

Figure 1: Photographs from Program



**Table 1: Is School Quality Similar in Treatment and Control Groups Prior to Program?**

	Treatment (1)	Control (2)	Difference (3)
<i>A. Teacher Attendance</i>			
School Open	0.66	0.64	0.02 (0.11)
	41	39	80
<i>B. Student Participation (Random Check)</i>			
Number of Students Present	17.71	15.92	1.78 (2.31)
	27	25	52
<i>C. Teacher Qualifications</i>			
Teacher Test Scores	34.99	33.62	1.37 (2.01)
	53	56	109
Teacher Highest Grade Completed	10.21	9.80	0.41 (0.46)
	57	54	111
<i>D. Teacher Performance Measures (Random Check)</i>			
Percentage of Children Sitting Within Classroom	0.83	0.84	0.00 (0.09)
	27	25	52
Percent of Teachers Interacting with Students	0.78	0.72	0.06 (0.12)
	27	25	52
Blackboards Utilized	0.85	0.89	-0.04 (0.11)
	20	19	39
<i>E. School Infrastructure</i>			
Infrastructure Index	3.39	3.20	0.19 (0.30)
	57	55	112
Fstat(1,110)			1.21
p-value			(0.27)

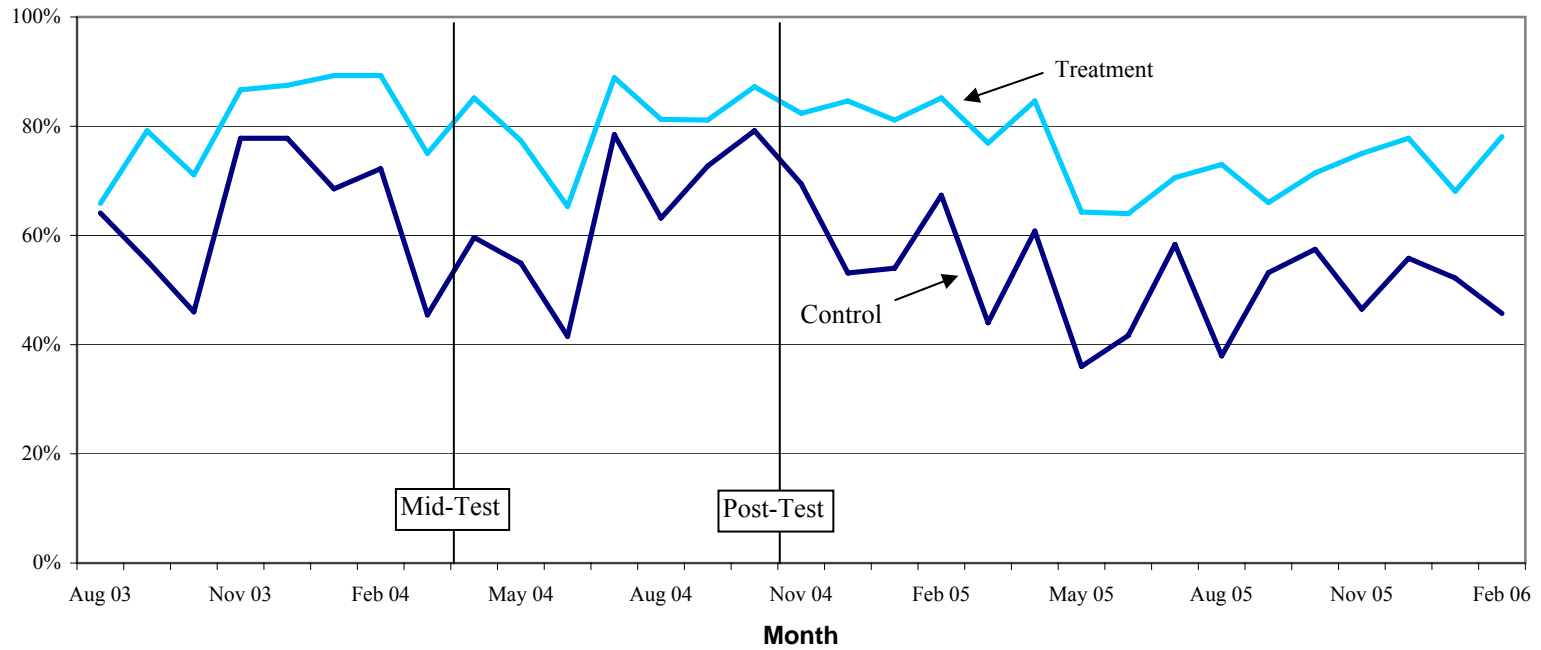
Notes: (1) Teacher Performance Measures from Random Checks only includes schools that were open during the random check. (2) Infrastructure Index: 1-5 points, with one point given if the following school attribute is sufficient: Space for Children to Play, Physical Space for Children in Room, Lighting, Library, Floor Mats

