Abstract
The large-scale expansion of primary education in developing countries has led to the increasing use of locally-hired teachers on fixed-term renewable contracts who are not professionally trained and who are paid much lower salaries than regular civil service teachers. This has been a very controversial policy, and there is limited evidence about the effectiveness of such contract teachers. We present experimental evidence from a program that provided an extra contract teacher to 100 randomly-chosen government-run rural primary schools in the Indian state of Andhra Pradesh. At the end of two years, students in schools with an extra contract teacher performed significantly better than those in comparison schools by 0.15 and 0.13 standard deviations, in math and language tests respectively. While all students gain from the program, the extra contract teacher was particularly beneficial for students in their first year of school and students in remote schools. Contract teachers were significantly less likely to be absent from school than civil-service teachers (16% vs. 27%). We also find using several different non-experimental estimation procedures that contract teachers are no less effective in improving student learning than regular civil-service teachers who are more qualified, better trained, and paid five times higher salaries.