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PROMOTING INVESTMENTS IN CHILDREN'S EDUCATION

USING BEHAVIOURAL ADD-ONS IN CASH TRANSFER PROGRAMMES

BY GIULIO SCHINAIA

As the COVID-19 pandemic unfolds, countries are increasing their cash transfer programmes in order to mitigate the negative socio-economic effects on vulnerable groups. With reduced incomes and school closure, vulnerable households might de-prioritise investment towards their childrens' education. In this document, we focus on how governments and non-governmental organisations (NGOs) can incorporate evidence on the impact of cash transfers and behavioural interventions in promoting household investments towards childrens' education.

KEY TAKEAWAYS

Cash transfers can play a role in mitigating some of the negative effects of school closures during and after the ongoing pandemic. Evidence suggests that unconditional and conditional cash transfers can relieve economic strain and increase human capital. When schools begin to re-open, policymakers could consider using cash transfer as an additional policy tool to ensure all children come back to school, as drop-out rates are likely to increase as a result of the negative socio-economic effects of the pandemic.

Recent studies show that labelling cash transfers towards specific expenses, such as children's education, can be as effective as imposing conditions. As countries consider relaxing conditions on their cash transfers, adding labels and messages on the intended purpose of these transfers can still promote the same behaviours conditions were meant to stimulate. Unconditional cash transfers without any labels have been less effective than conditional cash transfers at increasing enrolment rates or expenditure towards childrens' education.

There is ongoing research testing whether adding low-cost behavioural messaging onto cash transfer programmes can be effective at increasing educational investments compared to cash on its own. The evidence base available suggests that messaging and information to stimulate future-oriented behaviour can increase parental investments in their childrens' education alone. More evidence is still needed to assess how the results from existing and ongoing studies can apply to different contexts.

THE IMPACT OF COVID-19

168 countries have implemented school closures to reduce the spread of COVID-19, imposing high social and economic costs for families and learners across the world. The coronavirus outbreak is creating a huge loss of learning time, with potential repercussions for families and children in years to come, particularly for the more vulnerable ones that cannot access distance

learning resources. Moreover, schools often provide additional support to families and children through free or subsidised meals that cannot be accessed when schools are closed.[1] Beyond the immediate effects, even once schools re-open, the time out-of-school is likely to increase drop-outs among the most vulnerable children, whose families cannot continue financing education due to the worsening economic crisis, deepening inequalities and reducing opportunities for intergenerational mobility.[2]

Cash transfers have been widely used as instruments to alleviate economic pressures and reduce the intergenerational transmission of poverty.[3] Often cash transfer programmes impose conditions on their recipients (like enrolling children to school) to make parents invest the transfer towards activities that benefit their children. A systematic review on the effects of cash transfer programmes on schooling outcomes identified two experiments in Malawi and Burkina Faso directly comparing the effectiveness of CCT relative to UCTs, which find larger effects on enrolment for CCTs than UCTs (Baird et al. 2013). Conditional cash transfers have larger effects on children's educational outcomes (e.g. enrolment, attainment), relative to unconditional cash transfers, which do not refer to education as an objective of the transfer programme.

In the context of the pandemic and ongoing school closures, many of the conditions attached to cash transfer programmes cannot be fulfilled. Rather than discontinuing the programmes, some countries have already started relaxing the conditionality of the transfers.[4] Relaxing the conditions can be politically challenging and potentially reduce the effectiveness of the programmes. However, insights from behavioural sciences could inform the redesign of cash transfer in order to reduce the negative effects on learners and their families.

WHAT CAN WE LEARN FROM EXISTING EVIDENCE?

1. Labelling cash transfer for specific purposes can be as effective introducing conditions to enforce them

Labelling in the context of cash transfers means informing recipients that the intended purpose of the transfer is for specific types of expenditures (e.g. towards paying for childrens' educational expenses).

The few existing studies in low- and middle-income countries that have compared the effectiveness of labelled cash transfer relative to a conditional cash transfer programme find that labelled cash transfers can be on average as good as conditional transfers in promoting children's educational outcomes:

[1] Increasingly, many countries have started operating delivery points for take-home rations in order to continue offering this important nutritional support.

[2] A recent study found that during the 2014 Ebola crisis in Sierra Leone, in areas where community activities stopped to prevent the spread of the disease, young girls were more likely to experience out-of-wedlock pregnancies and as a result overall school enrolment post-crisis dropped by 16 percentage (Bandiera et al. 2019).