**Table 2: Are Students Similar Prior To Program?**

	Levels			Normalized by Control		
	Treatment (1)	Control (2)	Difference (3)	Treatment (4)	Control (5)	Difference (6)
	<i>A. Can the Child Write?</i>					
Took Written Exam	0.17	0.19	-0.02 (0.04)			
	1136	1094	2230			
	<i>B. Oral Exam</i>					
Math Score on Oral Exam	7.82	8.12	-0.30 (0.27)	-0.10	0.00	-0.10 (0.09)
	940	888	1828	940	888	1828
Language Score on Oral Exam	3.63	3.74	-0.10 (0.30)	-0.03	0.00	-0.03 (0.08)
	940	888	1828	940	888	1828
Total Score on Oral Exam	11.44	11.95	-0.51 (0.48)	-0.08	0.00	-0.08 (0.07)
	940	888	1828	940	888	1828
	<i>C. Written Exam</i>					
Math Score on Written Exam	8.62	7.98	0.64 (0.51)	0.23	0.00	0.23 (0.18)
	196	206	402	196	206	402
Language Score on Written Exam	3.62	3.44	0.18 (0.46)	0.08	0.00	0.08 (0.20)
	196	206	402	196	206	402
Total Score on Written Exam	12.17	11.41	0.76 (0.90)	0.16	0.00	0.16 (0.19)
	196	206	402	196	206	402

Notes: (1) Children who could write were given a written exam. Children who could not write were given an oral exam. (2) Standard errors are clustered by school.

**Figure 2: Percentage of Schools Open during Random Checks**



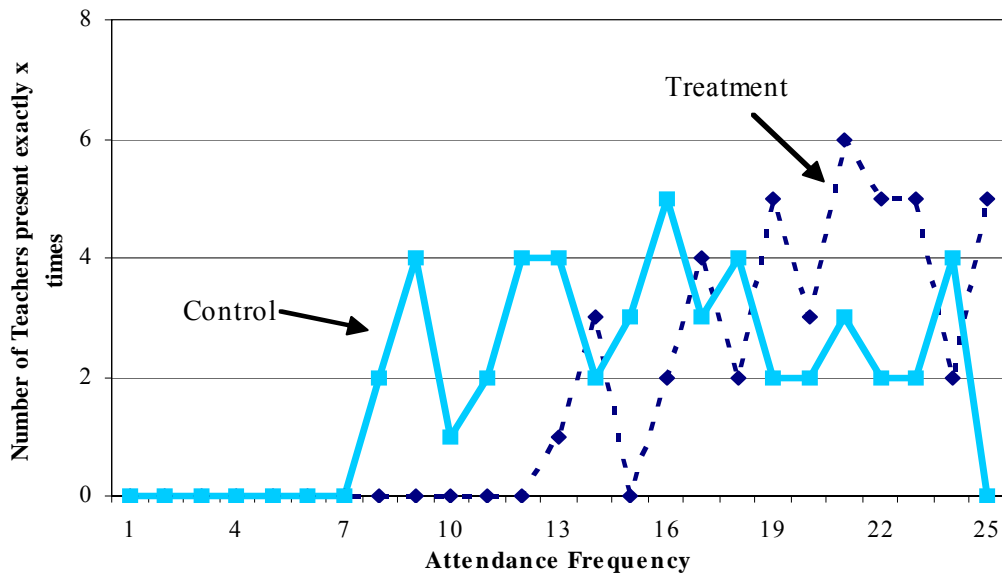
Note: (1) The program began in September 2003. August only includes the 80 schools checked before announcement of program. September includes all random checks between August 25 through the end of September. (2) Child learning levels were assessed in a mid-test (April 2004) and a post-test (November 2004). After the post-test, the "official" evaluation period ended. Random checks continued in both the treatment and control schools.

