



Own and Sibling Effects of Conditional Cash Transfer Programs: Theory and Evidence

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Organizing Theme	Education and Skills
Status	Completed
Intervention Category	Cash Transfer
Sector	Social Protection
Abstract	<p>Conditional cash transfers have been adopted by a large number of countries in the past decade. Although the impacts of these programs have been studied extensively, understanding of the economic mechanisms through which cash and conditions affect household decisions remains incomplete. This paper uses evidence from a program in Cambodia, where eligibility varied substantially among siblings in the same household, to illustrate these effects. A model of schooling decisions highlights three different effects of a child-specific conditional cash transfer: an income effect, a substitution effect, and a displacement effect. The model predicts that such a conditional cash transfer will increase enrollment for eligible children - due to all three effects - but have an ambiguous effect on ineligible siblings. The ambiguity arises from the interaction of a positive income effect with a negative displacement effect. These predictions are shown to be consistent with evidence from Cambodia, where the child-specific program makes modest transfers, conditional on school enrollment for children of middle-school age. Scholarship recipients were more than 20 percentage points more likely to be enrolled in school and 10 percentage points less likely to work for pay. However, the school enrollment and work of ineligible siblings was largely unaffected by the program.</p>
Gender Connection	Gender Informed Analysis
Gender Outcomes	Gender disaggregated school enrollment, child labor
IE Design	Regression Discontinuity
Intervention	<p>This study examines the CESSP Scholarship Program (CSP) which makes very modest transfers amounting to between 2-3% of average consumption. The program operates in 100 of the approximately 800 middle schools in Cambodia. Children were selected based on their ranking on an exam. There was no monitoring of the conditions to go to school, but there was very strong messages by principals, teachers and parents.</p>
Intervention Period	The scholarship was provided in November 2005
Sample population	100 middle schools participated in the scholarship program. All 6th graders completed an application form and people who had high probability of dropping out received a scholarship for 7th, 8th and 9th grade. In total 3800 scholarships were offered.



Comparison conditions	To be enrolled in the program, you needed to score below a threshold on an entrance exam. Students who scored just below the threshold (treatment) were compared to students who scored about the threshold (control)
Unit of analysis	Individual and sibling level
Evaluation Period	The survey was conducted 18 months after students filled out their application form
Results	Children who received scholarships were about 20 percentage points more likely to be enrolled in school, and 10 percentage points less likely to work for pay. However, the school enrollment and work of ineligible siblings was largely unaffected by the program. The model suggests that households will fall into one of three types. First, “poor” households who would send neither child to school in the absence of the program. If these households take up the program, they will enroll the eligible child, and perhaps the ineligible child if the transfer is large enough (current situation in Cambodia). Second, “middle-income” households who would send only one child to school in the absence of the program. If these households take up the program, they will ensure that the eligible child attends school, but this could come hand in hand with a displacement effect on their ineligible sibling. Third, “wealthier” households who would send both children to school, even without the program. We would expect no impact on enrollment in this case. The overall impact of the program therefore represents the average across types—and will be weighted by the population share of each type. The program had large, significant effects on both boys and girls (School enrollment increased dramatically—by 22 percentage points for boys and 20 percentage points for girls. This increase came hand in hand with a sharp reduction in the probability that CSP recipients work for pay—of 12 percentage points in the case of boys, and 9 percentage points in the case of girls. Finally, applicants also more likely to work without pay, a result that is significant for girls.
Primary study limitations	The study conducts a number of robustness checks to see if the cutoffs for the RD are appropriate, and tests different specifications and control functions. The results are robust
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Reference(s)	Ferreira, F. H., Filmer, D., & Schady, N. (2009). Own and Sibling Effects of Conditional Cash Transfer Programs. World Bank Policy Research Working Paper, (5001).
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