



Policy Brief

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Financial Incentives for Girls – What Works?

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Introduction

The life of girls in India reflects strong elements of discrimination at various stages due to adverse social attitude towards them. Prejudice against daughters stems from the perception of them as a liability, and a strong preference for sons. It results in diversion of limited available household resources towards boys and the consequent neglect of girls. In this context, staggered Conditional Cash Transfer (CCT) schemes to the families of girls were envisaged to ensure their survival, improved investment in their education and delaying their age of marriage. Incentives are seen as a way of motivating a certain choice or desirable behaviour that individuals or families will not otherwise opt for, making families look upon a girl as an asset since her very existence would lead to cash inflows.

While the direct and tangible objective of such schemes is to encourage families to educate girls and prevent child marriages, the more subtle and intangible objective is a gradual change in the discriminatory attitude and mindset of families towards daughters.

Dhanalakshmi Scheme

An innovative pilot CCT scheme for girls, with insurance cover, was launched on 3 March, 2008 by the Ministry of Women and Child Development, Government of India, in 11 selected backward blocks of seven states. The eligibility criteria under the scheme allowed for a broad coverage of households with girls. There were no restrictions on the number of daughters in a family who could receive the benefit, nor was any income criterion fixed. Similarly, the amount of incentives was same for daughters of any parity. Unlike other schemes, family planning was not linked for receiving financial incentives under the Dhanalakshmi scheme.

The scheme provides for cash transfers to the family of the girl (preferably to the mother) on fulfilling certain specific conditions such as birth registration (Rs. 5,000), childhood immunizations at specified ages (Rs. 1,250), enrolment and completion of primary schooling (Rs. 3,500) and enrolment in secondary school and completion of Class 8 (Rs. 3,750). Altogether, the staggered incentives total Rs. 13,500 (USD 210 approx.). If the girl remains unmarried till the age of 18 years, she gets an insurance maturity cover of Rs. 1 lakh (USD 1,500 approx.).

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Views expressed in this brief are of the authors and do not necessarily reflect the views of the organization.

Global evidence on the impact of cash transfer schemes indicates that these schemes helped increase enrolment (particularly of girls), improve immunization and use of health services (particularly preventive) and reduce inequality and poverty. In Brazil a combination of cash transfer programmes accounted for 28% of total fall in the Gini Index between 1995 and 2004 (DFID, 2011). The analysis of Brazilian, Chilean and Colombian experiences with CCT as to how they have helped tackle gendered economic and social vulnerabilities concludes that the programmes not only tackle a number of gendered vulnerabilities, but also have clear limits with regard to a more decisive role in tackling gender inequities (Soares et al, 2010). A study of *Janani Suraksha Yojana* (JSY), a CCT scheme to ensure maternal health and institutional deliveries in India, was associated with reduction of 3.7 (95% CI 2.2–5.2) perinatal deaths per 1,000 pregnancies and 2.3 (0.9–3.7) neonatal deaths per 1,000 livebirths (Stephen, et al, 2010).

In India, financial incentive schemes for girls have been initiated at different points in time. However, there is little information on the performance of these schemes in terms of meeting set objectives and achieving desired goals. In order to assess the effectiveness of financial incentive schemes for girls, UNFPA commissioned a desk review of 15 ongoing schemes based on secondary data and supported an assessment of Dhanalakshmi Scheme based on a primary survey.³

Insights from the desk review of incentive schemes

The desk review of CCT schemes implemented by various states as well as the Ministry of Women and Child Development revealed that the promise of cash transfers provided a sense of security and confidence to families for investing in girls. Wherever benefits were availed, families did seem to have ensured birth registration, immunization, school enrolment and expressed their willingness to delay marriage. However, discussions with government officials involved with the implementation of the scheme, and with a number of civil society organizations, pointed to some constraints in enrolment, for example, providing documentation like birth or immunization certificates, delays in receiving benefits etc. Officials also referred to limited awareness among people about the schemes and the lack of grievance redressal mechanisms.

