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PEACE & RECOVERY | POLICY BRIEF

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Are Cash Grants (Just) a Jump-Start? *Long-term evidence on the impacts of start-up grants in Uganda*



Recent research suggests giving cash directly to the poor can have a range of benefits for recipients in the first few years, including increased consumption, assets, and food security, but little evidence exists on the long-term effects of cash transfers, particularly as a way to spur entrepreneurship and increase earnings. To shed light on this question, researchers conducted a randomized evaluation in Uganda of a government self-employment program that provided cash grants of about \$400 per person to groups of young adults to start a skilled trade. An IPA research team followed up after two, four, and nine years—providing some of the longest-term rigorous evidence on how start-up cash grants impact measures of poverty.

Key Findings

- Four years after grants were distributed, recipients were more likely to be practicing a skilled trade and earning 38 percent more than their peers who had not received grants. The boost in earnings seemed to be driven by recipients' work in skilled trades.
- Nine years after the cash grants were disbursed, most of the business and earning gains had dissipated, but grant recipients still had more household assets and were more likely to be practicing a skilled trade.
- The fade out of business and earnings effects was driven by changes in the comparison group: those who had not received the grants had started working and earning a lot more—in fact, they had caught up to the grant recipients in hours worked and income.
- The grant had some positive impacts on health outcomes, but only for the children of women who had received the grant: children of grant-recipients mothers displayed better physical skills such as walking and talking, relative to male-recipients and to the comparison group.
- In sum, start-up grants served the purpose of providing better jobs and businesses—but they did not offer sustained gains in earnings as earlier findings suggested.

RESEARCHERS

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PARTNERS

Government of Uganda, Office of the Prime Minister
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Vanguard Charitable Trust
World Bank

TIMELINE

2009-2017

COUNTRY

Uganda

SAMPLE

2,675 youth in 535 groups

STUDY TYPE

Randomized Evaluation

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