



Fighting Child Labor through Education – You Get What You Pay For

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A non-technical summary of *You Get What You Pay For: Schooling Incentives and Child Labor*, NBER Working Paper No. 19729, Cambridge MA
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Findings from the Schooling Incentives Project Evaluation in Kathmandu Nepal

This paper reports on the first randomized evaluation of an education initiative aimed specifically at children vulnerable to child labor. The promotion of education has been at the core of anti-child labor efforts for over a decade. Based on a survey of children 10-16 whose guardians work in export-oriented carpet-weaving establishments in the Kathmandu Valley of Nepal, the authors find that a scholarship that reimbursed families for out-of-pocket education fees and expenses did not have a detectable impact on attendance after scholarship funds were exhausted. Adding economic support conditioned on school attendance to the scholarship significantly increased school attendance, improved test performance, and discouraged weaving among girls. Financial support also reduced the prevalence of children living without a parent present. However, the impact of this financial support ended when the funds ran out. 15 months after the end of support, there is no evidence of an impact on child labor, education, or migration.

Evaluating the Impact of Education Support

Self-selection into education support programs and the tendency of NGOs to engage first those most naturally motivated to education makes carrying out rigorous impact studies of education initiatives difficult. The ideal way to estimate impact is to compare children randomly assigned to receive education support to children randomly assigned not to. In this case, GoodWeave Nepal identified 660 children vulnerable to child labor in 101 export-oriented carpet-weaving establishments in the Kathmandu valley of Nepal. 220 of these children were randomly selected to receive a scholarship of NPR 3,950 (\$55) for one year that could be applied to reimburse school-related costs such as fees, tuition, uniforms, and books. 220 were randomly selected to receive this scholarship plus an additional stipend of NPR 1,000 (\$14) per month per child if the child attended school at least 80 percent of school days in the previous month. There were no funds for supporting the remaining 220 randomly selected children. Information on schooling and work was collected on all 660 children before random assignment occurred, 5 months into the school year, and within a month of the end of the school year.

Results

The findings suggest that any effect of the scholarship on attendance in the year of support is too small to be detected. It appears the three-fourths of the scholarship substituted for education spending that would have otherwise occurred for boys. The impact of the scholarship was more salient for girls. Only one-tenth of the scholarship substituted for spending on girls that would have otherwise occurred.

However, this additional spending on girls only influenced their attendance while the scholarship funds were being disbursed. Once school fees were paid out, there was no lasting effect of the scholarship on education even within the school year.

The scholarship and stipend combination had a large impact on schooling and work compared to the group that did not receive support. Girls especially benefited. The additional stipend improved school attendance throughout the year. The stipend improved test scores and raised the likelihood that the child continued school past the year of support. The stipend almost eliminated female involvement in weaving during the period of financial support. Stipend recipients were more likely to live with a parent during the period of support as well. The impact of the stipend on schooling, child labor, and migration does not appear to have persisted past the period of financial support.

Policy Implications

The authors caution that the results say little about the impact of long-term education support and do not necessarily generalize to other contexts where school costs and living standards differ. At least in the short term in this context, school cost subsidies do not substantively promote schooling or reduce child labor. Economic assistance appears to have a greater impact although its impact does not extend substantively beyond the period of financial support. These findings highlight the fact that combatting child labor through education promotion does not address the fundamentals driving children into child labor.