of schools, roads, electricity supply, etc.	
Poor	0
Very poor	0.10
Extremely poor	**0.21**
Average income per person:	
Poor	0
Very poor	0.09
Extremely poor	**0.18**
Ties to NZ, e.g. geographical, political, historical	
None	0
Some	**0.09**

- Proportion of respondents for whom each attribute was the most important:
  - Hunger and malnutrition 44.2%
  - Child mortality rate 26.8%
  - Quality of schools etc 15.1%
  - Average income per person 9.6%
  - Ties to NZ 8.6%

Variation in preferences across individuals

- We also analysed whether preferences depended on individual characteristics
  - Males were **more** likely to place a high weight on ties to NZ
  - Science students were **less** likely to place a high weight on ties to NZ

Country rankings

- Recall for 200 randomly selected participants we were to donate $20 to World Vision to spend in the country which most closely matches that person's preferences
  - The majority of the money went to Niger

CONCLUSION

- We have used conjoint analysis to analyse which recipient-country attributes are important to potential private aid donors
  - Of the attributes considered, the social indicators of development (child mortality and hunger/malnutrition) are more important than income per person
  - The least important characteristic is ties to NZ
- Implications:
  - INGOs should continue to emphasise human deprivation in terms of social indicators when soliciting donations
  - NZ govt's emphasis on ties to NZ in aid allocations is not in line with the participants who took part in our research