

UNINTENDED CONSEQUENCES OF WELFARE PROGRAMS IN SCHOOLING OUTCOMES: EVIDENCE FROM BRAZIL

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ABSTRACT

The objective of this paper is to assess the impact of the Brazilian welfare program *Bolsa Família* on children's schooling outcomes. Studies show that dropout rates decrease and grade progression increase among program participants. However, when controlling for endogeneity (reverse causality and selection bias), I show that the probability of dropping out is not significant and that the probability of grade progression decreases by ten percentage points (pp). Furthermore, the probability of grade repetition increases by 8.4 pp. I also find that boys are dropping out and failing to progress considerably more than girls and that younger children are failing to progress more than older ones.

Keywords: Bolsa Família, causality, conditional cash transfer program, schooling, instrumental variables.