# Briefing Paper

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## Can you successfully teach people how to run small businesses?


### Summary and policy-relevant findings

© Munshi Sulaiman 2009 Cows given to villagers in Bangladesh to encourage entrepreneurship

Two similar programmes targeting the extremely poor, in Bangladesh and in southern Sudan, have tried to teach extremely poor people how to run their own small businesses. They have had very different results. The evaluation of these programmes shows that the lives of the extremely poor in Bangladesh were transformed, whilst in Southern Sudan there was no significant positive effect of the programme. In both countries the extremely poor received animals or food combined with training in entrepreneurial skills. The cost of both programmes was similar. A possible explanation for the different results may lie in the type of aid given. In Bangladesh the extremely poor received animals that could generate future income, whereas in Southern Sudan the households received food aid which did not result in higher savings or asset accumulation. In both cases, receipt of the aid was conditional on participating in training in entrepreneurial skills.

Policy conclusions: Social protection programmes should have an increased focus on enabling people to generate their own income than is currently generally the case.



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## Policy context

About 1.4 billion people of this world are living on less than one dollar a day. Over two thirds of these extremely poor people are from South Asia and Sub-Saharan Africa. Many countries therefore have food transfer programmes.

## Project findings in more detail

The BRAC programme in Southern Sudan gave food whilst providing training in vegetable growing, tailoring and cattle raising. It also gave access to small loans.

The evaluation of the programme showed that the participants did not spend more time cultivating vegetables, tailoring or cattle raising than they had before receiving the training.

The programme in Bangladesh, takes a more direct approach of creating self-employment. It gives people livestock and other income generating assets. The households are also provided with a subsistence allowance for 40 weeks.

Results from the programme in Bangladesh show that household income increased. This is because income from self-employment increased fivefold as wage income declined (Figure 1).


Figure 1 – Impact on annual income of main female of participants

The participants spent more time on micro-entrepreneurial activities such as collecting feed for cattle or selling milk.

Despite similar costs the two approaches have quite distinct levels of success. The conclusion from these two programmes is that social protection programmes should have a bigger asset transfer element.

## Ongoing and Future research

The evaluation of the asset transfer program in Bangladesh will continue till 2011. Other similar programmes in various African countries are also being evaluated.

## For more detailed information:

- http://sticerd.lse.ac.uk/dps/eopp/eopp15.pdf
- http://www.chronicpoverty.org/uploads/publication_files/WP109_Martin.pdf

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