



**Western Cape  
Government**

Department of the Premier

**BETTER TOGETHER.**

# BEHAVIOURAL ECONOMICS AND LONG-TERM EMPIRICAL SCENARIO PLANNING IN POLICY

Policy and Strategy Special Projects

Public Sector Economists Forum,  
Bela-Bela, Limpopo  
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Dale van der Lingen

# Outline

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## *Special Projects*

- The Western Cape embarked on a bit of an adventure in 2012
  - **Behavioral Economics Project**
    - To identify problems where a behavioural economics approach could be used to address them.
    - To test the effectiveness of these new approaches to some stubborn problems in the Western Cape.
  - **FuturesCape Project**
    - To give an empirical backbone to our long-term vision (One Cape 2040)
    - To deepen the thought process around long-term trade-offs from policies and strategies.

# Background

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## *Behavioural Economics*

- Basically we put in some money and we got four other departments to put some in as well:
  - Health
    - Relative risk information and HIV
    - Healthy Lifestyles
  - Safety - Diverting at risk youth to safer activities
  - After-schools - Getting more kids to attend afterschool programmes
  - Energy Efficiency - Decreasing electricity use in WCG buildings

**Why behavioural economics.  
Taking a step back....So what  
did we start with?**

# We got a guy

## *Behavioural Economics*



It's become increasingly obvious that the dismal science of economics is not as firmly grounded in actual behavior as was once supposed. In "Predictably Irrational," Dan Ariely tells us why.

**Getting people excited about a new approach**

# Partners: Behavioural Change

## *UCT: RUBEN and ideas42*

- RUBEN examines the **role that social, cognitive and emotional factors play in economic decision-making.**
- The mission of ideas42 is **to use the power of behavioural science to design scalable solutions to some of society's most difficult problems.**
- They grew out of research programs in psychology and economics at top academic institutions, and their work draws on decades of experimental scientific research. They use these insights to design scalable ways improve programs, policies and products in the real world.



# GOAL: Make Weekends Safer for Youth...

...by helping youth in Nyanga and similar Cape Flats areas choose safer activities:

**The Problem:** *When going out on nights and weekends, youth (ages 14-25) find themselves in environments that are unsafe and where they have a high likelihood of becoming the victim of a violent or aggressive crime*

## The Classical Solution

Increase the safety of those environments through targeted enforcement

## The ideas42/UCT Solution

Help youth choose to participate in activities that will keep them safe



# Behavioral Design Concept: Nyanga Nudge

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**Fun computer/smartphone based application developed to help provide youth with:**

- Safe weekend activity options
- Platform to make concrete plans with friends around those chosen activities
- A tool that encourages youth to take personal responsibility for choices that will affect their well-being

**This solution was sought because:**

- Partner organizations lacked the capacity to provide programming for diversionary activities
- The tool provides clear avenues for scale if successful, and can incorporate programming once it exists

# Energy Efficiency Diagnosis: Four Key Behavioral Insights

- 1** While most employees **wanted to have** a positive effect on the environment, they **did not think about the different incentives of home vs. office energy use**.
- 2** Employees do not compare their energy use to other employees, but **would enjoy competing with other floors** to save power.
- 3** Employees sometimes **simply forget** to turn off devices.
- 4** Employees are often unsure **whose responsibility** it is to turn appliances and lights off at the end of the day/week.



## Diagnosis: Key Behavioral Insight from Our Contextual Reconnaissance

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30 year old men are **6.5** times as likely to have HIV than 20 year old men.

Misconception: Younger men are *riskier* than older men.  
What we can do: Change beliefs about relative risks.

# @WALK4HEALTH

CREATING A CULTURE OF WELLNESS

## TEAMS

### TEAM COMPOSITION



### PARTICIPATING DEPTS

#### PREMIER

HEALTH ● AGRICULTURE

COMMUNITY SAFETY ● CULTURAL AFFAIRS AND SPORT

ECONOMIC DEVELOPMENT AND TOURISM ● EDUCATION

ENVIRONMENTAL AFFAIRS & DEVELOPMENT PLANNING ● HUMAN SETTLEMENTS

LOCAL GOVERNMENT ● PROVINCIAL TREASURY

SOCIAL DEVELOPMENT ● TRANSPORT AND PUBLIC WORKS

## HOW THE 6 WEEK Pedometer Challenge Works

### STEP 1 Sign up

Sign up for e-care, then receive your health and physical activity assessment.

### STEP 3 Log steps

Log your steps on the e-Care portal weekly. There will be regular spot checks.

### STEP 5 Move 4 Your Health

Participate in the 6km walk. Help your team earn 1 bonus pt for every 10 new signups!

### STEP 2 Score points

Receive 1 point when you reach a personal step target, and 1 pt for a stretch target.

### STEP 4 Tweet

The leader board will be tweeted weekly. Tweet to show off your scores!

