What’s the Long-Term Impact of Conditional Cash Transfers on Education?

Conditional cash transfer programs have been shown successful at increasing school enrollment and attendance. Less is known about the long-term effect of these programs on student graduation rates and learning. One reason is that it’s costly and time-consuming to survey individuals over long periods of time. Increasingly, researchers are looking to administrative data to fill the research gap. The data, which includes census data, school records, and government-collected surveys used for running social programs, provides easily-available and cost-effective information that can be used to carry out certain evaluations.

The World Bank is committed to working with countries to reach universal primary school enrollment, one of the United Nations Millennium Development Goals, and to helping policymakers build opportunities for children to continue learning after primary school. As part of our efforts to create programs that work, the World Bank supported an evaluation of a cash transfer program to poor families in Colombia that links the money to school attendance. Using administrative data, the researchers found that the program had a long-term impact on high school completion. But there wasn’t any corresponding boost in learning, based on national exam scores. Researchers are now examining whether beneficiaries are more likely to attend college and be employed in the formal sector.

A cash transfer program called Familias en Acción was introduced in Colombia after a massive economic downturn in the 1990s erased gains made during the previous years, and increased poverty by 7.2 percentage points. The cash transfer program, modeled on Mexico’s Oportunidades and developed with the assistance of the World Bank and the Inter-American Development Bank, was designed to protect the consumption of poor households and promote their education, health and nutrition. The program, which was piloted in 2001 and has since been expanded, now covers 2.5 million households in more than 1,000 municipalities. Similar to many countries, Colombia’s school enroll-
World Bank researchers used household survey data, a national census of the poor, results from a standardized achievement test, and the program’s administrative data, to measure enrollment and learning for children whose families received cash transfers and a control group of children from similar households that didn’t receive the money. In the first analysis, the treatment group consisted of students just below the eligibility cut-off mark whose families did receive the cash transfers, while the control group consisted of those just above the eligibility cut-off point whose families didn’t qualify for the program. The second analysis, using a different sample, employed propensity matching methods. Data used included a baseline survey in 2002 that interviewed 6,722 households in 57 municipalities covered by the Familias en Acción program and 4,562 households in nine control municipalities (not covered by the program). In addition, researchers had access to longitudinal data on program beneficiaries, which now number some 2.5 million families and incorporated information from a separate national census of the poor in 1994 and 2003 that covered more than 25 million people.

The names, birthdays, and national identification numbers from the treatment and control groups were merged with records from Icfes (now called Saber 11), Colombia’s national standardized test, which is mandatory for all graduating students. The Icfes database provided researchers with test results, as well as information about which students likely graduated, since 90 percent of those who take the exam also finish high school. These methods allowed researchers to analyze the long-term impact by tracking children whose families had received cash transfers for periods of time that ranged from one year to nine years. At baseline, the children in the groups used for the evaluation had four to 10 years of schooling and were 18 years or younger. To be included in the study they had to have been born between 1975 and 1994 and set to graduate high school (assuming they had stayed in school) between 2003 and 2009. For more details on the evaluation methods, please see the working paper.*

Results

The cash transfer program boosted enrollment: Students stayed in school longer and were more likely to graduate high school.

Overall, students whose families received cash grants were between 4 and 8.4 percentage points more likely to graduate from high school. This translates into an additional 100,000 to 200,000 high school graduates in total—directly as a result of the cash transfer program.

Girls benefited more than boys…

Gender was clearly a factor in determining the program’s impact. Though both boys and girls who received the cash payments were more likely to graduate, the effects were larger for girls: Girls enrolled in the program were between 5.2 and 8.9 percentage points more likely to graduate.

…and students from rural areas particularly benefited.

The impact of the cash transfers depended largely on where the children lived. Children from rural areas were twice as likely to graduate as children from urban areas—10.4 percentage points, compared to 5 percentage points.

But higher enrollment didn’t translate into better test scores.

Students whose families received the cash grants didn’t score higher on the national standardized achievement test given a year before graduation, nor on the Spanish or mathematics parts of the test (these two sections were also analyzed on their own). In fact, there was no statistical difference between children whose families were in the program and their equally poor and disadvantaged peers who didn’t qualify for the program. The findings on test scores are similar to those of cash transfer programs in Mexico and Cambodia.*

Nonetheless, there’s a gain in simply finishing high school, even if the program doesn’t lead to better learning.

Students with a high school diploma are eligible for college or technical training, both of which can improve their economic prospects in the long run. And graduating high school in itself is also a significant achievement that can lead to higher wages and a more promising future. Better-educated adults are in a position to make more informed choices about their lives and that of their children, helping break the cycle of poverty.

Cash transfers are used around the world to better encourage poor families to take advantage of educational offerings by offering financial incentives that can boost their income. The Colombia study shows that these can be an important tool not only for encouraging families to enroll their children in school, but also keeping them there. Indeed, the results indicate that students whose families received the cash transfers were more likely to graduate high school—an educational milestone that opens doors to higher education and in developing countries especially, increases employment opportunities.

The study showed that higher enrollment—and improved graduation rates—didn’t necessarily translate into better learning. Students whose families received the cash transfers didn’t show improvements in test scores when compared with students whose families didn’t receive the money. It may be that teachers need better training to address the needs of low-income students, or more resources may be required for struggling students. Future research could consider linking cash transfers to school performance, to see whether this incentive encourages students (and their parents) to pay more attention to learning. As part of this, researchers would have to consider what support low-income households might need to monitor and assist their children in school.

The Colombia study makes an important contribution to the body of evidence on the effectiveness of cash transfers in keeping kids in school and raising graduation rates. The next step is to understand how cash transfers—or other programs—can successfully be used to boost learning too.