

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

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Background

- 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

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

Evaluation Questions and Outcomes

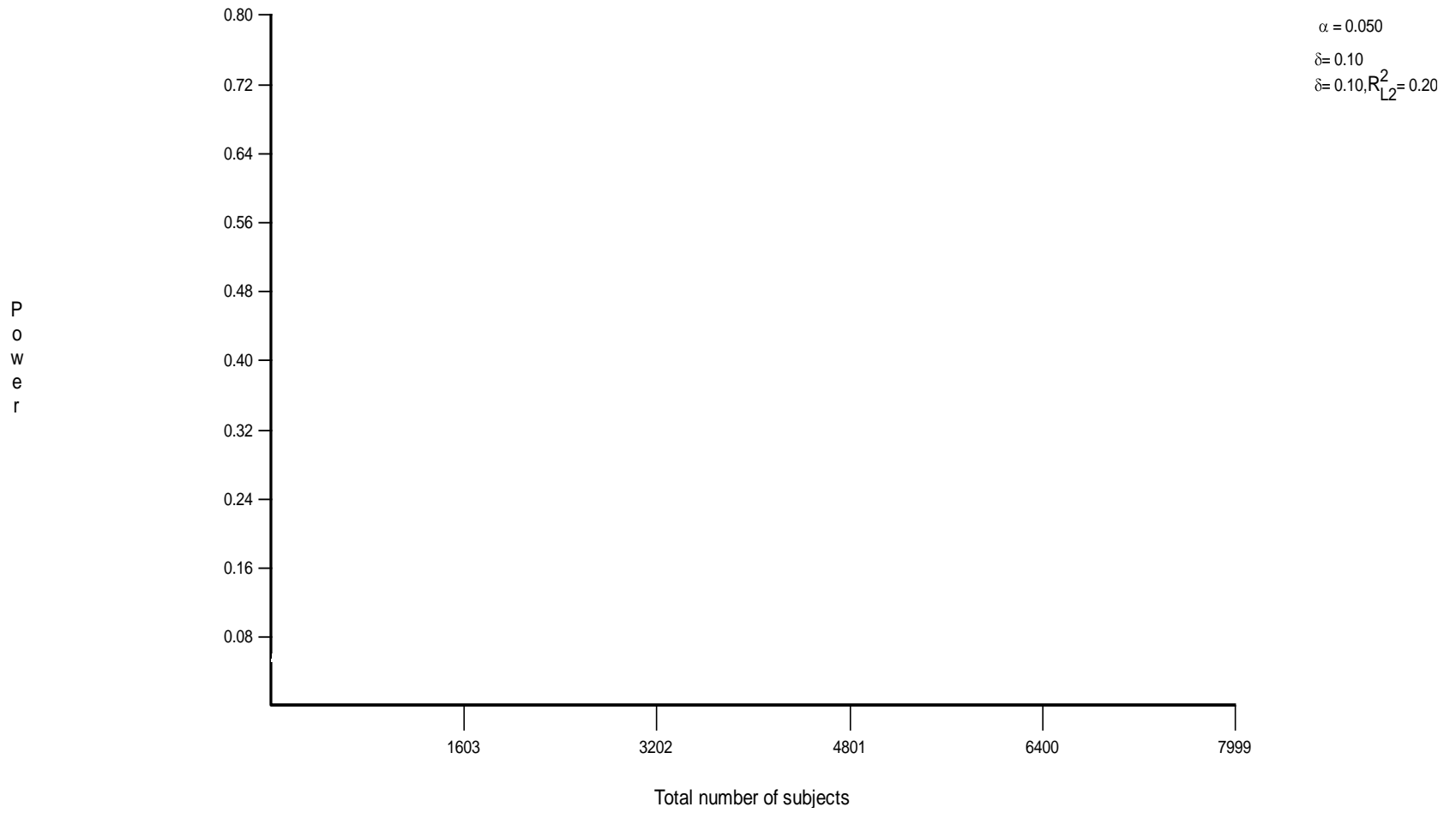
- Evaluation question
 - The impact of Youth Loan Business Scheme on enterprise development
- Outcome measures
 - Number of employees by new start-ups (full-time and part-time)
 - Annual turnover

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 (α)- 0.05
 - Power (β)-80%
 - Change in effect size (δ)- 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 $R^2= 0.2$)



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