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GENERATING SKILLED SELF-EMPLOYMENT IN DEVELOPING COUNTRIES: EXPERIMENTAL EVIDENCE FROM UGANDA*

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We study a government program in Uganda designed to help the poor and unemployed become self-employed artisans, increase incomes, and thus promote social stability. Young adults in Uganda's conflict-affected north were invited to form groups and submit grant proposals for vocational training and business start-up. Funding was randomly assigned among screened and eligible groups. Treatment groups received unsupervised grants of \$392 per member. Grant recipients invest some in skills training but most in tools and materials. After four years, half practice a skilled trade. Relative to the control group, the program increases business assets by 57%, work hours by 17%, and earnings by 28%. Many also formalize their enterprises and hire labor. We see no effect, however, on social cohesion, antisocial behavior, or protest. Effects are similar by gender but are qualitatively different for women because they begin poorer (meaning the impact is larger relative to their starting point) and because women's work and earnings stagnate without the program but take off with it. The patterns we observe are consistent with credit constraints. *JEL Codes:* J24, O12, D13, C81.

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

We study a government program in Uganda designed to help the poor and unemployed become self-employed artisans, increase incomes, and thus promote social stability. Young adults in Uganda's conflict-affected north were invited to form groups and submit grant proposals for vocational training and business start-up. Funding was randomly assigned among screened and eligible groups. Treatment groups received unsupervised grants of

\$382 per member. Grant recipients invest some in skills training but most in tools and materials. After four years, half practice a skilled trade. Relative to the control group, the program increases business assets by 57%, work hours by 17%, and earnings by 38%. Many also formalize their enterprises and hire labor. We see no effect, however, on social cohesion, antisocial behavior, or protest. Effects are similar by gender but are qualitatively different for women because they begin poorer (meaning the impact is larger relative to their starting point) and because women's work and earnings stagnate without the program but take off with it. The patterns we observe are consistent with credit constraints.

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