

# The Impact of the Largest Cash Transfer Program for Refugees in the World on Child Labor and Education

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## MOTIVATION

There are currently 79.5 million forcibly displaced individuals globally, among whom 40% are children (UNHCR, 2020). Turkey hosts the world's largest refugee population, including 3.6 million Syrians, the vast majority of whom do not live in camps. UNICEF (2014) highlights the risk of a "lost generation" as children drop out of school because of forced displacement. Yet we have little knowledge regarding the best ways to support refugee children and their households, especially those who live outside refugee camps. We explore the effect of cash transfers on refugee children's education and employment outcomes in the context of the world's largest cash transfer program that targets refugees.

## PROGRAM AND DATA

The Emergency Social Safety Net program (ESSN) is an unconditional cash transfer program which was rolled out in November 2016 in Turkey and had reached 1.8 million refugees. Eligibility to ESSN transfers is based on six simple demographic criteria. For the average Syrian family in Turkey with 6 members, the monthly payment is 720 TL (around USD 105).

We analyze data from the Comprehensive Vulnerability Monitoring Exercise (CVME), which is conducted by the World Food Program (WFP) with support from the Turkish Red Crescent (TRC) and is representative of the refugee population in Turkey. We use CVME3 and CVME4 (Mar-Dec 2018) with a total sample size of 2,681 households (52% beneficiary). We conduct further analyses using the Post-Distribution Monitoring (PDM) survey.

## METHODOLOGY

- Households with a ratio of dependents to working-age adults of 1.5 or more are eligible for the ESSN program (main demographic criteria).
- We use a regression discontinuity design (RDD) to compare households just below and above the 1.5 eligibility criterion.
- Being just above the 1.5 cutoff for eligibility does increase the likelihood of receiving transfers by 38 percentage points.
- We then use a fuzzy-RDD approach to identify the causal effect of being a beneficiary of the transfers.

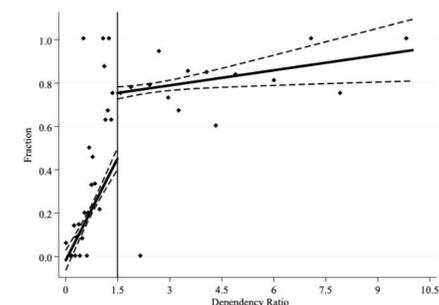


Figure 1: Effect of Dependency-Ratio Criterion on Beneficiary Status

- We provide a careful examination of the RDD assumptions as well as several robustness checks of the results.
- We use a wide variety of parametric and non-parametric specifications.
- We also employ propensity score matching as robustness check.

## RESULTS

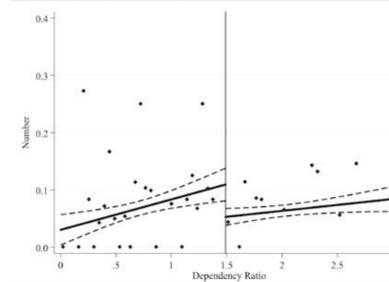


Figure 2: Share of children working

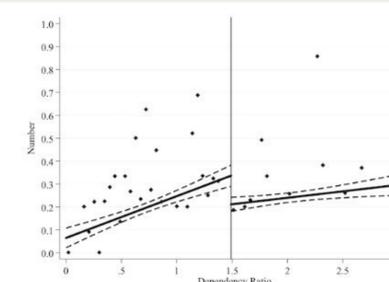


Figure 3: Share of children not in school

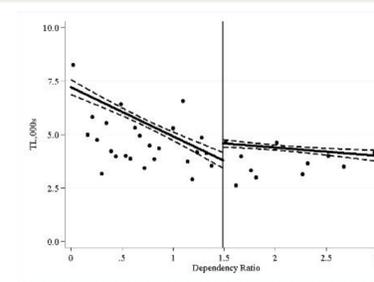


Figure 4: Consumption Spending per Person

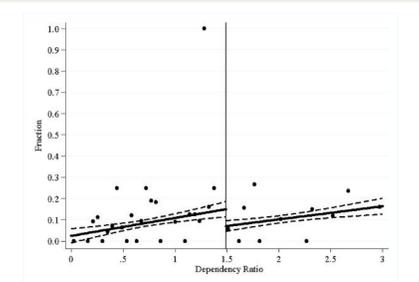


Figure 5: Reason for no school: "children need to work"

### Child labor decreases

Receiving ESSN transfers reduces the fraction of boys not in school from 28.4 percent to 10.4 percent (by 64 percent) and lowers the fraction of girls not in school from 24.9 percent to 10.3 percent (by 59 percent).