Some of the other gaps in various schemes concerned the eligibility criteria that linked benefits to accepting sterilization or limiting the benefits to families living below the poverty line (BPL). Child sex ratios were adverse across economic strata, but more skewed among the well-off, the schemes did not particularly target this group of beneficiaries, neither was the financial incentive likely to be considered tangible enough by this group. A few state schemes also provided for gifts at the time of marriage. This, to some extent, influenced the manner in which these incentives were perceived by people as making marriage expenses more ‘bearable’, or even helping to provide for ‘dowry’.

“ The Odisha State Policy for Girls and Women was based on an intensive review of the evidence on policies and schemes for women and girls in India. In this regard, UNFPA’s study on Special Financial Incentive Schemes for Girls was particularly informative and insightful as it indicated the potential conceptual and operational aspects of such schemes that can be changed and leveraged to ensure that families value daughters and are supportive towards them. ”

**Arti Ahuja, IAS, Principal Secretary,
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Government of Odisha**

The objectives and intent behind most schemes were mixed. At one level, the intention was to improve the condition of girls in terms of their health, well-being and survival. On the other hand, the objectives emphasized enhancing value of girls and improvement in the child sex ratio. Steps taken under the schemes in terms of incentivizing birth registration, immunization, school enrolment and completion are necessary to improve the general condition of girls and, to some extent, even address the discrimination faced by them in early years. However, these measures appeared limited in achieving the goals of improving the sex ratio, or ensuring that parents will want daughters, or perceive them as less of a burden.

³The desk review of financial incentive schemes for girls (2010) and an assessment of the centrally sponsored Dhanalakshmi scheme from a beneficiary perspective (2013) was undertaken by the International Institute for Population Sciences (IIPS), with financial and technical support from UNFPA- India.

Findings from assessment of Dhanalakshmi Scheme – shaping the way forward

To assess the perception of beneficiaries regarding the usefulness of incentives and to understand the extent to which cash transfers actually affect attitudes of parents towards daughters, a population-based survey of beneficiaries and non-beneficiaries under the centrally sponsored Dhanalakshmi Scheme⁴ was conducted. The survey covered 2,150 beneficiary and 1,806 non-beneficiary households in eight blocks of five states (Punjab, Bihar, Odisha, Andhra Pradesh and Jharkhand) from September 2013 to February 2014.

A beneficiary household is one in which at least one girl is enrolled in the scheme at the time of the survey. A non-beneficiary household is one having an eligible girl (0–14 years of age) but not enrolled in the scheme. The beneficiary and non-beneficiary households were selected randomly and were similar in terms of socio-economic characteristics and had equal access to education and health facilities. In addition, qualitative information was collected through key informant interviews, case studies and focus group discussions.

The findings revealed that in the absence of an arduous enrolment process, several non-beneficiaries who could have been beneficiaries under the scheme, did not enrol in it. Secondly, the blocks selected for the implementation of the Dhanalakshmi Scheme were among the poorest and most remote. As a result, even if the scheme did not limit access to BPL families alone, the beneficiaries by default came from underprivileged backgrounds.

The findings of the survey pointed to positive influence of the scheme on parental decision regarding education and marriage of girls, particularly among the lower economic strata. The very fact that the scheme was only for girls (not for boys) created an impression that the government is serious in promoting the welfare of girls. This further seemed to have motivated parents to invest in girls.

Financial incentives for girls seemed to be galvanizing the process of positive change at family and community levels. Incentives did seem to influence the perception about the value of daughters, which in turn seemed to reduce discrimination in early stages of life. With the growing importance of education and the means to

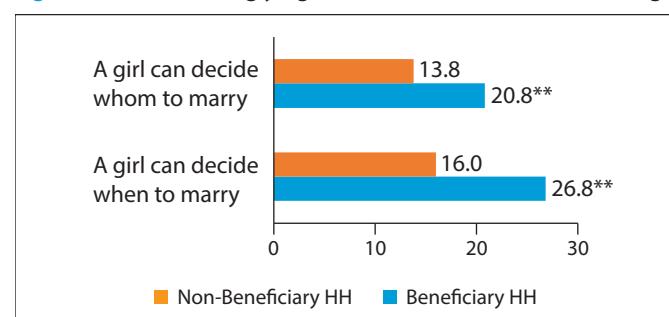
support it through incentives, the study indicated that parents are willing to delay marriage of their daughters. With the cost of education and marriage met to an extent, the qualitative data does point to the fact that parents see daughters as 'less of a burden'. However, the terminal benefit under the scheme is predominantly seen for meeting marriage costs (69% respondents said they will use it for marriage as opposed to 26% for education of girls).