## WHAT THE PRIZES ARE

### SSISA AWARDS CEREMONY



**R60,000  
TO CHARITY**



### MOST ACTIVE WELLNESS AMBASSADOR AWARD



walk4health  
CREATING A CULTURE OF WELLNESS



e|Care



UBUNTU  
& TOUCH



ideas **42**

# Challenges implementing this project

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## *Changing behaviour*

- Getting departments with staff that are already stretched on board.
- Lack of capacity (sometimes desire) in departments to implement.
- Selling the idea to ground staff in the departments.
- Turnover in project staff.
- Capacity building within government.
- Lack of marketing to senior politicians and HODs on positive results.
- Delays: Two projects outstanding.
  - Project scope creep

# Benefits

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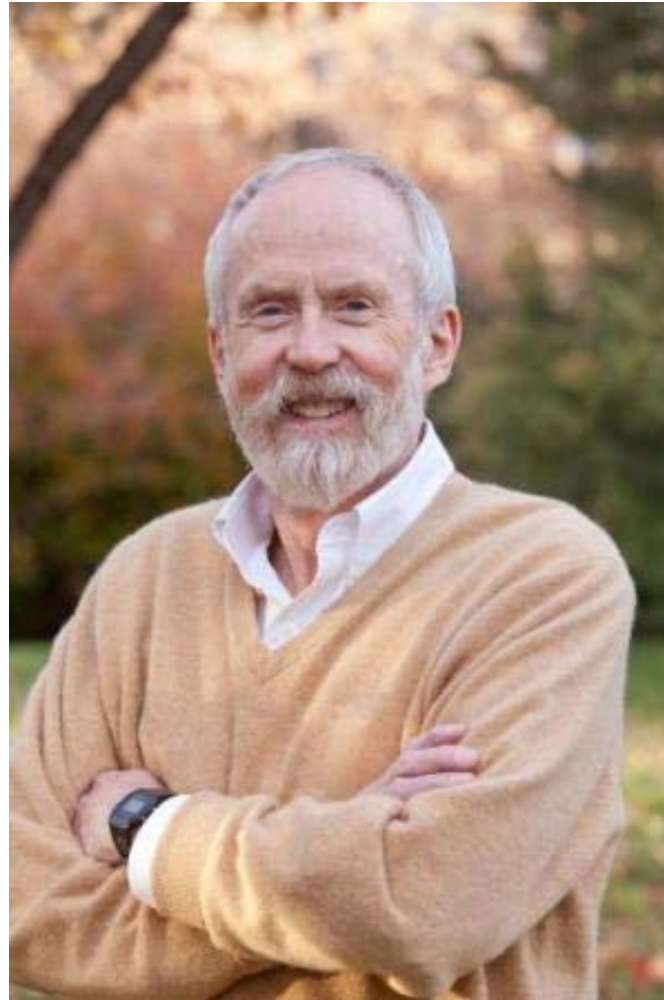
## *Changing Behaviour*

- There are clearly large and significant benefits to these approaches
- These approaches are being taken up around the world as the benefits are being seen on the implementation side.
- It is an approach that doesn't get involved in ideological debates but just gets on with what works for on the ground implementation.

## Another big name...at least in some circles

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*Not the same approach here....but we still used him for marketing*



# Partners: FuturesCape

## *The African Futures Project*

- The African Futures Project ([www.issafrica.org/futures](http://www.issafrica.org/futures)) is a collaboration between the ISS and the Pardee Centre. These organisations leverage each others' expertise to provide forward-looking, policy-relevant material that frames uncertainty around human development in Africa.
- The Institute for Security Studies (ISS) is a pan-African **applied policy research institute** headquartered in Pretoria, South Africa with offices in Nairobi, Kenya, Addis Ababa, Ethiopia and Dakar, Senegal.
- The Frederick S. Pardee Center for International Futures is the home of **long-term forecasting and global trend analysis** at the Josef Korbel School of International Studies on the University of Denver campus.



