While increasing school enrollment is frequently a main goal of development policy, little is known about the relative importance of supply versus demand side constraints in enrollment. A recent spate of randomized control trials has evaluated the effects on school enrollment of a wide variety of supply-side interventions, ranging from building schools (Burde and Linden, 2010), decreasing class size (Duflo, Dupas, and Kremer, 2008), rewarding teachers for attendance (Duflo, Hama, and Ryan, 2009) or providing inputs such as textbooks (Glewwe, Kremer, and Moulin, 2009), uniforms (Duflo et al, 2006), or flipcharts (Glewwe et al, 2004). Many countries have also implemented conditional cash transfer programs that pay parents whose children are in school. There has been comparatively less research on demand-size determinants of enrollment (Oster, 2010; Jensen, 2010).

Bangladesh provides a unique case study to evaluate relative importance of a large supply side intervention and demand side mechanism in increasing girls’ schooling enrollment. In the past 30 years, girls’ school enrollment has grown from roughly half the level of boys’ schooling to slightly surpassing the boys’ level. This catch-up is often attributed to the Female Stipend Program (FSP) begun in the early 1990’s that pays parents to keep their daughters in school. However, another important potentially important factory is the arrival of garment sector jobs, which provide employment opportunities to women in a country where women traditionally have not worked outside the home. Enrollment effects of garment sectors jobs could be due to girls enrolling in school with hopes of obtaining well-paying garment jobs which require numeracy and literacy, or through income effects of parents working in the sector. We assess the effects of the FSP and the arrival of garment sector jobs on girls’ enrollment in villages within commuting distance to garment factories.

To identify effects of the garment sector on girls’ schooling, we compare the effects of the arrival of garment sector jobs on girls versus boys’ enrollment in villages within commuting distances to garment factories to villages in the same subdistrict that are not. We allow for differential linear enrollment trends in garment villages to allow for the possibility they may be modernizing faster than other villages in the same subdistrict. We find that the arrival of garment jobs increases schooling for younger girls: a ten percent increase in garment jobs causes a .671 percentage point percent increase in the probability that a 5-year-old girl is in school. There is a zero average effect for older girls, some of whom likely drop out of school to take the jobs right away. We identify effects of the FSP with a regression discontinuity at the time of the program inception and conclude that it increased the probability that a girl is in school by 2.707 percentage points. We compare the magnitudes of the two estimated effects and conclude that in villages with access to garment jobs, the average garment sector effect on girls’ school enrolment has been roughly 5 times as large as the effect of the FSP.