The structuring of incentives and the message it conveys needs a rethink in this context. Both birth registration and childhood immunization are free of cost and are easily available to most people. Though these could still remain conditions under the scheme, these aspects need not be incentivized. After Class 8 till the girl turns 18 years, there is no financial incentive for education and skill enhancement of girls. It would be ideal if most incentives were targeted to higher secondary levels, considering the near universalization of primary education.

Impact of financial incentives on attitudes of parents towards daughters

The comparative analysis of the attitudes of beneficiary and non-beneficiary parents towards daughters indicated that a higher percentage of parents from the beneficiary households had positive attitude about marriage of girls (Fig. 1).

Figure 1: Parents Strongly Agree to Statements on Girls' Marriage

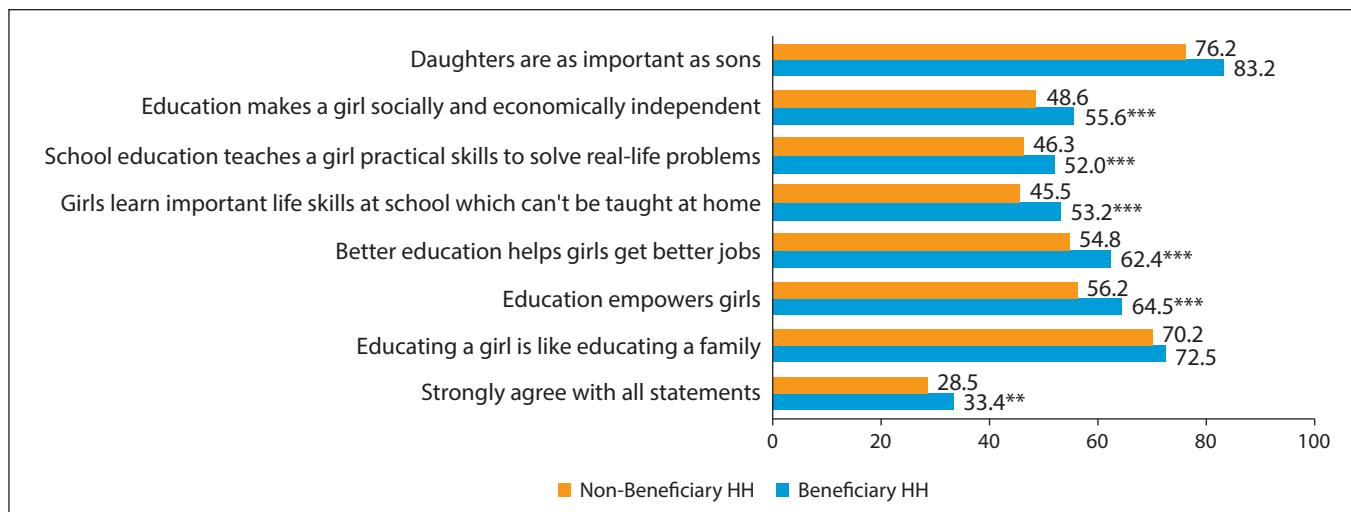


*** P value <0.000; ** P value <0.001

With regard to the attitude of parents on daughters' education, parents of beneficiary girls showed significant positive attitude. Overall, the percentage of parents strongly agreeing to all of the seven statements relating to various aspects of a girl's education is higher among beneficiary households (33.4%) compared to non-beneficiary households (28.5%), as evident from Figure 2.

⁴ The Dhanalakshmi scheme was discontinued in 2014. However, the study findings remain relevant in understanding the usefulness of financial incentives for girls.

