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Improving the Design of Conditional Transfer Programs: Evidence from a Randomized Education Experiment in Colombia

By Felipe Barrera-Osorio, Marianne Bertrand, Leigh L. Linden, and Francisco Perez-Calle

Using a student level randomization, we compare three education-based conditional cash transfers designs: a standard design, a design where part of the monthly transfers are postponed until children have to re-enroll in school, and a design that lowers the reward for attendance but incentivizes graduation and tertiary enrollment. The two nonstandard designs significantly increase enrollment rates at both the secondary and tertiary levels while delivering the same attendance gains as the standard design. Postponing some of the attendance transfers to the time of re-enrollment appears particularly effective for the most at-risk children. (*JEL* I23, I21, I22, J13, O15)

Conditional cash transfer (CCT) programs have become a popular and effective (see, for example, Paul Gertler 2004) mechanism for incentivizing academic participation. Given the number of programs, there is surprising little variation in their structure. Most are closely inspired by the popular Mexican Conditional Cash Transfer program previously known as PROGRESA and now OPORTUNIDADES. Under this program, students are paid on a monthly or bi-monthly basis for meeting a specified attendance (usually 80 percent per month) target.

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