% UNSUCCESSFUL ENTREPRENEURS

- **All**
  - Non-Agr: 22.5
  - Agriculture: 45
  - Total: 67.5

- **East Asia**
  - Non-Agr: 22.5
  - Agriculture: 45
  - Total: 67.5

- **Eastern Europe**
  - Non-Agr: 15
  - Agriculture: 30
  - Total: 45

- **Latin America**
  - Non-Agr: 10
  - Agriculture: 25
  - Total: 35

- **Middle East and North Africa**
  - Non-Agr: 5
  - Agriculture: 10
  - Total: 15

- **South Asia**
  - Non-Agr: 25
  - Agriculture: 50
  - Total: 75

- **SS Africa**
  - Non-Agr: 15
  - Agriculture: 75
  - Total: 90
ROLE OF THE PROGRAMS

• Facilitate "entrance"

• Increase productivity of current, economically viable, activities

• Facilitate transitions from low to high productivity activities
CONSTRAINTS AND PROGRAMS

SKILLS (T, C, NC)  Training (technical, business K, life skills)

INFORMATION  Advisory services / networking

FINANCING  Credit, grants, insurance

BARRIERS TO ENTRY  Integration into value chains

BUSINESS ENV.  Changes in regulations / infrastructure
WHAT DO WE SEE?

• Small scale pilots; few evaluations
• It is easier to change behaviors (e.g., savings, books) and attitudes
• Poor results for stand alone micro-finance programs
• Finance + training works better
• But it is difficult to identify what makes a program successful

Effects on Labor Market Activity

- Positive effects
- No Effects
- Negative effects
THE META-ANALYSIS
(BASED on Yoon Choo and Maddalena Honorati 2013)
38 STUDIES

• Focus on current or potential "entrepreneurs"

• Rigorous experimental or quazi experimental evaluations (control vs. treatment groups)

• Evaluations conducted over the last 10 years in developing countries

• Results in public domain (published by March 2012)
PROGRAMS

• TRAINING: technical, life skills, business & financial management

• FINANCE: credit, grants, savings, insurance

• TRAINING + FINANCE
OUTCOMES

- Employment
- Earnings
- Business Practice
- Business Performance
- Financial Knowledge
- Attitudes

Positive Impact

Size effect
CONTROLS

**POPULATION GROUPS**
Female, youth, safety nets beneficiary, MFI client, business owner

**SERVICE DELIVERY**
Government, NGO, University, MFI

**CONTEXT**
Region, income, labor market conditions, business environment
DISTRIBUTION OF PROGRAMS

- SAR: 27%
- LAC: 27%
- ECA: 6%
- MENA: 5%
- SSA: 24%
- EAP: 11%
TYPES OF PROGRAMS BY INCOME LEVEL

- Low income
- Lower middle
- Upper middle

Types:
- Training
- Financing
- Both
### AVERAGE SIZE EFFECTS

<table>
<thead>
<tr>
<th>Category</th>
<th>Training</th>
<th>Finance</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td>0.300</td>
</tr>
<tr>
<td>Earnings</td>
<td></td>
<td>0.075</td>
<td></td>
</tr>
<tr>
<td>Business K</td>
<td></td>
<td>0.15</td>
<td>0.225</td>
</tr>
<tr>
<td>Business practice</td>
<td></td>
<td></td>
<td>0.300</td>
</tr>
<tr>
<td>Financial K</td>
<td>0.075</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitudes</td>
<td></td>
<td>0.15</td>
<td>0.225</td>
</tr>
</tbody>
</table>

- **Training** indicates the effect size for training programs alone.
- **Finance** indicates the effect size for financial interventions alone.
- **Both** indicates the effect size for combined training and financial interventions.
Positive and Statistically Significant
CORRELATES OF POSITIVE OUTCOMES

- Business K
- Attitudes
- Youth
- Higher Edu
- Benef Micro
- Experimental
- Upper MI
DETERMINANTS OF CHANGES IN EMPLOYMENT

- Training only
- Finance only
- Youth
- Business owner
- Urban
- # Months
- Experimental
DETERMINANTS OF CHANGES IN EARNINGS

- Training only
- Higher Edu
- Beneficiary SA
- Urban
- # Months
- Experimental

Values:
-0.068
-0.045
-0.023
0
0.023
0.045
0.068
0.09
WHAT ABOUT THE TYPE OF TRAINING?

• Financial training (-)
• Technical (+)
• Life skills + business (++)
• Life skills + technical (++)
• Duration (++++)
WHAT ABOUT CONTEXT?

• Few significant interactions
• High youth unemployment (+)
• Weak business environment (+)
• Conflict (+)
SOME PROMISING INTERVENTIONS

• Northern Uganda Social Action Fund (life skills and technical training + grant) increased hours work by 30% and earnings by 50%

• Peru's Progama de Calificacion de Jovenes Emprendedores (business plan support, training, mentorships, credit) increased earnings by 40%, firms survival by 40% and employment by 17%

• Preliminary results for Adolescent Girls Initiative are also promising (e.g., Liberia)

• Colombia Alianza Productiva
ISSUES WITH DESIGN

• Develop tools to distinguish between two groups: gazelles and subsistence

• "True" entrepreneurs might do fine with traditional support (training, advisory services, finance)

• For subsistence entrepreneurs more involved, comprehensive interventions would be required that rely on "external agents:"
  • Regional focus (rural)
  • Agents analyze local conditions and business opportunities including integration with and movement up value chains
  • They organize producers, train, and manage daily activities
• Address local constraints to entrepreneurial activity (basic infrastructure)
• Programs are important
• Results have been mixed
• Need to better understand the constraints ("gazelles" vs subsistence entrepreneurs)
• Target integrated services
• Pilot and evaluate