Figure 2: Parents Strongly Agree to Statements on Girls' Education



***P value <0.000; **P value <0.01

Findings related to parents' attitude on gender equality are presented in Figure 3. These are critical because of the kind of statements that were probed in the survey, such as daughters should be served food along with sons; given same nutritious food like boys; be given equal share in property; allowed to perform funeral rites. Overall, a significantly higher proportion of beneficiary parents showed a positive attitude on each of the seven statements of gender equality. Most importantly, 22.7% of parents from beneficiary households strongly agreed with all of these seven statements, compared to 13% non-beneficiary parents.

The impact of financial incentives on the attitude of parents towards daughters (on marriage, education and gender equality) was evaluated using propensity score matching (PSM) method. The comparison of similar intervention households (beneficiaries) and control group (non-beneficiaries) allows estimation of counterfactual or the quantification of what would have happened in the absence of the intervention, compared to what did happen in the intervention households (beneficiaries). To match beneficiary and non-beneficiary households precisely, several variables such as wealth index, educational attainment and caste category, as also whether the respondent is father or mother were used. This method helped in assessing the impact that can be attributed to the scheme alone in changing discriminatory attitudes of parents, as the matched cases are similar in terms of their observable background characteristics. This method has been recommended in international literature to evaluate the impact of CCT schemes (Miller, 2009). Another reason for employing PSM method is to reduce possible selection bias of participants in the scheme.

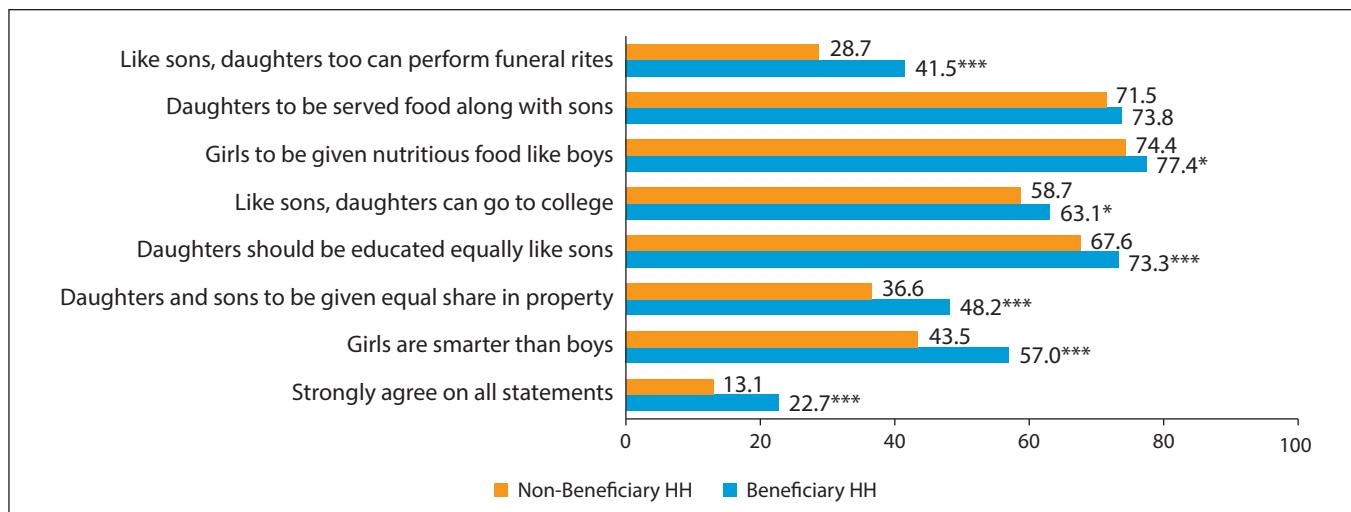
Results from the PSM analysis confirm the positive role of financial incentives in bringing about desirable change in the attitudes of parents towards their daughters. The average impact of the intervention calculated as a difference between the households receiving benefits (treated) and those not enrolled in the scheme (non-treated group) for attitudes regarding marriage of daughters is 9.1% (when to marry) and 6.1% (whom to marry) as presented in Table 1. This impact with reference to education of daughters is only 3.3% pointing to an overall increase in importance of education, regardless of the incentive, as is also witnessed in almost universal primary school enrolment. .