**Table 3: Teacher Attendance**

Sept 2003-Feb 2006			Difference Between Treatment and Control Schools		
Treatment	Control	Diff	Until Mid-Test	Mid to Post Test	After Post Test
(1)	(2)	(3)	(4)	(5)	(6)
<i>A. All Teachers</i>					
0.79	0.58	0.21	0.20	0.20	0.23
		(0.03)	(0.04)	(0.04)	(0.04)
1575	1496	3071	882	660	1529
<i>B. Teachers with Above Median Test Scores</i>					
0.78	0.63	0.15	0.15	0.15	0.14
		(0.04)	(0.05)	(0.05)	(0.06)
843	702	1545	423	327	795
<i>C. Teachers with Below Median Test Scores</i>					
0.78	0.53	0.24	0.21	0.14	0.32
		(0.04)	(0.05)	(0.06)	(0.06)
625	757	1382	412	300	670

Notes: (1) Child learning levels were assessed in a mid-test (April 2004) and a post-test (November 2004). After the post-test, the "official" evaluation period was ended. Random checks continued in both the treatment and control schools. (2) Standard errors are clustered by school. (3) Panels B and C only include the 109 schools where teacher tests were available.

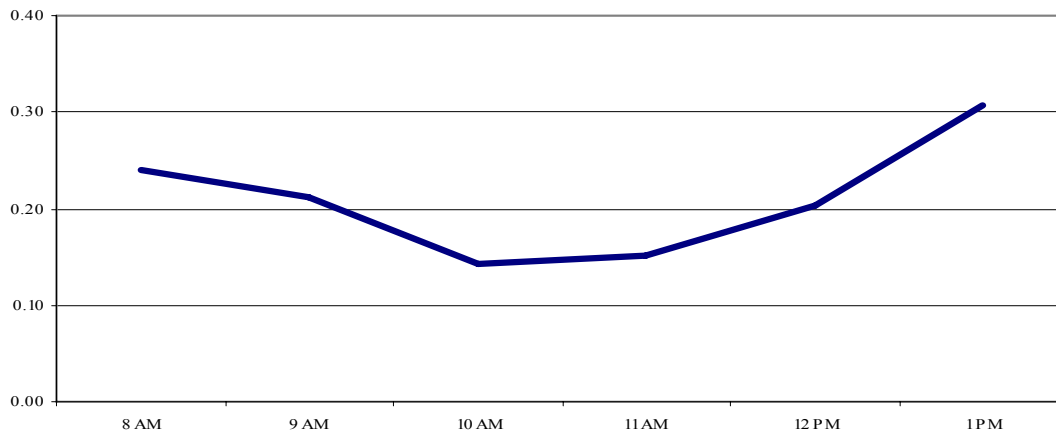
**Figure 3: Impact of the Cameras  
(out of at least 25 visits)**



**Table 4: Comparing Random Checks to Photo Data for Treatment Schools**

Scenario	Number	Percent of Total
<i>A. Possible Scenarios</i>		
School Open and Valid Photos	879	66%
School Open and Invalid Photos	179	13%
School Closed and Valid Photos	88	7%
School Closed and Invalid Photos	191	14%
<i>B. Out of 179 where School is Open, the photos are invalid because....</i>		
School not open for full 5 hours	43	24%
Only one photo	90	50%
Not enough Children	36	20%
Instructor not in Photo	9	5%
Don't Know	1	1%
<i>C. Out of 88 where School is Closed and the photos are valid.....</i>		
Random check completed after the school closed	13	15%
Camera broke/excused meeting	21	24%
Teacher left in the middle of the day	54	61%

