Impact of youth business loan scheme on enterprise development: A case study from Pakistan

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Group-6
Youth in Pakistan are the largest population cohort—demographic transition and possible dividend

No existing public and private sectors have ability to consume growing number of youth labor force that projected to be highest in coming years.

In Pakistan, the self-employment /entrepreneurship is not usually a preferred option
Introduction of Youth Business Loan Scheme

- **Target group**
  - Unemployed, talented youth of Pakistan
  - Age group: 21 to 45 years

- **Intervention**
  - Media campaign
  - Training on enterprise development
  - Access to financial services
  - Business development services

- Disbursement of loan from 0.1 to 2 million Rs.
- 50% are reserved only for the women
Objectives of the YBLS

• To reduce youth unemployment rate
• To engage youth in economic activity through entrepreneurship
• To reduce the gender gap on labor force participation in Pakistan
• To reap the benefits of youth bulge existing through demographic transition in Pakistan
## Log Frame

### Youth Business Loan Scheme in Pakistan

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Objectives</th>
<th>Indicators</th>
<th>Sources of verification</th>
<th>Assumption /threats</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcomes</strong></td>
<td>Increase in economic activities through entrepreneurship development</td>
<td>Number of employees by new startup, Annual turnover by startup; Number of new entrepreneurs by gender (self employment rate);</td>
<td>Survey, Administrative data, Other secondary information (e.g., application form)</td>
<td>Business are successfully established and run, access to uninterrupted finance is ensured</td>
</tr>
<tr>
<td><strong>Intermediary outcomes</strong></td>
<td>Improvement in the business development skills; Behavior change towards entrepreneurship; improvements in access to inputs</td>
<td>Change in the level of skill, Change in behavior</td>
<td>Survey, Training assessments</td>
<td>Quality of training will change the attitude of the entrepreneur</td>
</tr>
<tr>
<td><strong>Output</strong></td>
<td>Loans disbursed; Business Development training provided;</td>
<td>Magnitude of total loan amount disbursed; number of training sessions held, number of new businesses registered</td>
<td>Partners in the program</td>
<td>Political situation remain stable</td>
</tr>
<tr>
<td><strong>Input</strong></td>
<td>Govt. sponsored media intervention to attract youth to the program; Access to finance and technical training provided to potential entrepreneurs; Access to business feasibility studies</td>
<td>Number &amp; frequency of media intervention; Number of loans processed; Number of business feasibility studies made available as template, Number of training session held</td>
<td>Administrative data</td>
<td>Youth are not inclined to entrepreneurship, lack of entrepreneurship culture</td>
</tr>
</tbody>
</table>
Evaluation Questions and Outcomes

• Evaluation question
  • The impact of Youth Loan Business Scheme on enterprise development

• Outcome measures
  • Number of employees by new start-ups (full-time and part-time)
  • Annual turnover
Evaluation Design

• Unit of randomization are individual potential youth entrepreneurs

• Govt. asks for applications from eligible youth (loans offered through lottery to fulfill available loan slots)

• We then have two groups (who are offered intervention and who are not)—Groups are identical at start

• We follow the actual lottery randomization design
Data and Sample Size

• Data sources
  • Application form + Baseline survey
  • Follow-up survey (after 1 year)

• Power calculation
  – Level of significance ($\alpha$)- 0.05
  – Power ($\beta$)-80%
  – Change in effect size ($\delta$)- 10%
  – $n_1= 1,600$ and $n_2=1,600$ (if the $R^2= 0.0$)
  – $n_1= 1,300$ and $n_2=1,300$ (if the $R^2= 0.2$)
Total number of subjects

<table>
<thead>
<tr>
<th>Power</th>
<th>1603</th>
<th>3202</th>
<th>4801</th>
<th>6400</th>
<th>7999</th>
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<tbody>
<tr>
<td>0.08</td>
<td>0.16</td>
<td>0.24</td>
<td>0.32</td>
<td>0.40</td>
<td>0.48</td>
</tr>
<tr>
<td>0.56</td>
<td>0.64</td>
<td>0.72</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\[ \alpha = 0.050 \]
\[ \delta = 0.10 \]
\[ \delta = 0.10, R^2_{L2} = 0.20 \]

Total number of subjects
Potential challenges

• Attrition: the project monitors loan receivers to get to know if they are successful to be considered for second installment of the loan. There would be drops out.

• Managing attrition:
  • For 10% attrition, the adjusted sample size will be
    • $n_1=1,760$ and $n_2=1,760$
Results

• Results will be used to guide other youth based programs in pipeline or development phases

• The results will be disseminated through a national conference (all stakeholders invited), publications, monographs etc.
Thanks