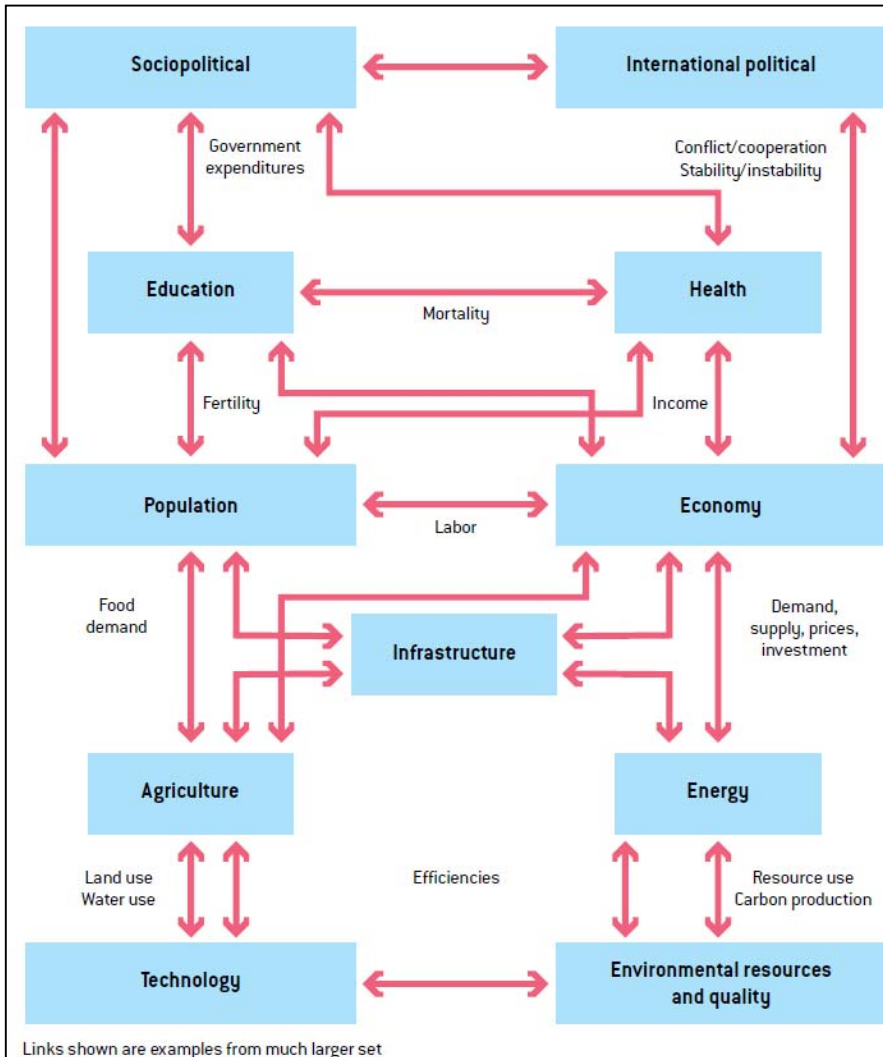
# Background

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## *FuturesCape Project*

- One Cape 2040
- **Purpose:** To allow policy-makers to examine challenges and policy decisions that affect the Western Cape in an integrated manner through long-term empirical analysis.
- Where the project sat and now sits.
- Institutionalisation, capacity building and expanding scope.
- We have recently started partnering/contracting with other departments.

# The International Futures Model



- Global model (186 countries)
- Comparisons with other countries available (e.g. BRICS and African)
  - Additionally RSA provinces
- Integrated, multi-issue model
- Long-term
- Data and theory-based
- Transparent calculations
- Open-source system
- Able to analyse current data
- Able to create alternative scenarios



# FuturesCape

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## *Policy Briefs, empirical support*

- To date five policy briefs have been developed under this project:
- A Western Cape *Human Development Index Policy Brief (2012)*, and
- Four policy briefs to date based on the One Cape 2040:
  - *Educating Cape Policy Brief (2013)*
  - *Enterprising Cape Policy Brief (2014)*
  - *Green Cape Policy Brief [Solar PV and municipal revenues] (2015)*
  - *Living Cape Policy Brief [Low income housing demand] (2015)*
- **Increase** empirical **support** to individual department's policy initiatives and long-term policy and strategy questions.
- Also had a benefit of serving a central point for some data that is relevant in the policy environment.

# FuturesCape new papers

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## *Policy Research Papers and empirical support*

- We are currently completing four policy research papers for policymakers. Two centrally and two for a specific department:
  - **Connecting Cape** Policy Research Paper. (2016)
  - **Leading Cape** Policy Research Paper. (2016)
  - **Budget spend and trade-offs**. (2016)
  - **Inclusive economy**, with a focus on the informal economy's potential in the Western Cape. (2016)
- Increase **empirical support** to individual department's policy initiatives and long-term policy and strategy questions.

# Example paper: Green Cape Policy Brief

## Structure

- Overview of the revenue problem
- Modeling residential PV uptake and revenue loss
- Scenario analysis to examine impacts of smart technology:
  - **React and Recharge**
  - **Runaway Loss**
  - **Embrace and Enhance**
- Followed by a conclusion and policy recommendations



# Challenges implementing this project

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## *FuturesCape*

- Turnover
- Learning along the way in this environment
  - Institutional structure
  - Structure of research and advice that is useful to policy-makers
  - Consultation
  - Partnerships with South African higher education institutions
  - What to include and what to put in an addendum
  - Paper length

# Benefits

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## *FuturesCape*

- We are developing capacity in government to conduct quality policy advice to political heads and other departments.
- MECs and HODs are open to this methodology...if done right.
- We are introducing a global approach to some politicians decision making.
- We are helping to develop capacity on the continent for this type of work.

# Conclusions

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## *New approaches in government*

- There are challenges, but these are good ideas that can make a significant impact
- Cementing this in government
- Get project ownership
- Capacity (internally and locally) building is challenging but worth it

# Contact Us



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Government

Department of the Premier

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**Dale van der Lingen**

Policy and Strategy

Tel: +27 (0)21 483 2972      Fax: Who still has a fax ???

[Dale.vanderLingen@westerncape.gov.za](mailto:Dale.vanderLingen@westerncape.gov.za)

[www.westerncape.gov.za](http://www.westerncape.gov.za)