**Figure 4: Difference in the Percent of Open Schools Between Treatment and Control, By Hour**

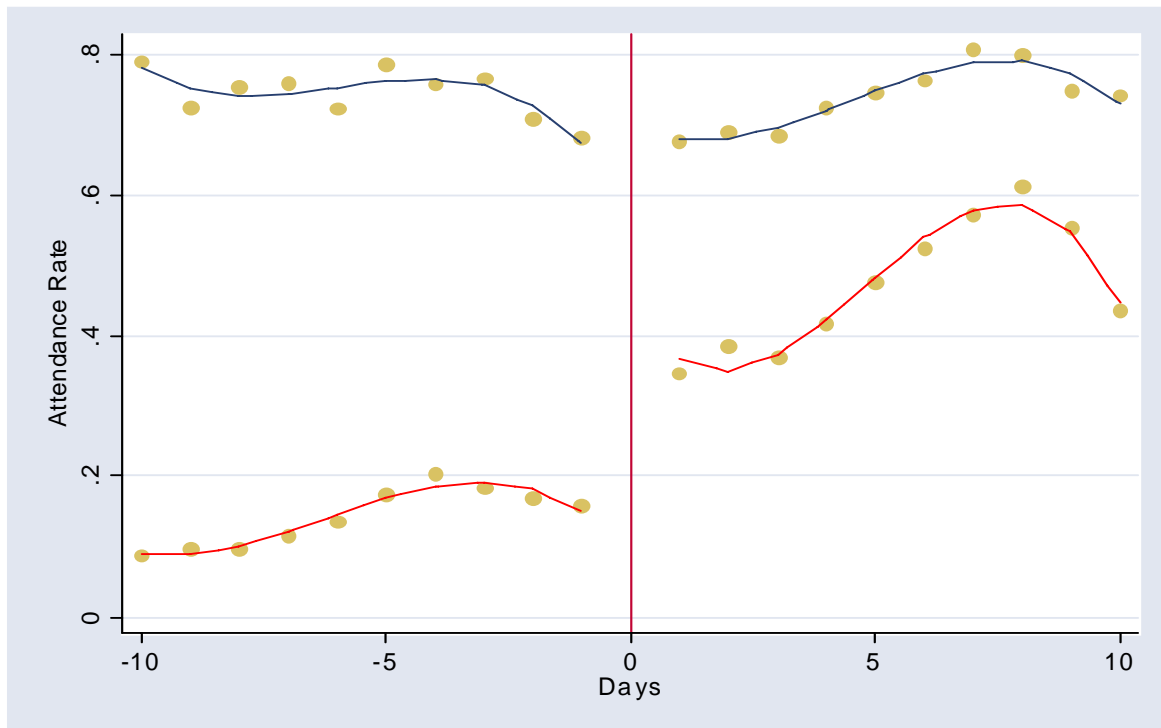


**Table 5 : Do Teachers Work More When They are "In the Money"?**

	(1)	(2)	(3)	(4)
Beginning of Month	0.19 (0.05)	0.12 (0.06)	0.46 (0.04)	0.39 (0.03)
In the Money	0.52 (0.04)	0.37 (0.05)	0.6 (0.03)	0.48 (0.01)
Beginning of the Month * In the Money	-0.19 (0.06)	-0.12 (0.06)	-0.34 (0.04)	-0.3 (0.02)
Observations	2813	2813	27501	27501
R-squared	0.06	0.22	0.08	0.16
Sample	1st and last day of month	1st and last day of month	1st 10 and last 10 days of month	1st 10 and last 10 days of month
Third Order Polynomial on Days on each side			X	X
Teacher Fixed Effects		X		X
Month Fixed Effects		X		X
Clustered Standard Errors	X		X	

Note: (1) The dependent variable in all models is an indicator variable for whether the teacher worked on a particular day, as measured by the photographs for the treatment schools.

**Figure 5: RDD Representation of Teacher Attendance at the Start and End of the Month**



Note: (1) The blue lines represent the months in which the teacher is in the money, while the red line represents the months in which the teacher not in the money. (2) The estimation includes a third order polynomial of days on the left and right side of the change of month.