### School enrollment increases

It lowers the share of boys working from 17.0 percent to 2.4 percent (by 86 percent) and the share of girls working from 3.3 percent to 0.2 percent (by 95 percent).

### Channel: financial constraints

ESSN transfers likely to become main source of income, increase income and reduce harmful coping strategies. They do not address health related issues.

### Opportunity cost of schooling

Transfers address reasons for children not going to school such as "child need to work", "children need to assist family at home" and to some extent "cannot afford to pay school fees".

|                  | Share of boys working | Share of girls working | Share of children working | Share of boys not in school | Share of girls not in school | Share of children not in school | No. obs. | No. cluster |
|------------------|-----------------------|------------------------|---------------------------|-----------------------------|------------------------------|---------------------------------|----------|-------------|
| Full Data        | -0.181***<br>[0.042]  | -0.031**<br>[0.014]    | -0.146***<br>[0.024]      | -0.223***<br>[0.056]        | -0.158***<br>[0.054]         | -0.258***<br>[0.053]            | 2,681    | 56          |
| 0 <= DR <= 4.5   | -0.159***<br>[0.032]  | -0.033***<br>[0.012]   | -0.135***<br>[0.020]      | -0.217***<br>[0.054]        | -0.163***<br>[0.049]         | -0.255***<br>[0.052]            | 2,589    | 51          |
| 0 <= DR <= 3.5   | -0.155***<br>[0.028]  | -0.029***<br>[0.010]   | -0.129***<br>[0.018]      | -0.199***<br>[0.050]        | -0.157***<br>[0.043]         | -0.239***<br>[0.048]            | 2,510    | 48          |
| 0 <= DR <= 3.0   | -0.146***<br>[0.024]  | -0.031***<br>[0.010]   | -0.123***<br>[0.016]      | -0.181***<br>[0.046]        | -0.146***<br>[0.041]         | -0.224***<br>[0.047]            | 2,448    | 45          |
| 0.5 <= DR <= 2.5 | -0.116***<br>[0.032]  | -0.018<br>[0.015]      | -0.103***<br>[0.019]      | -0.187**<br>[0.074]         | -0.130**<br>[0.061]          | -0.208***<br>[0.063]            | 2,036    | 32          |

Table 1: The Effect of Beneficiary Status on the Share of Children Working and Share of Children not in School (2SLS)

### Related literature

A growing literature exists on the effects of cash transfers to forcibly displaced populations, but few address the effects of cash transfers on schooling and work outcomes among refugee children. De Hoop, Morey and Seidenfeld (2019) examine the effects of a small-scale program in two governorates in Lebanon where the target population was Syrian refugee children aged 5-14. Increase in attendance but not enrollment. Three concurrent working papers also examine the effects of large-scale cash transfers on Syrian refugee households: Ozler et al. (2020) study the ESSN program as well, while Moussa et al. (2021) and Altindag and O'Connell (2020) study much smaller programs in Lebanon.

For more details:

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3879361](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3879361)

## CONTRIBUTION

- This study shows that a multi-year program that provides modest, regular cash transfers produces a tremendous increase in the schooling attainment of refugee children and a decline in their employment, made possible because households have overcome financial constraints.
- To the best of our knowledge, this study provides, along with a few concurrent working papers, the first evidence of the impact of a large-scale cash transfer program on education and child labor of refugee children who live outside camps.
- Our findings are likely to generalize to contexts where school and administrative capacities are high enough to absorb and educate refugee children living outside camps.



### Acknowledgement

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