

BRIEFCASE

POLICY BRIEFCASE [FEBRUARY 2012]

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REDESIGNING CONDITIONAL CASH TRANSFERS

Restructuring a traditional cash transfer program in Colombia significantly increased re-enrollment in secondary school without weakening students' incentives to attend on a daily basis.



Conditional cash transfer (CCT) programs have become a popular and effective way to incentivize school attendance, particularly in Latin America. Given the number of CCT programs, there is surprisingly little variation in their structure. Most programs are inspired by the Mexican model, first known as PROGRESA and now as Oportunidades: families receive money when their children meet specified monthly attendance targets at school.

A randomized evaluation by J-PAL affiliates Marianne Bertrand and Leigh Linden, along with Felipe Barrera-Osorio and Francisco Perea-Calle, tested whether modifying the traditional CCT program could promote continued enrollment in secondary school and higher education, without sacrificing daily attendance. They compared three variations of a conditional cash transfer program in Bogotá, Colombia: one standard design, one program in which part of the transfer is delayed until the student pays school fees for the next year, and one program in which students receive lower monthly payments but are guaranteed a large payment upon graduation.

Can postponing part of the monthly transfer until a large payment when families need to pay school fees improve enrollment in secondary school? Are students willing to work towards long-term goals, such as a large graduation reward, rather than just short-term monthly attendance rewards?

- Postponing part of the transfer to a larger payout when school fees for the following year were due increased enrollment without reducing daily attendance. Students who received a large sum of money right before they had to pay their annual school fees were 4.3 percentage points more likely to re-enroll than students who received no money, and 3 percentage points more likely to re-enroll than students who received regular transfers. This was particularly true for the poorest and most at-risk students.
- Participants were highly responsive to incentives for high school graduation and enrollment in higher education. Students who received a large award upon graduation were 4.9 percentage points more likely to enroll in a higher education institution than students in the comparison group.
- The two modified programs were especially effective at improving the enrollment of the lowest-income students and the students with the lowest participation rates. In comparison, the standard program did not differentially increase enrollment for the poorest and most at-risk students.
- Siblings, particularly sisters, of students in the program attended school less frequently and dropped out more often than those in families with no children in the program. Families with a child in the program appeared to re-allocate educational opportunities away from their other children.

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