



Cost-Effectiveness Considerations When Taking a Program to Scale

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TRANSLATING RESEARCH INTO ACTION

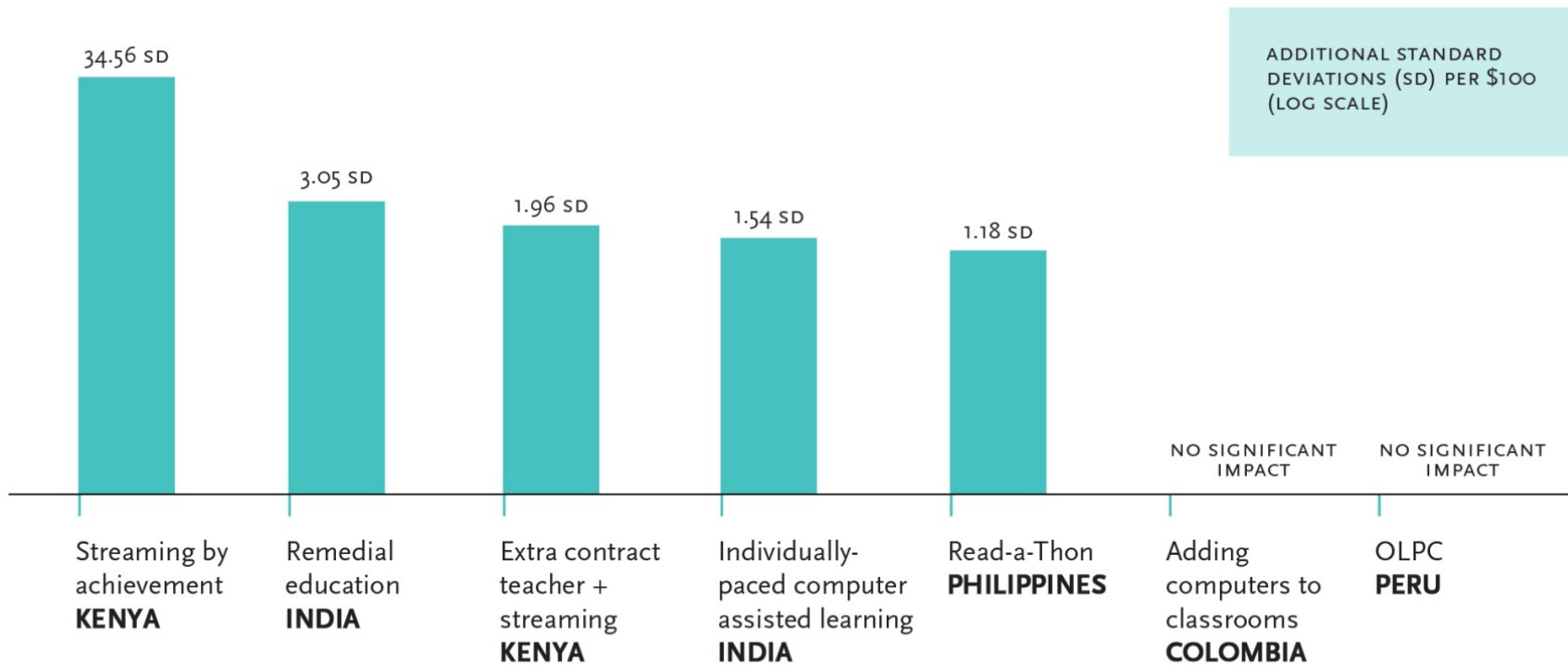
WHAT IS COST-EFFECTIVENESS ANALYSIS?

$$CE \text{ Ratio} = \frac{\textit{Impact of Program on Specific Outcome}}{\textit{Total Cost of Implementing Program}}$$

- Summarizes a complex program in terms of a simple ratio of costs to impacts
- Allows for comparison between different programs evaluated in different contexts across different timeframes
- Sensitivity analysis to understand how the cost-effectiveness of a program might vary with context

WHAT IS COST-EFFECTIVENESS ANALYSIS?

IMPROVING STUDENT LEARNING: COST-EFFECTIVENESS OF EDUCATION PROGRAMS



WHEN TO CONDUCT COSTING AND CEA

- Retrospective analysis programs
 - Exactly how cost-effective was that pilot program?
- Prospective analysis of programs
 - Roughly how cost-effective could this proposed program be, at pilot or at scale?
 - How big an impact must this achieve to meet our threshold?

WHY GATHER COSTS?

