

Mentorship for Microentrepreneurs: Evidence from Hosts and Refugees in Uganda

Travis Baseler

University of Rochester

Thomas Ginn

*Center for Global
Development*

Ibrahim Kasirye

*Economic Policy
Research Centre*

Belinda Muya

*International Rescue
Committee*

Andrew Zeitlin

*Georgetown
University*

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Motivation

Microentrepreneurship is common but yields low profit for many.

Constraints include both financial and managerial capital.

- ▶ Cash interventions often have positive effects, but lower for women
- ▶ Training interventions are often expensive

Mentorship by a more experienced business owner could target:

- ▶ Business practices, encouragement, networks
- ▶ Knowledge exchange, especially across demographics that have fewer business connections—hosts and refugees, or men and women—where returns to cooperation may also be higher

re:Build Randomized Trial in Kampala, Uganda

Sample of Ugandans (“hosts”) & refugees, men & women

- ▶ Main: 2,000 inexperienced & prospective entrepreneurs (age 18-35)
- ▶ Mentors: 600 entrepreneurs with 4+ years of experience (age 25+)

Cash Grants: 540 USD (18% delayed as control).

Mentorship: 3 mentees & 1 mentor, meet weekly for 6 mos

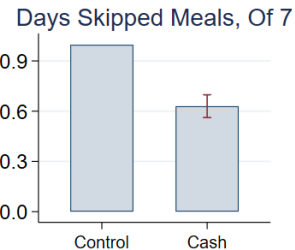
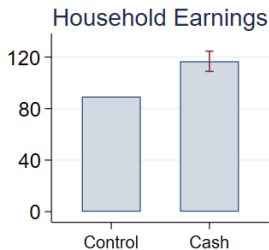
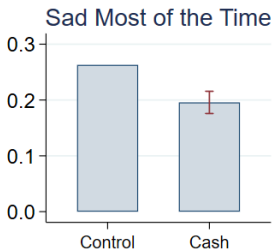
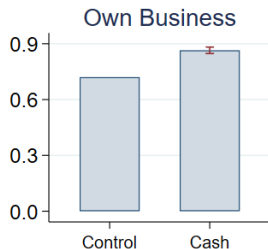
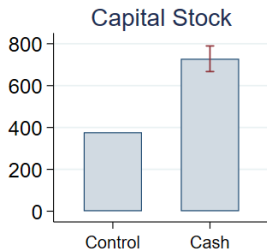
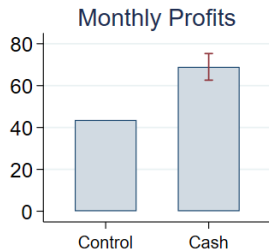
- ▶ 60% of sample
- ▶ Handbooks with curriculum and discussion questions
- ▶ Same gender and nationality, cross-gender, or cross-nationality
- ▶ Group-level incentives for 38% of groups, same expected payouts

Preliminary results from baseline, 3, 6, 9, & 12 month surveys: large positive effects of cash, null average effects of mentorship

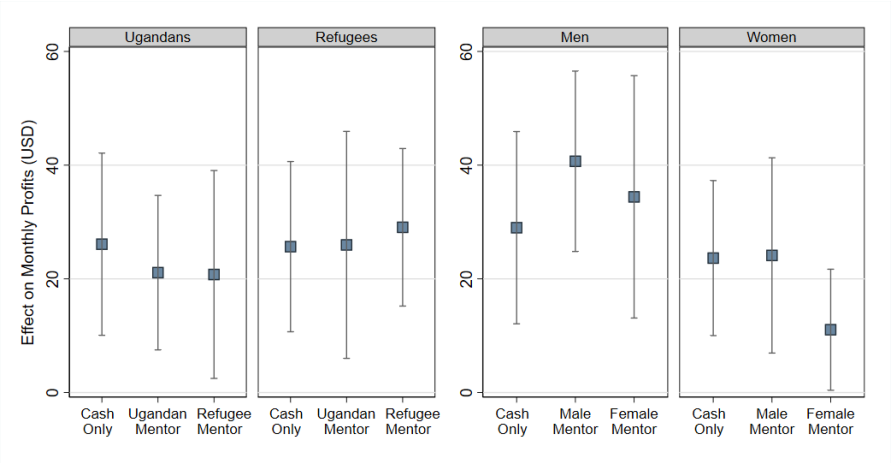
Background

- ▶ Uganda is one of the most progressive refugee-hosting countries globally, with the right to work and freedom of movement
- ▶ 70% of the main sample have businesses at baseline, slightly higher among Ugandans and women
- ▶ Profits similar for Ugandans and refugees (28 USD per month)
 - ▶ 45% of household earnings
 - ▶ Higher for men (34) than women (22)
 - ▶ Significantly higher for mentors (59)
- ▶ Ugandan men list the most business contacts, minimal cross-nationality or cross-gender close business contacts

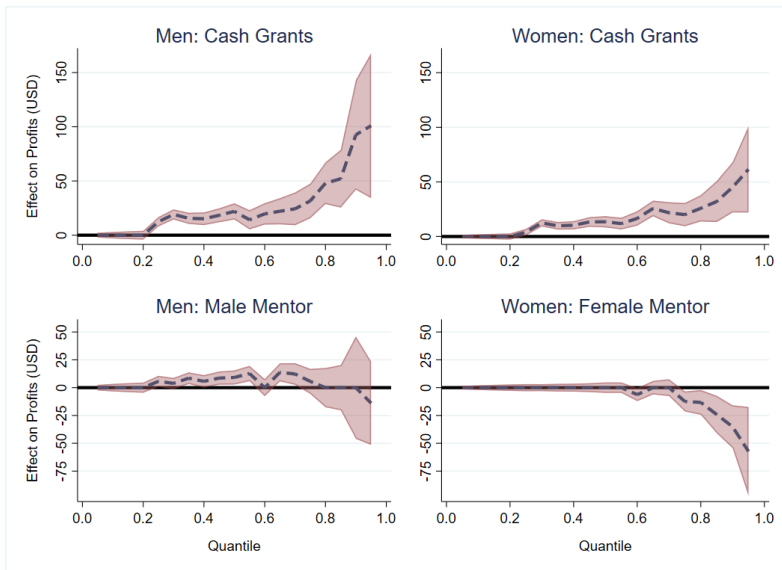
Large, Persistent Impacts of Cash on All Groups



Mentorship Reduced Profits for Women Relative to Cash



Strongest Effects Among the Large Businesses



Discussion

- ▶ Large, positive effects of cash grants on business and household outcomes for 12+ months
- ▶ Similar effects for Ugandans and refugees
- ▶ Marginally positive effects of mentorship among men, marginally negative among women
 - ▶ Effect for women concentrated among upper quartile
 - ▶ No evidence for substitution to other economic activities, effect on sector choices, or taxation by mentors