Table 1: Impact of Dhanalakshmi Scheme on Parents' attitude on girls' marriage, education and gender equality

Outcome variables	% of outcome among treated (Beneficiary HH)	% of outcome among matched untreated (Non-beneficiary HH)	ATT (%)
A girl can decide when to marry	26.7	17.6	9.1**
A girl can decide whom to marry	20.8	14.8	6.1**
Girls' education	33.4	30.1	3.3**
Gender equality	22.7	14.8	7.8**

** P<0.000; ATT: Average treatment effect on the treated (difference in the attitude of parents of beneficiary girls as compared to matched non-beneficiary parents). Results are based on radius specifying caliper (0.03) matching.

Figure 3: Parents Strongly Agree to Statements on Gender Equality



***P value <0.000; **P value <0.01; *P value <0.05

The most promising finding is the impact related to gender equality where the difference between beneficiaries and non-beneficiaries was 7.8%, even higher than the impact on attitudes towards girls exercising choice in marriage. The finding is critical because of the kind of statements on gender equality that were probed in the survey (refer Fig. 3).

Beneficiary families expressed a positive view of the value they attached to their daughters and a willingness to invest in them. While these are responses to actions parents will take in the future as opposed to actions they have taken, the change observed is in the desirable direction and may grow roots in an enabling policy and programmatic environment. The incentive scheme seems to have contributed to 'shaping' (not changing) favourable attitudes towards girls.

Though evidence from the study does not allow us to confidently or conclusively say that cash transfers motivate parents to 'have' or 'willingly accept' daughters, incentives do play an important role in the early years of a girl's life by positively influencing attitudes of the parents. The study illustrates that financial incentives play an enabling role in removing the existing gender barriers and denting the parental perception of daughters as 'liability'.

It further highlights that while CCT schemes for girls by themselves are not sufficient to shift discriminatory attitudes towards them. However, in an otherwise resistant social environment, these schemes have the potential to drive positive change, alongside other interventions to enhance the position of women and girls.

Evidence from the study advocates continuation of cash transfer schemes for girls with the caveat that the incentives are restructured in responding to beneficiary needs and in enhancing value of girls, conditionalities simplified for improved access and options tailored for a range of economic groups who are, as a result, motivated to invest in girls.

“ Effective policy decisions need to be founded on the best possible evidence and learning from what has gone before. The UNFPA study, one of the few available on the impact of Conditional Cash Transfer Schemes for the girl child in India, was extremely useful in clarifying issues and making choices when developing the scheme Kanyashree Prakalpa. ”

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Welfare & Department of Women Development
and Social Welfare,
Government of West Bengal**

Suggestions for re-designing incentive schemes for girls

Based on the studies, suggestions to be considered when designing a financial incentive scheme for enhancing the value of girls are provided below.

Positioning of incentives

- Avoid linkage with sterilization and family planning: Linkage with sterilization or differential incentives for girls born at different parity should be avoided as they

defeat the purpose behind such measures. Similarly, incentives should not be linked to the 2-child norm (applicability for two daughters only). Any measure that furthers the perception of differential value of daughters vis-à-vis their sisters or brothers should be avoided.

- *Remove the perceived connection with marriage:* Consider delinking the scheme from marriage and from the perceived notion that the scheme is primarily about daughters staying unmarried till 18 years. While this is critical as a milestone in itself, the final benefit should not be seen as given 'for marriage'. As has been seen through the evidence gathered, parents wait for their daughters to turn 18, only to get them married with the final incentive provided.
- *Focus incentives on higher education:* Ensure incentives are available beyond Class 10, to use for college and higher education and skill building through technical institutions. To facilitate higher education, incentives can be provided for improved mobility of girls such as loans for cycles, two wheelers and bus/train passes. Financial incentives could also help parents cover hostel fees, if applicable, especially when girls have to move to nearby towns/cities to complete higher education.

