International Policy Centre for Inclusive Growth

The International Policy Centre for Inclusive Growth is jointly supported by the Poverty Practice, Bureau for Development Policy, UNDP and the Government of Brazil.

THE TRANSFER PROJECT

One pager No. 147

April, 2012

Does the Unconditional Kenya's Cash Transfer for Orphans and Vulnerable Children have Impacts on Schooling?

by Kenya CT-OVC Evaluation Team

The Kenya Cash Transfer for Orphans and Vulnerable Children (CT-OVC)

The CT-OVC is the Government of Kenya's flagship social protection programme, currently reaching approximately 130,000 households across the country. Its objective is to provide regular cash transfer payments to families living with OVC to encourage fostering and retention of children and to promote their human capital development. Eligible households, those who are ultra-poor and contain an OVC, receive a flat monthly transfer of Ksh 1500 (approximately US$20). An OVC is defined as a household resident between 0 and 17 years old with at least one deceased parent, or who is chronically ill, or whose main caregiver is chronically ill. The programme is unconditional, although households are informed that the care and protection of the resident OVC is their responsibility for receiving the cash payment.

The evaluation

Prior to expansion of the programme in 2007, UNICEF and the Government of Kenya designed a social experiment to track its impact on a range of household and child welfare indicators. The evaluation design was a location-randomised social experiment with a baseline household survey conducted in 2007 and a 24-month follow-up in 2009. Within each of seven districts across the country, four locations were identified as eligible, and two were randomised out of the initial expansion phase and served as control locations. The evaluation sample contains 2234 households, of which two-thirds are from intervention locations.

Expected programme impacts

An unconditional cash transfer programme such as the CT-OVC will primarily exert an income effect on household demand for human capital. We would, therefore, expect the programme to have significant effects in outcomes that are sensitive to income or total expenditure; that is, where the income or total expenditure elasticity is large or where income plays an important role in restraining demand. In Kenya, government primary schools are free, but there are still out-of-pocket direct costs such as for travel, food, uniforms and shoes. These out-of-pocket costs are larger at the secondary level because of school fees and because the network of secondary schools is smaller, so average travel time is greater. Finally, the opportunity cost of schooling rises dramatically at the secondary level. Given the institutional environment and programme design, we expect the CT-OVC to have a larger impact on secondary school outcomes, among households that are further away from schools, and among older children.

Results

Kenya CT-OVC Evaluation Team (2012) estimate difference-in-differences programme impacts on school enrolment separately for primary- and secondary-age children. As expected, there are no programme effects for primary-age children (aged 6–12) but a statistically significant positive impact at the secondary level (children aged 13–17 years) of 7.8 percentage points, representing a 9 per cent increase at the mean. We define two other indicators, grades behind (actual grade subtracted from 'expected' grade assuming on-time entry and no repetition) and grade progression (whether or not the child moved up in grade between 2008 and 2009). These indicators are only defined over the sub-set of children enrolled in school at baseline, and impact estimates are based on cross-section estimates using follow-up data only. For these two indicators we again find positive programme impacts at the secondary level but not the primary level. Secondary-age children in intervention households are 0.096 fewer grades behind (about 7 per cent at the mean) and 5 per cent more likely to progress to the next grade between 2008 and 2009.

Heterogeneous treatment effects by school costs

To test whether programme effects vary by the price of schooling, we construct two indicators that reflect the 'price' of schooling. The first is a dummy variable indicating whether the school is more than 2km away, and the second is a cost index which is the sum of dichotomous variables indicating whether the school will not allow students to attend without shoes, without uniforms and—for primary schools only—whether or not extra fees are charged. About a quarter of children must pay extra fees, half must wear uniforms, and three-quarters must wear shoes. Only 10 per cent of children live more than 2km from a government primary school, but about half of all children live more than 2km from a government secondary school.

We find strong positive impacts of the CT-OVC on primary school children who face higher 'prices'. Among households living over 2km from a primary school the treatment effect on current enrolment is 19 percentage points, and grades behind is 0.18 lower, while enrolment is 6 points higher and grades behind 0.31 lower for each unit increase in the primary school cost index. The programme also mitigates some of the negative effects of secondary schooling, particularly grades behind, where the programme effect is 0.324 among children living more than 2km from a secondary school.

Results in an international context

A recent World Bank review (Fiszbein and Schady, 2009) of the impact of *conditional* cash transfers on school enrolment reports three estimates for samples comparable to the secondary age group of 13–17 reported here. Those three impact estimates are 12 (Bangladesh ages 11–18, females only), 5.6 (Colombia ages 14–17) and 5.2 (Turkey, secondary schooling), while the estimate we report here is 7.8 percentage points. This illustrates that the schooling impacts of the Kenyan *unconditional* CT-OVC is well within the range of impacts observed elsewhere for *conditional* programmes.

References:

Kenya CT-OVC Evaluation Team (2012). The Impact of Kenya's Cash Transfer for Orphans and Vulnerable Children on Human Capital. *Journal of Development Effectiveness*, Vol. 4(1): pp.38-49.

Fiszbein, A. and Schady, N. (2009). Conditional Cash Transfers: Reducing present and future. *Policy Research Report*. Washington DC, World Bank.

International Policy Centre for Inclusive Growth (IPC - IG)
Poverty Practice, Bureau for Development Policy, UNDP
Esplanada dos Ministérios, Bloco O, 7º andar
70052-900 Brasilia, DF - Brazil

E-mail: ipc@ipc-undp.org ■ URL: www.ipc-undp.org
Telephone: +55 61 2105 5000