

# Is it economically efficient to introduce monetary incentives to encourage organ donations?

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PRELIMINARY AND INCOMPLETE  
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## Abstract

We analyze the economic efficiency of introducing economic incentives to increase organ donations, specifically kidneys, from living donors in the context of a developing country. To answer this question we estimate the average amount of money that would induce a kidney donation (the cost of the policy) relying on estimates of the value of a statistical life, and compare this value to the benefit (savings) that each donation implies to the national health system. This is an important issue as society should efficiently allocate resources to improve people's quality of life. We find that we may need an incentive of around 23 thousand dollars to induce donation to save between 24 to 147 thousand dollars to health care system per additional donor. For preventing perverse incentives, we estimate the compensation for the entire wage distribution. We find payments at the 90th percentile of the distribution would still generate savings to the health care system. We find that the estimated incentive is larger than the option value of maintaining a kidney.

**Keywords:** Organ donation, compensations, cost-benefit analysis.

**JEL Classification:** I18, K32, D61.

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