Targeting of incentives

- *Larger incentives at critical milestones:* Poorer families did see an advantage in receiving financial incentives, regardless of the amount of incentive. But, that was not the case with all economic groups. Therefore, provision of substantively large incentives at critical milestones may be seen as more attractive: for example, upon entry to secondary school or beyond Class 12. This is relevant for even slightly higher income categories where dropouts after primary school and later after Class 10/12 are likely.
- *Use of unconventional forms of incentives:* Non-BPL families need to see a different value proposition in the form of long-term and more strategic investment in their daughters, which then is not about money alone but an investment in improving the status of the girl and her family. Consider non-traditional incentives in the form of assets in the name of daughters such as through prioritization in housing schemes or social pension schemes, or through registration of land, house, electricity meters or farm equipment such as tractors, or registration of a commercial enterprise such as a shop. These should be considered for all, and especially for non-BPL families. A differential interest rate for accounts opened by girls/women can also be

considered, alongside attractive loan and credit options for both women and girls – education, home loans, small business loans etc.

- *Clarity on the change to be driven by the incentives:* The quantum of financial incentive at a given milestone is likely to determine the value attached to that milestone, and, at the same time, is likely to drive perception about the importance of a certain conditionality. In view of this, larger incentives should be provided at stages such as entry to secondary school or completion of Class 10 or 12. Rather than providing a larger or 'terminal' benefit when the girl turns 18 (since this gets used for marriage), consider providing the terminal benefit upon her entry into higher or technical education institution or for an income-generating loan in pursuit of self-reliance.

Rationalizing conditions linked to cash transfer

Adopting a cohort approach: An incentive scheme should be followed for a cohort group, starting with birth till the girl has received necessary skills to be self-reliant; in that sense the long-term investment is likely to enable the family to perceive daughters as an asset. Presently, for some schemes, a girl can be enrolled at any milestone in the scheme without clarity as to whether such girls, enrolled midway, will reach the final intended milestone or receive the terminal benefit. For incentives to play their expected role in galvanizing the process of change across various life stages, in improving the well-being and value of girls, a cohort approach may be more advisable.

Use of IT solutions: A software that enables enrolment and management of data related to the girls/beneficiaries can be considered (developed under the Bhagyalakshmi scheme in Karnataka). It will also serve as a tool to monitor outreach and progress under the scheme. In places where possible, online transfer of resources to the beneficiary's (daughter's) bank account through the software should also be considered.

Views of government officials: As revealed through qualitative enquiries with government officials during the study, multiple small incentives for immunization should be removed and the incentive instead provided upon completion of full immunization. A recommendation that these officials provided was to include only four instalments between birth and Class 10: at birth, after full immunization, school enrolment, entry into Class 6 and completion of Class 10.

Views of parents: The beneficiary parents of girls interviewed during the study were of the opinion that while birth and immunization certificates should be made mandatory, documentation related to domicile, school enrolment and attendance should be relaxed. Getting a domicile certificate was found to be difficult and likely to limit enrolment in the scheme itself. Regardless of change in location, the birth of a girl, the proof of which is provided through the birth certificate should be considered a primary condition and therefore a domicile certificate may not be made mandatory. However, for administrative purposes some form of proof of address may be considered.

Similarly, school attendance percentage may be reduced from the current levels of 75% as suggested by beneficiaries during the study. Alternatively, school attendance may be taken into consideration at the time of completion of Class 4 (entry into secondary school) where an average school attendance of 70–75% across all years may be considered, besides the secondary school enrolment certificate.

Introduce a milestone between Class 10 and age 18: The lack of incentives between Class 10 till a girl turns 18 has actually turned into a kind of a disincentive, wherein parents wait till their daughters turn 18, only to receive the benefit and get them married. Investment that takes the focus away from marriage and is targeted towards education beyond Class 12, including skill-based education should be considered. Necessary linkages in this regard with the National/State Skill Development Corporation and Sector Skills Councils should be explored and incentives aligned with the available skill development programmes.

Delivery of incentives

Communication and messaging: Investment in publicity and awareness is necessary, and in doing so there is need to exercise caution wherein the communication does not promote role of the state as compensating for the perceived liability incurred by the parents in having a daughter. A majority of respondents in Bihar, Jharkhand and Odisha perceived that the purpose of the scheme was to cover marriage expenses of daughters. Only 3–8% respondents saw the scheme as a measure to reduce son preference or improve the status of girls. Involvement of Panchayati Raj functionaries was found to be very limited and should be encouraged.

