The Cost of Inaction: The Case for Investing in Early Childhood Development in Namibia

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Conceptually: What is the cost of inaction?

- The COI is not the cost of doing nothing, but the cost of not doing a particular thing
  - What if there was nothing which could be done?
- Even when there is something which could be done, inaction can be the right choice
- Should not presuppose the outcome either way: the justifiability of inaction can be evaluated
- Can perspective make a difference?
  - Starting from inaction draws attention to sets of actions
  - Draws attention to the multiple types benefits
  - Helps avoid welfarism
So what are the costs and benefits of ECD interventions, which should be considered and what action or inaction is justified?
Rates of return to human capital investment initially setting investment to be equal across all ages

Rate of return to investment in human capital

Preschool programs

Schooling

Opportunity cost of funds

Job training

Preschool School Post-school

Age

Rates of return to human capital investment initially setting investment to be equal across all ages

Source: Heckman, J. 2007
Human Brain Development

Neural Connections for Different Functions Develop Sequentially

- Sensory Pathways (Vision, Hearing)
- Language
- Higher Cognitive Function

FIRST YEAR

Birth (Months) (Years)

The Ability to Change Brains and Behavior Decreases Over Time

Graph Source: P. Levitt (2009)
Period of inaction
Expenditure per student as a percentage of GDP per capita (2006)
ECD: One Stage of Holistic Lifespan Development

- Conception, pregnancy, birth & neonatal period
- Infancy (birth-3yrs)
- Preschool (3-5yrs)
- Foundation phase of schooling (5-9yrs)
## Foundations

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant Mortality Rate</td>
<td>28 (2012)</td>
</tr>
<tr>
<td>Exclusive Breast Feeding</td>
<td>24% (2007)</td>
</tr>
<tr>
<td>Immunization rates</td>
<td>75-85% (2012)</td>
</tr>
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<td>Stunting 0-5</td>
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<td>Youth unemployment</td>
<td>34%</td>
<td>2012</td>
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<td>Poverty head count (NPL)</td>
<td>29%</td>
<td>2009</td>
</tr>
<tr>
<td>Income share top 10%</td>
<td>55%</td>
<td>2004</td>
</tr>
<tr>
<td>Income share bottom 10%</td>
<td>1%</td>
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Constructing the Case and Setting Priorities

Approaches to evaluation:
Three points

1. We should evaluate sets of intervention
2. In terms of outcome vectors
3. We should consider if framing does/should matter
Single vs. sets of interventions

- Production lines and bakeries
- Context matters and assuming the context is fixed will bias priorities – typically towards inequitable distributions of services
Vectors of outcomes

• Constitutive and consequential benefits: How much information is considered when setting priorities?
  • Cost effectiveness analysis (narrow)
  • Cost benefit analysis (often controversial)
  • Cost of inaction (non-ordering)
• Mechanical decision making or process support?
• How and by whom should value judgements be made?
Framing

• Benefits of action or costs of inaction?
  • Two sides of the same coin?
• Framing and choice:
  • Sins of omission
  • Loss aversion
An example
ECD in Angola

• Could not evaluate ECD in isolation – strengthen the education system

• 2012-31:
  • 1.88 million more children enrol in preschool and the primary school
  • 960 000 complete primary by 2031
  • 185 000 complete secondary by 2031
  • PV of cost US$3 billion (2012 US$)
ECD in Angola

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  - 240 000 fewer deaths of under fives
  - 11 000 fewer maternal deaths
  - 40% reduction in the fertility of cohort
  - Numerous unquantified benefits: equity?
Immediate priorities in Namibia?

- Current coverage and quality?
- Potential for impact? On what outcomes?
- Cost?
- Equity?