

Essays on Public Policy in the Informal Sector Context

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The Price Sensitivity of the Demand for Health Insurance – Evidence from the Community Health Insurance Scheme in Rwanda

This study estimates the price elasticity of the demand for health insurance, exploiting the variation in insurance premiums created by the implementation of a new premium subsidy scheme for community-based health insurance in Rwanda. The subsidy scheme created variation in insurance premiums across households, over time. I use the estimated price sensitivity to predict the impact of a number of plausible premium subsidy schemes on two policy-relevant outcomes: insurance coverage and financial sustainability. I find that the demand for health insurance is inelastic, although the price sensitivity varies among different socioeconomic groups. The results suggest that premium subsidies have only a modest effect on the take-up of insurance compared with nonsubsidized premiums, but they affect the composition of individuals enrolled in the insurance. To simulate the financial sustainability of the insurance scheme, measured as the share of total insurer costs covered by insurance premiums, I combine the price elasticity estimates with unique data on insurer costs, enabling me to account for adverse selection. I estimate a positive slope of the average cost curve, consistent with adverse selection. These results indicate that premium subsidies could be a costly policy tool for achieving universal healthcare.

JEL Classification: I13, I18, D12, H51, H55

Keywords: community-based health insurance, adverse selection, price sensitivity, financial self-sustainability

The Role of Childcare in Firm Performance: Evidence from Female Entrepreneurship in Mexico

Microenterprises represent an important source of employment in many developing countries. Earlier literature has documented that female-run microenterprises underperform relative to those run by men on many indicators, although the reasons for this discrepancy in large part remain enigmatic. This paper estimates the importance of childcare obligations as a barrier for female entrepreneurship. I use difference-in-difference and triple-difference designs to study how a federal daycare program affects the performance of female-run microenterprises in Mexico. The program provided childcare services for children under 4 years old whose mothers worked in the informal sector, and varied across time and space. I find no evidence that the program was associated with changes in business performance measured by the likelihood of running a home-based business or having an employee, the number of hours worked, physical capital or the likelihood of applying for a credit. The results are consistent, irrespective of the choice of estimation strategy.

JEL Classification: H55, J13, J22, J46, J48

Keywords: microenterprises, female entrepreneurship, childcare, daycare program, Mexico

Variation in the Quality of Primary Healthcare – Evidence from Rural and Urban Healthcare Services in Rwanda

Disparities in access to quality healthcare within countries represent a potential impediment to reaching the sustainable development goal of better health and well-being for all. In this paper I first identify a disparity in the quality of primary healthcare between rural and urban primary health facilities in Rwanda. Second, I study the importance of differences in structural inputs and contextual factors in explaining this outcome. To measure quality, I construct a quality score that summarizes both structure and process quality indicators. I use administrative data from the performance-based financing scheme to calculate the quality scores. The data was collected during unannounced evaluations of public health centers, performed by teams of professional hospital staff. The results confirm a small but significant quality gap between rural and urban health centers. Rural centers obtain a 1% lower quality score at the mean, or 0.3 standard deviations, compared to urban centers, which potentially mask important differences in the delivery of health services for patients. I find that differences in structural and contextual inputs, such as access to drugs and clinic beds, wage expenditure, and distance to nearest clinic and district hospital, explain only a small share of the difference in quality between rural and urban areas. The results indicate that investment in such factors might not represent an efficient policy tool to eliminate within-country inequalities in access to quality healthcare.

JEL Classification: I11, I14, I18

Keywords: healthcare quality, structural inputs, health inequality, structural quality, process quality, Rwanda

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