Capacity building of field functionaries: Investment is also required in training and orienting field workers implementing the scheme. This should include all

frontline functionaries including teachers and panchayat members. The study pointed to the limited understanding of the various aspects about the scheme and its benefits as well as concerns raised by officials about the lack of guidelines.

Reducing scheme-related documentation: Field-level workers and those implementing the scheme on the ground also raised issues of workload by referring to excessive documentation. This was a concern to a point where they requested transfers to a non-scheme block. While these are administrative concerns, they provide an insight into the implementation process, necessitating a rethink on this.

Decentralized delivery of incentives and use of funds: Alternatives such as delivery of incentives through the respective sectors (Panchayati Raj, health and education) could be considered rather than a centralized delivery through officials implementing women and child development programmes alone. Often the certification (completion of education or health milestones) takes place through a different department while the payment is processed through the Women and Child Development Department.

It will, indeed, be challenging to set up the system in a way that the certification authority also delivers the incentive but in the long run, it might reduce the steps to be taken by the beneficiaries before the incentive is actually received. This kind of inter-departmental coordination during the planning and designing of the scheme might also reduce duplication in the incentives provided through respective departments and from the department that usually administers financial incentives for girls (usually Women and Child Development Department).

The given focal implementing officer (for example, CDPO or the education officer) should have the autonomy to spend the administrative funds available under the scheme for better outreach. Presently, these funds can be used only following the approval of the District Collector.

Partnering with an appropriate financial institution: A much more robust arrangement based on pre-agreed partnership terms is required with the chosen financial partner for any given scheme, be it LIC or nationalized banks or post offices. Often times, opening of zero-balance bank accounts, transfer of resources or receipt of terminal benefit were cited as lacunae in the ability of the financial partner to deliver benefits promised under the scheme. Parents interviewed as a part of the study spoke about having to borrow money to open a bank account

since the bank refused to open a zero-balance account. Incentives could flow to the bank account opened in the girl's name, which she should be able to operate independently after reaching age 18.

Enhancing position and value of girls

One of the key intentions behind providing financial incentives for girls is also to enhance their value and status in a way that helps tackle gender discrimination and an overwhelming preference for sons.

While it is possible through incentives to ensure health and education and improve the general condition of girls, that may not be sufficient in itself to improve their status. For this to happen, incentives will need to go hand-in-hand with certain cross-sectoral measures. For example, some incentives can also be considered through allied sectors such as those related to improving mobility or safety of girls (transport and street lights) or to improve their asset ownership (land and housing) or to equip them with livelihood skills (agriculture colleges and technical education institutions such as Industrial Training Institutes, ITIs).

Discrimination against women and girls is not limited to poor women, nor is son preference or violence. Therefore, need to consider some incentives (such as subsidized loans for women) to non-poor families. This could help protect women at risk for domestic violence. Consider giving girls a lumpsum incentive at around age 21 for asset formation. Alternatively, these could be reduced-interest loans, easy-to-access loans, given through banks or other financial institutions to enable them to buy income-generating assets, land, residential assets, or to start a business. Several studies have pointed to the importance of asset ownership as critical for empowering women and girls and protecting them against violence.

Concluding thoughts

A one-size fits all incentive scheme is not desirable. As *Beti Bachao Beti Padhao* will allow for district- and state-level flexibility in implementation, enable variation in target audience, milestones and amounts. It is necessary to break the dominant perception that the final lumpsum payment is government assistance for marriage. The value of an incentive lies in the kind of attitude or behaviour

it is able to motivate and, therefore, such a linkage with marriage itself or assistance for it defeats the purpose behind incentives being given to improve the status of girls.

A scheme with maximum three or four instalments is desirable, linked to educational levels, for example, on entry into Class 6, entry into Class 10, entry into college and on leaving college. These points can be shifted forward or further depending on existing levels of girls' schooling/education prevalent in a given district/state. Incentives can be effectively used to push forward the number of years that the majority of girls stay in the education system and achieve self-reliance.

Incentives go a long way in improving the condition of girls. To some extent, they may also contribute to improving the position of girls vis-à-vis boys, and it is this potential which needs to be harnessed to the maximum.

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