

Authors

Christopher Blattman
The University of Chicago

Eric Green
Duke Global Health Institute

Julian Jamison
University of Exeter

Jeannie Annan
International Rescue Committee

Michael Christian Lehmann
University of Brasilia

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The Returns to Microenterprise Support among the Ultrapoor: A Field Experiment in Postwar Uganda

By CHRISTOPHER BLATTMAN, ERIC P. GREEN, JULIAN JAMISON, M. CHRISTIAN
LEHMANN, AND JEANNIE ANNAN

We show that extremely poor, war-affected women in northern Uganda have high returns to a package of \$150 cash, five days of business skills training, and ongoing supervision. Sixteen months after grants, participants doubled their microenterprise ownership and incomes, mainly from petty trading. We also show these ultrapoor have too little social capital, but that group bonds, informal insurance, and cooperative activities could be induced and had positive returns. When the control group received cash and training 20 months later, we varied supervision, which represented half of the program costs. A year later, supervision increased business survival but not consumption. (JEL I38, I16, J23, J24, L26, O13, Z13)

The World Bank, the United Nations, and the United States government have made the eradication of extreme poverty by 2030 a central development goal. Since the world's poor often live in economies with few firms, anti-poverty programs often try to foster self-employment. This includes farm enterprises such as raising livestock for sale, and nonfarm enterprises such as trading or retail. But can the extreme poor be expected to start and sustain such microenterprises? And what constraints hold them back?

* Blattman: Columbia University School of International and Public Affairs (SIPA) and National Bureau of Economic Research (NBER), 420 W 118 Street, Suite 529, New York, NY 10027 (e-mail: chris.blattman@columbia.edu); Green: Duke Global Health Institute, Box 90919, Durham, NC 27708 (e-mail: eric.green@duke.edu); Jamison: Global Insights Initiative, The World Bank, 1818 H Street NW, Washington, DC 20433 (e-mail: julianj@worldbank.org); Lehmann: University of Brasilia, Department of Economics, Campus Universitario Darcy Ribeiro, Brasília, DF, 70910-900, Brazil (e-mail: michael.lehmann@gmail.com); Annan: International Rescue Committee, 123 East 42nd Street, Suite 1407, New York, NY 10018 (e-mail: jeannie.annan@rescue.org). Association of Volunteers in International Service (AVIS) implemented the program and we thank Jackie Aldrete, Fabio Rofmanini, Elio Costelli, Filippo Crotti, Francesco Frigotto, John Muleba, Francesca Oliva, Federico Riccio, Samuele Riccio, and Massimo Turchi for collaboration. For comments we thank Abhijeet Banerjee, Thomas Robinson, Gustavo Roberts, Nathan Fiske, Eric Green, Nathan Hensens, Dean Karlan, Bentley MacLeod, David McKenzie, several anonymous referees, and seminar participants at George Washington University (GWU), Harvard University, Massachusetts Institute of Technology (MIT), United States Agency for National Development (USAID), the World Bank, and Yale University. A Vanguard charitable trust and the World Bank's Learning on Gender and Conflict in Africa (LOGICA) most kind funded the research. This article does not necessarily represent the views of the World Bank, the Consumer Financial Protection Bureau, or the US government. For research assistance we thank Fátima Ayres, Natalie Carlson, Samantha DeMartino, Mubikile Ezeretu, Sara Lowes, Lucy Martin, Godfrey Olot, Richard Pock, Alex Segura, Xing Wu, and Adam Xu through Innovations for Poverty Action.

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²"Extreme poverty" refers to earning less than the \$1.25 per day international poverty line. See Ban, Hughes, and Milne (2014) for a discussion of the goals.

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