**Table 6: Results from the Structural Model**

Parameter	Model I (1)	Model II (2)	Model III (3)	Model IV (4)	Model V (5)	Model VI (6)
$\beta$	0.049 (0.001)	0.024 (0.001)	0.059 (0.001)	0.051 (0.001)	0.014 (0.001)	0.019 (0.001)
$\mu_1$	1.55 (0.013)		2.315 (0.013)	2.063 (0.012)	-0.107 (0.040)	0.012 (0.028)
$\rho$			0.682 (0.010)	0.547 (0.023)	0.461 (0.039)	
$\sigma_1^2$				0.001 (0.011)	0.153 (0.053)	0.135 (0.027)
$\mu_2$					3.616 (0.194)	1.165 (0.101)
$\sigma_2^2$					0.26 (0.045)	0.311 (0.051)
p					0.047 (0.007)	0.131 (0.015)
Heterogeneity	None	FE	None	RC	RC	RC
$\epsilon_{\text{Bonus}}$	3.52 (1.550)	1.687 (0.098)	6.225 (0.634)	10.08 (1.249)	0.306 (0.038)	0.370 (0.029)
$\epsilon_{\text{bonus\_cutoff}}$	-75.49 (6.506)	-16.04 (1.264)	-50.22 (2.612)	-63.11 (3.395)	-1.29 (0.479)	-1.78 (0.449)
Predicted Days Worked	20.50 (0.031)	19.00 (0.062)	15.30 (0.058)	12.15 (0.102)	20.23 (3.512)	21.36 (0.373)
Days Worked BONUS=0	1.60 (0.597)	6.02 (0.234)	1.29 (0.875)	1.318 (0.863)	13.55 (5.251)	11.81 (0.669)
Out of Sample Prediction	26.16 (0.059)	18.886 (0.253)	15.08 (0.635)	12.956 (0.520)	20.86 (3.793)	21.57 (0.456)

Note: Models I and II are estimated using maximum likelihood. Models III through VI are estimated using the method of simulated moments with an optimal weighting matrix. We report the elasticity of days worked with respect to the bonus,  $\epsilon_{\text{Bonus}}$ , and the semi-elasticity with respect to a bonus cutoff,  $\epsilon_{\text{Bonus\_cutoff}}$ . The last three rows report the expected number of days worked under the original incentives, a counterfactual where BONUS=0, and the second set of financial incentives.