[3] A recent review finds that ~130 low- and middle-income countries have at least one unconditional cash transfer (UCT) and ~63 have at least one conditional cash transfer (CCT) programme (Bastagli et al., 2019).

[4] For example, Romania has already relaxed school attendance conditions for its conditional cash transfer programme (Gentilini et al., 2020).

- In Morocco, Benhassine et al. (2015) evaluated alternative implementation designs of a cash transfer programme implemented by the Ministry of Education to foster school participation. They found larger gains in enrolment and reductions in drop-outs among recipient households that were randomly assigned to a labelled cash transfer relative to those that were assigned to the conditional cash-transfer version of the programme.[5]

- In Kenya, a study on the Orphans and Vulnerable Children transfer programme compared its effectiveness between recipients that were imposed conditions, which penalised families that did not comply with them, relative to recipients that just received a labelled transfer. The study found no difference on average on enrolment rates or days of school missed between households that were imposed the conditions and those that received the transfer unconditionally just knowing that it was intended for the children's needs (Heinrich and Knowles, 2020). [6] [7]

2. Cash transfers combining light-touch psychological interventions could increase educational investments.

Addressing the psychological factors that reduce spending towards children's education can be an effective way to stimulate this type of investment. Difficulties in planning, low self-beliefs, and lack of future-orientedness can contribute to low investment in children, especially among disadvantaged groups. Light-touch interventions designed to positively shift these psychological characteristics could be added at the time of delivery of cash transfer programmes, but potentially also broadcasted more widely. Research is ongoing to understand whether these interventions can be effective at promoting investments' towards childrens' education, but there is still a need for more evidence on these interventions in low-and-middle-income countries.[8]

- In Kenya, Orkin et al. (2020) study whether a light-touch psychological intervention added onto a cash transfer programme can increase the amount recipient households spend on educational expenditures more than the cash transfer alone, without the need for conditionality or monitoring. This hypothesis is consistent with work showing "labeling" cash transfers can shift how they are spent as much as specific conditions, but the results of this study have not been finalised yet.

- In rural Ethiopia, a similar light-touch psychological intervention, which was not actually paired to a cash transfer programme, caused short-term increases in enrolment and spending among households that were randomly assigned to participate in a video-screening that aimed to promote future-oriented behaviour. The short-term increases

[5] The labelled cash transfer programme studied was unconditional but retained an implicit endorsement of education through its school-based enrolment procedure, which might have reduced enrolment of children from families that had had no previous contact with schools.

[6] The authors actually found that fines were reducing poorer households's consumption. On the other hand, neither conditions, or lack thereof, changed the number of school days missed in their study.

[7] A non-experimental study of a cash transfer programme in Lesotho, using stronger assumptions, also found that labelling is an effective way to stimulate investment in educational expenditures (Pace et al. 2019).

[8] There is a growing literature from low- and middle-income countries testing different interventions to raise individual's aspirations and self-beliefs through exposure to role-models, as well as socio-economic outcomes. For example, Riley (2019) finds that in Uganda showing an inspirational movie with a relatable role-model figure to secondary school students before a high-stakes exam increased students' test-scores.

appear to have lasting effects on educational attainment and persistent increased spending on children's education (Bernard et al. 2019).

3. Timely messaging can stimulate parental interactions and re-enrolment

Beyond just additions to cash transfers, the use of reminders, goal-setting exercises, and social messages have been shown to yield positive effects on educational outcomes, though most of the evidence is still based in high-income countries.[9] These types of behavioural interventions could be adapted and added onto cash transfer programmes or rolled-out by themselves to promote parental involvement with children's studying and provide them with reminders that could stimulate re-enrolment rates, after the school closure ends. For example:

- A text-message based intervention that targeted parents and combined goal setting with information provision about the benefits of parental interactions resulted in more than a doubling of parental reading time in the U.S. (Mayer, Kalil, Oreopoulos, & Gallegos, 2018).

- Reminders to students to enrol the next semester in the U.S. were effective at improving secondary-to-tertiary re-enrolment (Castleman and Page, 2015). These results were replicated when the reminders were sent to both parents and students.

[9] See, for example, Daamgard and Nielsen (2018) for a review. An unpublished study in Brazil used a randomised control trial to analyse the mechanisms driving the effects of communicating with parents on education outcomes. In this study, weekly SMS communication to parents had large impacts on ninth graders attendance, test scores, and promotion rates, and that these results were primarily driven by messages that increased salience for why monitoring student behaviour is important, rather than messages that simply provided attendance information.

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