

# HETEROGENEOUS PRESCHOOL IMPACT AND CLOSE SUBSTITUTES: EVIDENCE FROM AN EARLY CHILDCARE PROGRAM IN CAMBODIA

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## Abstract

The impact of Early Childcare (ECD) interventions varies with the socio-economic environment of the beneficiary children. Yet, treatment heterogeneity do not necessarily stems from children reacting differently to early interventions, but often because children would have attended different counterfactual childcare arrangements. While heterogeneity is generally not a cause of concern, in presence of close substitute programs the identification and interpretation of the usual treatment parameters are ambiguous. We study the issue of close substitute and heterogeneity in a Cambodian context where newly built formalized preschools are in competition with existing alternative early childcare arrangements. In addition to estimating the impact of a vast preschool construction program using a random assignment, we implement several empirical techniques to isolate one parameter of particular interest in the early childcare literature: the *parental compliers* LATE i.e. the impact on the children who would have stayed at home if they had not been enrolled in the newly built preschools. After one year of experiment, the ITT impact of the school construction program is significant but small and disappointing in magnitude (5% of a standard deviation in average). Yet, our analysis suggests that the LATE impact on the *parental compliers* is likely to be high and significant. Our results suggest that accounting for alternative competing arrangements is crucial to make meaningful policy recommendations.

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