Figure 6A: Predicted Fit From Model V

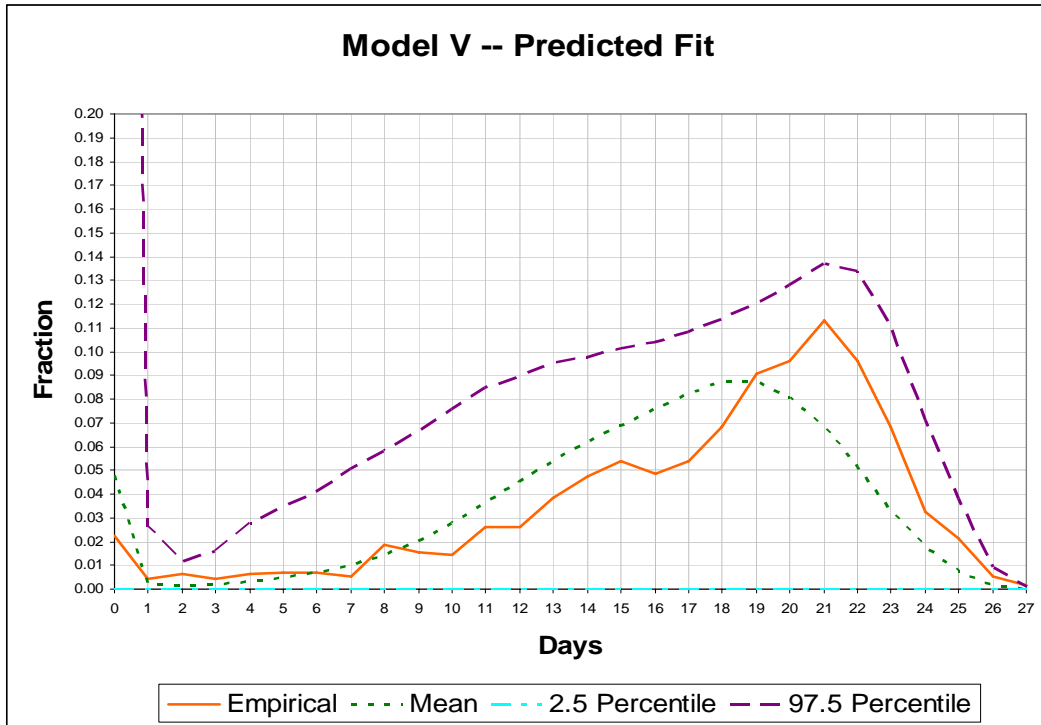
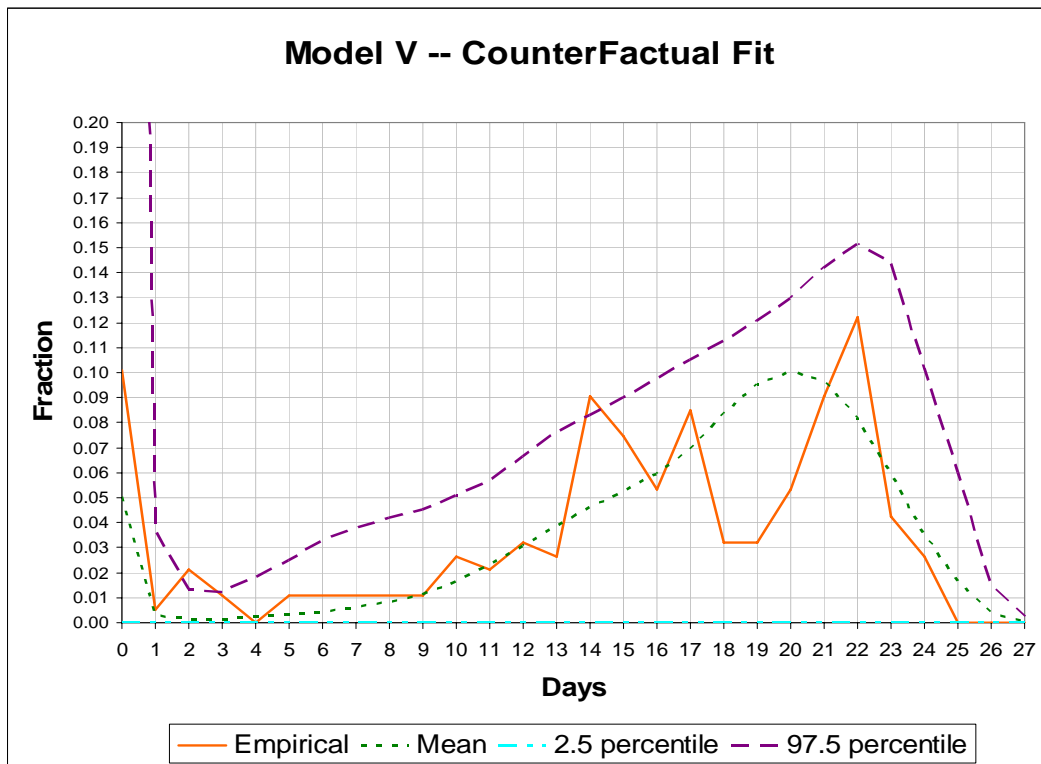


Figure 6B: CounterFactual Fit From Model V



**Table 7: Teacher Performance**

	Sept 2003-Feb 2006			Difference Between Treatment and Control Schools		
	Treatment (1)	Control (2)	Diff (3)	Until Mid-Test (4)	Mid to Post Test (5)	After Post Test (6)
Percent of Children Sitting Within Classroom	0.72	0.73	-0.01 (0.01)	0.01 (0.89)	0.04 (0.03)	-0.01 (0.02)
	1239	867	2106	643	480	983
Percent of Teachers Interacting with Students	0.55	0.57	-0.02 (0.02)	-0.02 (0.04)	0.05 (0.05)	-0.04 (0.03)
	1239	867	2106	643	480	983
Blackboards Utilized	0.92	0.93	-0.01 (0.01)	-256766.00 (0.02)	0.01 (0.02)	-0.01 (0.02)
	990	708	1698	613	472	613

Notes: (1) Teacher Performance Measures from Random Checks only includes schools that were open during the random check. (2) Standard errors are clustered by school.