- Key input into CEA
- When thinking about scale, important to know what effective programs cost
- General cost per participant to compare various options

BARRIERS TO CONDUCTING COSTING AND CEA

- Landscaping study in 2012 to identify barriers
- Key barriers:
 - Lack of data (cost and impact)
 - Staff capacity to collect data and conduct analysis
 - Lack of decision points

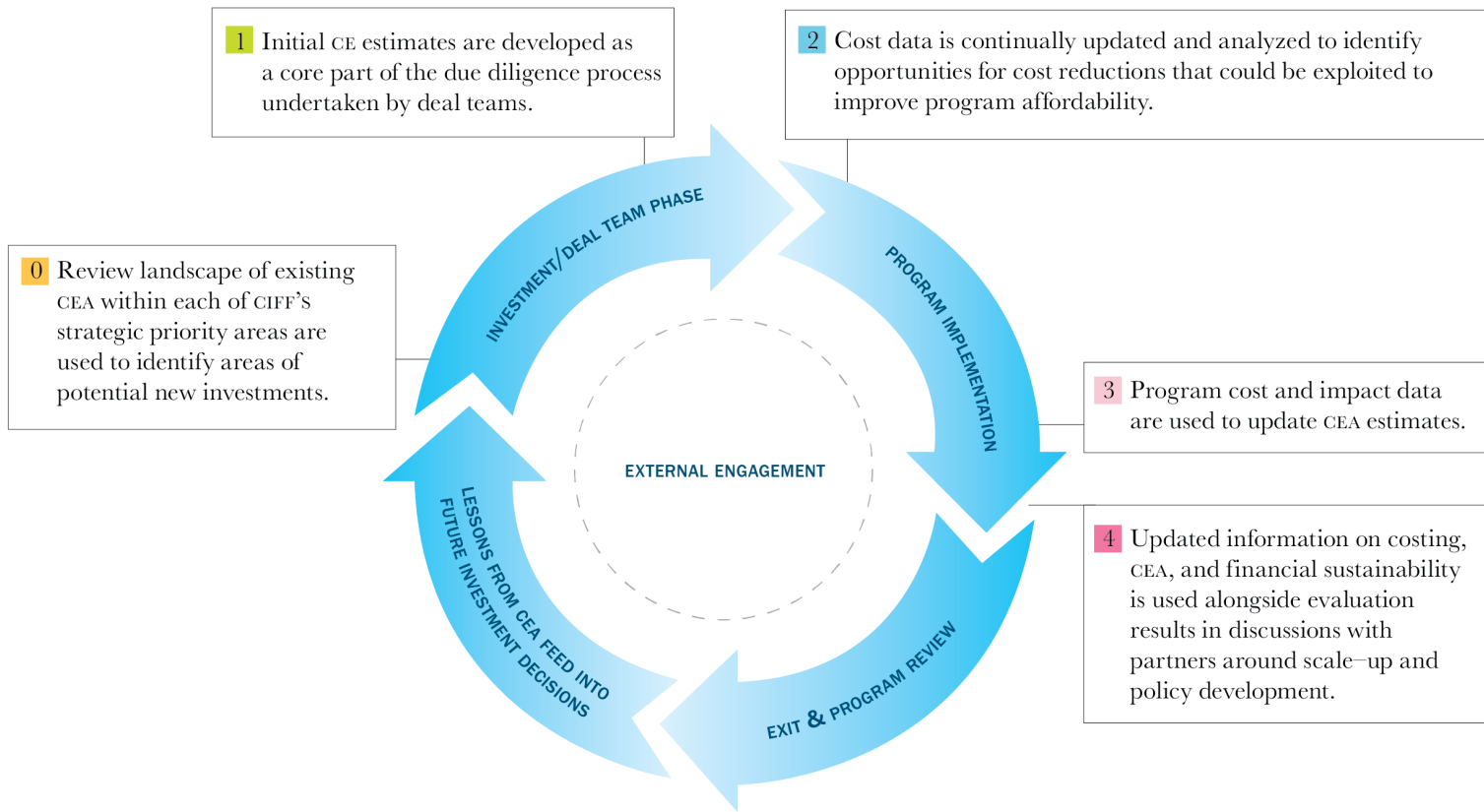
WHY IS COSTING DIFFICULT?

- Program budgets likely insufficient to estimate costs
- Gather cost data from multiple sources
 - Academic papers or program reports for description of program structure, ingredients, and local conditions like household income
 - Interview researchers and implementers for additional program components and costs
 - Supplement with public sources (e.g. local wages, transportation costs, etc.)

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- I. Cost-Effectiveness Analysis of Early Learning Investments at CIFF
- II. Approach to Cost-Effectiveness Analysis Throughout the Investment Life Cycle
- III. Lessons Learned and Remaining Challenges
- Appendices
 - 1: Costing Guidelines
 - 2: Assessing the Quality and Relevance of Impact Estimates
 - 3: Sensitivity Analysis
 - 4: Guidance for Interpreting Cost-Effectiveness in Investment Memos

USING CEA TO INFORM DECISIONS THROUGHOUT THE LIFECYCLE OF A PROGRAM



ADDITIONAL INFORMATION ON COSTING AND CEA

Comparative Cost-Effectiveness Analysis to Inform Policy in Developing Countries: A General Framework with Applications for Education

Iqbal Dhaliwal, Esther Duflo, Rachel Glennerster, Caitlin Tulloch¹
Abdul Latif Jameel Poverty Action Lab (J-PAL), MIT

<http://www.povertyactionlab.org/publication/cost-effectiveness>

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