

ERSA Policy Brief

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Can unconditional cash transfers improve adolescent and young adult education outcomes?

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The South African child support grant leads to increased enrolment and educational attainment during adolescence and young adulthood.

INTRODUCTION

Compared to conditional cash transfers, there is relatively little evidence on the effects of unconditional cash transfers despite their prevalence throughout sub-Saharan Africa. The South African child support grant is Africa's largest—and the developing world's fourth largest—unconditional cash transfer program, in terms of both the absolute number of individuals (10.8 million) and the share of population (21%) covered. The child support grant is also a significant transfer to recipient households with a value of 40% of median monthly per capita income.

To examine whether South Africa's child support grant improved education outcomes of adolescents and young adults, I examined evidence on how education outcomes changed for individuals who benefitted from the first-ever extension of the child support grant to adolescents compared to individuals who were slightly older and did not experience adolescent child support grant eligibility. Examining the impacts of child support grant eligibility during adolescence is particularly important as this is a time when dropout and repetition rates are highest.

The findings presented here aim to inform policymakers seeking to design cash transfer programs that are targeted at improving education outcomes. Improving education outcomes is an important pre-requisite for achieving long-term economic growth and improved standards of living.

METHODS

I used survey data from all five available waves of the National Income Dynamics Study covering the period from 2008 to 2017. Over 2009-2012, the age threshold for child support grant eligibility was progressively increased to extend eligibility to adolescents for the first time. These changes to the age threshold cut-offs generate cross birth cohort variation in child support grant eligibility duration during adolescence. The cohorts born in 1992 and 1993 remain just above the 2009-2012 age threshold cut-offs and so do not experience any grant eligibility during their adolescence, while the 1994 and 1995 birth cohorts remain below the age cut-offs giving them grant eligibility during their adolescence. I examined the effect of this differential adolescent child support grant eligibility on two education outcomes: enrollment and years of completed education.

Education outcomes of the younger cohorts are compared to those of the older cohorts, while controlling for any trends in these outcomes by using the changes observed for the older cohorts. Because vulnerability to dropout and grade repetition may differ across groups, I also examined whether changes in education outcomes varied differentially based on gender, geographic location, and baseline numerical literacy.

KEY FINDINGS

Enrollment during young adulthood increased.

There is no contemporaneous effect on enrollment during adolescence but individuals who experienced adolescent CSG eligibility are 11.9 percentage points more likely to be enrolled during their young adulthood (a time when they are no longer eligible for the CSG). Relative to the sample average, adolescent CSG eligibility increased enrollment during young adulthood by 17.3%.

Contemporaneous and longer-term education attainment increased.

Individuals who are eligible for the CSG during their adolescence have completed an extra third of a year of education in their years of adolescent eligibility and this gap widens to almost half a year more in their young adulthood.

The observed education improvements are concentrated among groups that might be most vulnerable to dropout and grade repetition.

The effects on education attainment are largest for females, those living in rural areas, and those who score in the lowest quintile of a numeracy test at baseline. Females have completed two thirds of a year more of education during their years of adolescent CSG eligibility. Individuals living in rural areas who experienced adolescent CSG eligibility have completed just over a quarter of a year more of education in their adolescence and just over half a year more in their young adulthood. Individuals with adolescent CSG eligibility who score in the lowest quartile on the numeracy test in the first wave of the NIDS survey accumulate one extra year of education during their adolescence.

POLICY LESSONS

Unconditional cash transfers can lead to improved education outcomes.

Eligibility for the unconditional child support grant during adolescence increases contemporaneous educational attainment and enrollment during young adulthood, with some evidence of additional increased educational attainment in young adulthood as well. The size of the estimated effects are very similar to those estimated by other researchers for Mexico's conditional cash transfer programme, Progresa, and similarity of the estimates suggests that the unconditional transfers can have similar impacts to conditional transfers on education outcomes.

The timing and the targeting of the cash transfer may affect the magnitude of its impact on education outcomes.

The estimated effects on education attainment are much larger than the previously estimated effects of the child support grant for younger children, consistent with the idea that an intervention during adolescence will have a much larger impact on schooling outcomes than earlier interventions since it occurs at a time when individuals are much more likely to repeat a grade. The estimated effects on education attainment are comparable to the effects of the old age pension among similarly aged children, despite the fact that the monthly Rand amount of the old age pension is roughly four times that of the child support grant suggesting that a smaller grant targeted at children, even if it is unconditional, can have similar impacts on education outcomes as a larger transfer to the household.

This policy brief presents findings and policy lessons identified in a working paper prepared by Neryvia Pillay Bell. See Pillay Bell, N. 2020. "The impacts of unconditional cash transfers on schooling in adolescence and young adulthood: Evidence from South Africa."

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Therefore, more research on this subject is warranted in the context of environmental economics.