**Table 8: Child Attendance**

	Sept 03-Feb 06			Difference Between Treatment and Control Schools		
	Treatment	Control	Diff	Until Mid-Test	Mid to Post Test	After Post Test
	(1)	(2)	(3)	(4)	(5)	(6)
<i>A. Attendance Conditional on School Open</i>						
Attendance of Students Present at Pre-Test Exam	0.46	0.46	0.01 (0.03)	0.02 (0.03)	0.03 (0.04)	0.00 (0.03)
	23495	16280	39775			
Attendance for Children who did not leave NFE	0.62	0.58	0.04 (0.03)	0.02 (0.03)	0.04 (0.04)	0.05 (0.03)
	12956	10737	23693			
<i>B. Total Instruction Time (Presence)</i>						
Presence for Students Present at Pre-Test Exam	0.37	0.28	0.09 (0.03)	0.10 (0.03)	0.10 (0.04)	0.08 (0.03)
	29489	26695	56184			
Presence for Student who did not leave NFE	0.50	0.36	0.13 (0.03)	0.10 (0.04)	0.13 (0.05)	0.15 (0.04)
	16274	17247	33521			
<i>C. Presence, by Student Learning Level at Program Start (for those who did not leave)</i>						
Took Oral Pre-Test	0.50	0.36	0.14 (0.03)	0.11 (0.03)	0.14 (0.05)	0.15 (0.04)
	14778	14335	29113			
Took Written Pre-Test	0.48	0.39	0.10 (0.06)	0.07 (0.07)	0.07 (0.06)	0.11 (0.07)
	1496	2912	4408			

Notes: (1) Standard errors are clustered at the level of the school. (2) Child attendance data were collected during random checks. (3) The attendance at the pre-test exam determined the child enrollment at the start of the program.

**Table 9: Descriptive Statistics for Mid Test and Post Test**

	Mid Test			Post Test		
	Treatment	Control	Difference	Treatment	Control	Difference
	<i>A. Attrition Process</i>					
Percent Attrition	0.11	0.22	-0.10 (0.05)	0.24	0.21	0.03 (0.04)
Difference in Percent Written of Pre-Test attriters-stayers	0.01	0.03	0.02 (0.06)	0.06	-0.03	0.10 (0.06)
Difference in Verbal Test of Pre-Test attriters-stayers	0.05	0.08	-0.03 (0.14)	0.02	0.12	-0.10 (0.14)
Difference in Written Test of Pre-Test attriters-stayers	-0.41	-0.23	-0.18 (0.34)	-0.19	-0.13	-0.06 (0.29)
	<i>B. Exam Score Means</i>					
Took Written	0.36	0.33	0.03 (0.04)	0.61	0.57	0.04 (0.05)
Math	0.14	0.00	0.14 (0.10)	-0.08	-0.24	0.16 (0.15)
Language	0.14	0.00	0.14 (0.10)	1.71	1.60	0.11 (0.11)
Total	0.14	0.00	0.14 (0.10)	0.35	0.24	0.12 (0.11)

Notes: (1) Test Scores in Panel B are normalized by the mean of the mid-test control. (2) Standard Errors are clustered by school.

**Table 10: Estimation of Treatment Effects for the Mid- and Post-Test**

Mid-Test				Post-Test			
Took Written (1)	Math (2)	Lang (3)	Total (4)	Took Written (5)	Math (6)	Lang (7)	Total (8)
<i>A. All Children</i>							
0.04 (0.03) 1893	0.15 (0.07) 1893	0.16 (0.06) 1893	0.17 (0.06) 1893	0.06 (0.04) 1760	0.21 (0.12) 1760	0.16 (0.08) 1760	0.17 (0.09) 1760
<i>B. With Controls</i>							
0.02 (0.03) 1893	0.13 (0.07) 1893	0.13 (0.05) 1893	0.14 (0.06) 1893	0.05 (0.04) 1760	0.17 (0.10) 1760	0.13 (0.07) 1760	0.15 (0.07) 1760
<i>C. Took Pre-Test Oral</i>							
	0.14 (0.08) 1550	0.13 (0.06) 1550	0.15 (0.07) 1550		0.2 (0.14) 1454	0.13 (0.09) 1454	0.16 (0.10) 1454
<i>D. Took Pre-Test Written</i>							
	0.19 (0.12) 343	0.28 (0.11) 343	0.25 (0.11) 343		0.28 (0.18) 306	0.28 (0.11) 306	0.25 (0.12) 306
<i>E. Girls</i>							
0.07 (0.03) 891	0.18 (0.07) 891	0.18 (0.07) 891	0.2 (0.07) 891	0.07 (0.05) 821	0.22 (0.12) 821	0.17 (0.09) 821	0.18 (0.09) 821
<i>F. Boys</i>							
0.02 (0.04) 988	0.12 (0.09) 988	0.14 (0.07) 988	0.14 (0.07) 988	0.05 (0.04) 929	0.19 (0.15) 929	0.16 (0.10) 929	0.16 (0.10) 929

