



Save the Children®

## SESSION 2

# EVIDENCE TO ACTION FORUM

What Matters for Sustainable Youth Self Employment: Is it just cash?



## Session Description

For many of the most deprived youth around the world, formal wage employment is not an option due to the context in which they live. To that end, many in the youth employment field have worked to promote sustainable self-employment. However, evidence from the field strongly suggests that even when youth are provided with the right skills and other inputs they need to start a business, other contextual issues matter and factor into whether their businesses succeed and thrive over time. Using new evidence from the nine-year follow up of the Government of Uganda's Youth Opportunities Program (YOP) that provided conditional cash transfers to youth, we will explore what are the enabling conditions that allowed youth to succeed in self-employment. This session will explore questions such as: Was YOP cost-effective? What types of economic conditions must be met for these businesses to survive and flourish? What types of proximal environments (familial, communal) are conducive to youth self-employment? What can we learn from the evaluation that can be applicable to other contexts?

# Key Research that Informs this Session

## The long term impacts of grants on poverty: 9-year evidence from Uganda's Youth Opportunities Program

**Authors and Year:** Christopher Blattman, Nathan Fiala and Sebastian Martinez (2018)

**Program:** Uganda's Youth Opportunities Program (YOP)

**Methodology:** Randomized Control Trial

**Target Population:** Uganda youth, ages 16-35

**Main Findings:** The study looks at the nine-year follow-up of Uganda's YOP program, which gave unsupervised grants to youth who submitted proposals for vocational training and business start-up. After nine years, grantees' investment leveled off and both groups converged in employment, earnings, and consumption. Grants had lasting impacts on assets, skilled work, and possibly child health, but had little effect on mortality, fertility, health or education.

**Unanswered Questions:**

- What effects did the program have on local markets and prices?
- What effects did the program have on the earnings of pre-existing entrepreneurs in the village or parish?

## Generating Skilled Self-Employment in Developing Countries: Experimental Evidence from Uganda

**Authors and Year:** Christopher Blattman, Nathan Fiala and Sebastian Martinez (2014)

**Program:** Uganda's Youth Opportunities Program (YOP)

**Methodology:** Randomized Controlled Trial

**Target Population:** Uganda youth, ages 16-35

**Main Findings:** This evaluation evaluates Uganda's YOP program, which gave unsupervised grants to youth who submitted proposals for vocational training and business start-up. After four years, the study found that the program substantially increased business assets, work hours and earnings. Many who received the grants were able to formalize their businesses and hire on additional workers.

**Unanswered Questions:**

- Can YOP's approach be replicated to other contexts?
- What is the cost-benefit comparison of the YOP program's approach to pure cash grants?
- What are the general equilibrium effects of the YOP program?





### Portfolios of the Poor — How the World's Poor Live on \$2 a Day

**Authors and Year:** Daryl Collins, Jonathan Morduch, Stuart Rutherford and Orlanda Ruthven (2009)

**Program:** N/A

**Methodology:** Qualitative Study

**Target Population:** Households in impoverished rural and urban communities in Bangladesh, India and South Africa

**Main Findings:** This book examines how poor households manage their finances using yearlong interviews with people from impoverished urban and rural communities in Bangladesh, India and South Africa. The book found that many leverage informal networks and family ties as financial tools. These households employ savings, get money out of creditors whenever possible, run sophisticated saving clubs and use microfinance.

**Unanswered Questions:** N/A



### Expanding Microenterprise Credit Access: Using Randomized Supply Decisions to Estimate the Impacts in Manila

**Authors and Year:** Dean Karlan and Jonathan Zinman (2009)

**Program:** USAID Microenterprise Access to Banking Services (MABS) Program

**Methodology:** Randomized Controlled Trial

**Target Population:** Microentrepreneurs in Manila, Philippines

**Main Findings:** The study examines the impacts of a credit expansion for microentrepreneurs in Manila. The results show that there is some evidence that profits increase, but businesses shrink overall by getting rid of unproductive workers. Borrowing households tended to substitute from labor and into education. Borrowing households also shifted away from formal insurance and moved to informal risk-sharing mechanisms. Treatment effects were stronger for males and higher-income entrepreneurs. The analysis suggests that microcredit works broadly through risk management and investment at the household level, rather than directly through the targeted businesses.

**Unanswered Questions:** N/A



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**What do we know about the impact of microfinance?  
The problems of power and precision**

**Authors and Year:** Mahesh Dahal and Nathan Fiala (2018)

**Program:** N/A

**Methodology:** Meta-Analysis

**Target Population:** N/A

**Main Findings:** The study examines the results of six randomized control trials on the impact of microloans to clients. These studies show no or minimal impact and have been used by researchers and policy makers to make the conclusion that microfinance has little to no positive impact. After reviewing the studies, the authors found that after running analysis on the pooled sample, there was a significant increase in profits and there were large impacts on business growth and household assets. There were no impacts on overall consumption. The results suggested that existing research on the impact of microfinance is generally underpowered to identify impacts reliably.

