

Parents' future-orientation and investments in children

IN A NUTSHELL

- Bring long-lasting health and educational gains to almost 10'000 children, who would grow up to become healthier adults and could pass these gains over the next generations
- Increase understanding of how poor people make decisions and how those decisions affect children's education and health
- Design the most effective interventions to increase how much parents spend on their children's education or health
- Be the first team to design interventions to increase patience in a context of ultra-poverty

MOTIVATION

The inability to invest in children's health and education has dramatic consequences on children's lives in developing countries. For example, under-five mortality rates are still dramatically high in Sub-Saharan Africa, where children are 15 times more likely to die before the age of five than children in developed countries. More than half of these early child deaths are due to conditions that could be prevented or treated if parents accessed simple, affordable care (WHO, 2017). Nevertheless, households in developing countries typically do not access preventive health care, even when available at low cost (Kremer and Glanester, 2012).

How poor parents make decisions involving their children is often ignored in development programs focusing on boosting children's health and education. However, research increasingly suggests that poverty affects people's economic choice patterns. In particular, the evidence indicates that poverty lowers individuals' willingness to forgo current benefits in favor of higher future incomes, generating shortsighted decision-making (Haushofer and Fehr, 2014). Our project aims at putting this aspect at the center of child development programs.

This initiative acknowledges that it is not only necessary to provide food, or free schooling to the poor to lift them up from poverty but that one should understand and take into account the psychosocial aspects of poverty when designing programs. It aims at increasing the understanding of the way the poor makes decisions, in particular those involving children. Many decisions, such as whether to enroll a child into school, or how much to spend on preventive health care, imply that parents should pay an immediate cost while they would only benefit in the future.

PROJECT PLAN

Our project has two components: In a first stage, we will document whether parents make plans to invest in their children's health and education in the future, but are tempted to reverse them at the moment the investment needs to be done, favoring their own consumption at the expenses of investments in their children. Additionally, we will measure whether parents, at the time of making investment decisions, are aware of the risk that they could change their mind in the future, and demand commitment devices to help them stick to their plans. Answering these questions could partially explain why investments in children's



health and education are so low. Moreover, it would produce important insights to design cost-effective interventions, such as commitment devices, to reduce the temptation to divert resources away from children. In a second stage, we are going to build on these insights to study whether educational interventions aimed at improving parents' decision-making skills is effective for promoting investments in children's human capital. To do that, we will conduct a series of patience-boosting workshops with 1,890 participants selected among the poorest Malawian households' heads. This would allow us to reach almost 10,000 children in those households. This intervention adapts the protocol of previously tested interventions who were effective in boosting the patience of the participants, with effects that could still be detected three years after the end of the intervention (Alan and Ertac, 2014). Our project would be the first one to adapt this protocol to benefit a very poor population in a developing country.

POLICY AND PROGRAMATIC IMPLICATIONS

The project addresses key policy questions, deemed by UNICEF Malawi as priority for evidence-based programming for high impact child interventions. Indeed, the project has been designed in collaboration with UNICEF Malawi, partly to respond to their programmatic needs, as they are seeking to increase the uptake of public services among the ultra-poor households. The existing poverty reduction programs while necessary seem to be insufficient to sustainably lift people out of poverty. Recent research indicates that parents' future-oriented decision-making, while rarely considered when designing poverty reduction programs, is of fundamental importance when it comes to investment in children's human capital. Nevertheless, there is still limited knowledge on these issues. This project would be the first to assess whether interventions to increase parents' decision-making can be effective in improving investment in children and measure their impact in a situation of poverty. Ultimately, it will help organization like UNICEF Malawi understand how to optimally design those interventions to maximize their impact at scale.

BENEFITS TO PARTICIPANTS

Ultimately, if parents invest more in their children's health and education at a critical age, the impact of our interventions for the beneficiaries will be sustainable health and education outcomes for children. Those benefits will transfer into adulthood. If the intervention proves effective in increasing investment in children, it could be scaled-up and used to enhance the effectiveness of existing poverty reduction programs. This would have a tangible impact on the lives of millions of children, especially in a country like Malawi, where over a half of the population (of approximately 18 million people) is under the age of 18, and where existing poverty reduction programs, while representing an enormous financial effort, seem to be insufficient to sustainably lift people out of poverty.

FINANCIALS

The project has the duration of 18 months, starting in September 2018. The overall budget is estimated to 583,049 CHF (i.e. 584,215 USD). This total estimate includes provisions for the implementation of the project in Malawi, in collaboration with our local partner Student Driven Solutions. Moreover, the project comprises few rounds of high-quality data collection, which will be conducted by the international no-profit research center called Innovations for Poverty Action, in collaboration with UNICEF Malawi and the team of the University of Zurich. The Center for Child Well-being and Development has secured one portion of the budget, equal to 100,000 CHF (i.e. 100,210 USD). The Center is now looking for potential partners to finance the balance.