Notes: (1) The table presents the coefficient estimate of being in a treated school on the sum of a child's score on the oral and written exams. All regressions include controls for the child's learning levels prior to the program. (2) The mid and post test scores are normalized by mid test control group. (3) Controls in Row B include Block, Teacher Test Scores, and Infrastructure Index. (4) Standard errors are clustered by school.

**Table 11: Dropouts and Movement into Government Schools**

	Treatment (1)	Control (2)	Diff (3)
Child Left NFE	0.44	0.36	0.08 (0.04)
Child Enrolled in Government School	0.26	0.16	0.10 (0.03)
Child Dropped Out of School	0.18	0.20	-0.02 (0.03)
N	1136	1061	2197

Notes: (1) Standard errors are clustered at the level of the school. (2) Dropouts are defined as those who were absent for the last five random checks in which a school was found open.

**Table 12: Does the Random Check Predict Test Scores?**

Method:	OLS	OLS	OLS	2SLS
Sample:	Control Schools	Treatment Schools	Treatment Schools	All Schools
Data:	Random Check	Random Check	Photographs	Random Check
	(1)	(2)	(3)	(4)
<i>A. Mid-test (Sept 03-April 04)</i>				
Took Written	0.02 (0.10)	0.28 (0.08)	0.36 (0.11)	0.26 (0.19)
Total Score	0.20 (0.19)	0.39 (0.21)	0.87 (0.22)	1.07 (0.43)
N	878	1015	1015	1893
<i>B. Post-test (Sept 03 -Oct 04)</i>				
Took Written	0.24 (0.16)	0.51 (0.15)	0.59 (0.20)	0.33 (0.22)
Total Score	0.58 (0.35)	1.17 (0.36)	0.98 (0.53)	0.97 (0.47)
N	883	877	877	1760

Notes: (1) The table presents the coefficient estimate of the teacher's attendance on the sum of a child's score on the oral and written exams. All regressions include controls for the child's learning levels prior to the program. (2) The mid and post test scores are normalized by the mid test control group. (3) Standard errors are clustered by school.

**Table 13: Cost of Program Per Center over 12 Month Period**

Item	Cost
<i>A. Camera Cost</i>	
Camera Cost <sup>1</sup>	1133
Film Cost	1392
Battery Cost	552
Photo Development and Printing:	1852
<i>B. Salaries</i>	
Teacher Salaries <sup>2</sup>	0
Labor Cost to Run Program <sup>3</sup>	450
<b>Total Costs to Run Program</b>	<b>5379</b>

Notes: (1) Assumes cameras last 3 years. (2) The average teacher salary was Rs1000 in program. Thus, in the absence of the program, it would be the same. (3) It takes approximately 50 man hours to process 115 schools per month. Assuming that a staff worker is paid Rs 10,000 per month and works a 40 hour week, it takes 1/2 hour of labor at Rs37.5 to complete one center per month.

**Appendix Table 1: School Closures**

	Total Schools (1)	Prior to Post-Test (2)	By Dec 06 (3)
<i>A. Number of Schools that Closed</i>			
Treatment	57	3	14
Control	56	4	12
Total	113	7	26
<i>B. Number of Schools Where the Teacher Changed at Least Once</i>			
Treatment	57	5	7
Control	56	6	6
Total	113	11	13