**Unanswered Questions:**

- What can be done to improve the state of evidence for microfinance?

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**Business is tough, but family is worse: Household bargaining and investment decisions in Uganda**

**Authors and Year:** Nathan Fiala (2018)

**Program:** N/A

**Methodology:** Randomized Controlled Trial

**Target Population:** Microenterprise Owners in Uganda

**Main Findings:** The study looks at the two-year follow-up of a loan, grant and training experiment conducted with microenterprise owners in Uganda, which showed no impacts from any capital treatment on the average participant. After interacting the treatment with a game that allows spouses to hide money from each other at a cost, men who did not hide money from their wives showed positive economic outcomes from the treatment. Men who did hide money had negative outcomes. Conversely, women who hide money from their husbands show increased economic outcomes while those who did not have negative outcomes. The results show that for these women, hiding money allows them to retain control over resources in the household.

**Unanswered Questions:**

- How are resources used within households?
- How does resource use interact with economic outcomes?

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## Returns to Capital in Microenterprises: Evidence from A Field Experiment

**Authors and Year:** Suresh de Mel, David McKenzie and Christopher Woodruff (2008)

**Program:** N/A

**Methodology:** Randomized Controlled Trial

**Target Population:** Microenterprise Owners in Sri Lanka

**Main Findings:** The study looks at the effect of randomized grants on a set of Sri Lankan microenterprises. The results show higher average real returns to capital than market interest rates. Returns were found to vary with entrepreneurial ability and with household wealth, but not with risk aversion or uncertainty. Treatment impacts were significantly larger for male-owned enterprises as female-owned enterprises had no positive returns.

**Unanswered Questions:**

- If returns to investment in working capital are so high, what prevents firms from growing incrementally by reinvesting profits?

## Experimental Evidence on Returns of Capital and Access to Finance in Mexico

**Authors and Year:** David McKenzie and Christopher Woodruff (2008)

**Program:** N/A

**Methodology:** Randomized Control Trial

**Target Population:** Microenterprise Owners in Mexico

**Main Findings:** The study looked at the effects of a randomized experiment that gave cash and in-kind grants to small retail firms. The results generated large increases in profits, with the effects concentrated among firms that were more financially constrained. The estimated return to capital was three to five times higher than market interest rates.

**Unanswered Questions:**

- If returns to investment in working capital are so high, what prevents firms from growing incrementally by reinvesting profits?

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## Conditional Cash Transfers: Reducing Present and Future Poverty

**Authors and Year:** The World Bank (2009)

**Program:** N/A

**Methodology:** Systematic Review

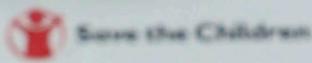
**Target Population:** N/A

**Main Findings:** This paper reviews the existing evidence around conditional cash transfers. The findings show that there is good evidence that conditional cash transfers (CCTs) have improved the lives of poor people. Transfers generally have been well targeted to poor households, have raised consumption levels, and have reduced poverty by a substantial amount in some countries. Offsetting adjustments that could have blunted the impact of transfers, such as reductions in the labor market participation of beneficiaries, have been relatively modest. Moreover, CCT programs often have provided an entry point to reforming badly targeted subsidies and upgrading the quality of safety nets. The report thus argues that CCTs have been an effective way to redistribute income to the poor, while recognizing that even the best-designed and best-managed program cannot fulfill all of the needs of a comprehensive social protection system. CCTs therefore need to be complemented with other interventions, such as workfare or employment programs and social pensions.

**Unanswered Questions:**

- What feature of conditional cash transfer programs matters most?
- Why have conditional cash transfer programs had only modest effects on final outcomes in education and health?





## Dự án

# CAO NĂNG LỰC TÌM VIỆC LÀM CHO SINH VIÊN NHẬP CƯ

Được No năm nay 21 tuổi là sinh viên từ tỉnh Hậu Giang Cao đẳng Kinh tế Đối ngoại Cần Thơ. No là con trong gia đình làm nông. Mỗi tháng gia đình gửi hỗ trợ là một triệu đồng để em chi trả cho ăn uống và quyết định tham dự án vì tò mò về kỹ năng nghề nghiệp em chưa từng biết đến. Trong quá trình học, nguồn đã hướng dẫn và truyền đạt cho em kỹ năng nền tảng về quản lý tài chính cá nhân để em có thể làm. Cụ thể hơn, em cho rằng kỹ năng quản sách cá nhân là những nội dung em cần học những kỹ năng này rất thực tế và giúp em có quá trình tìm việc sau này.

Em thành thạo học, em đã chuẩn bị mục tiêu nghề nghiệp rõ ràng. Em tìm việc làm là nhân viên bán hàng và ra trường. Sau ba đến năm học, em sẽ phấn đấu trở thành...



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We do whatever it takes for children – every day and in times of crisis – transforming their lives and the future we share.

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