Human and financial capital for microenterprise development: Short-term and long-term evidence from a field experiment in Tanzania

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Abstract

Which is the most binding constraint to microenterprise development, human capital or financial capital? To study this question, we conducted a field experiment that jointly investigated these two constraints for microentrepreneurs in Tanzania, by introducing separate treatments of business training and a business grant. Using both survey data and data from a lab experiment, we present short-term and long-term evidence on business performance, business practices, business skills, mind-set, and happiness. Our study demonstrates strong short-term and long-term effects of business training on male entrepreneurs, while the effect on female entrepreneurs is much more muted. The business grant led to more investments in the businesses, but had no effect on sales or profits. The results suggest that human capital is an important constraint for microenterprise development, and more important than long-term finance, but also point to the need for more comprehensive measures to promote the businesses of female entrepreneurs.

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1. INTRODUCTION

Microentrepreneurs in developing countries face a number of constraints on business growth. Lack of access to financial capital has received much attention amongst donors and practitioners, as witnessed by the rise of the microfinance movement. But while there is a lot of optimism about the power of finance for small scale business development, a growing literature shows that success cannot be taken for granted and may critically depend on the entrepreneur's educational background, business skills, and mind-set (de Mel et al., 2008, 2009a; Banarjee et al., 2009; Emran, Morshed, and Stiglitz, 2009; Karlan and Morduch, 2009; Bruhn, Karlan, and Schoar, 2010; Atanasio et al., 20011; Crépon et al., 2011; Karlan and Zinman, 2011; Fafchamps et al., 2011).

Partly as a result of the mixed evidence on the importance of financial capital, there has been an increased focus on other constraints for microenterprise development, in particular human capital, as evidenced by the nascent literature investigating the impact of business training on business performance (Field et al. 2010, Drexler, Fischer, and Schoar, 2010; Brun and Zia, 2011; Giné and Mansuri, 2011; Karlan and Valdivia, 2011; de Mel et al., 2012b).

The present paper merges these two perspectives by jointly exploring the human and financial capital constraints to microenterprise development. More precisely, we report from a randomized field experiment among small scale entrepreneurs in Dar es Salaam, Tanzania, introducing separate treatments of business training and a business grant, where the value of the grant was equal to the cost of training. This design allows us to study the

relative importance of the two constraints, which clearly is important both from a theoretical and a policy perspective.

The field experiment was conducted in collaboration with one of the leading microfinance institution in the country, PRIDE Tanzania. The business training intervention consisted of 21 training sessions and a final graduation ceremony, offered for free to a randomly selected sample of the microfinance clients. The training was practically oriented and focused on basic business principles, including customer service, pricing, and accounting, and on entrepreneurial mind-set issues.

The business grant intervention targeted the need for long-term finance, where a randomly selected sample of the entrepreneurs was offered a grant to develop and strengthen their businesses. As members of a microfinance institution, the entrepreneurs have access to short-term loans, but these loans do not give them the possibility to finance long-term investments. The repayment schedule requires the first installment to be paid within weeks, which biases the use of such loans to activities that generate immediate income. The business grant thus represented a unique opportunity for the entrepreneurs to make long-term investments in their businesses.

Our study considers both short-term and long-term consequences of the interventions. We conducted an initial follow-up study three to six months after the interventions, and then a second follow-up study two years later. To study the mechanisms of change initiated by the business training in more detail, we also use the novel hybrid approach of combining the field experiment with a lab experiment where the entrepreneurs make incentivized choices (Jakiela et al., 2010). This design allows us to evaluate the causal

impact of the training on the microentrepreneurs' business knowledge (financial literacy, book keeping, marketing, investment analysis) and mind-set (willingness to compete, confidence, risk- and time preferences).

Our paper offers five main findings. First, the human capital intervention caused a substantial improvement for male entrepreneurs, both in the short-term and long-term. In particular, the trained male entrepreneurs increased their sales by around 25-30 percent, and are significantly happier with their situation than non-trained entrepreneurs. The effects on female entrepreneurs are much more muted. Second, the financial capital intervention did not improve business outcomes, even though it did generate more investments in the businesses. Third, we show that the business training improved the business knowledge of both female and male entrepreneurs. Both in the short-run and the long-run, the trained entrepreneurs perform better on a business knowledge test than non-trained entrepreneurs. Fourth, we provide evidence of the two interventions generating different changes in business practices which may contribute to explaining why we only find positive treatment effects from the business training. In particular, the business grant caused increased activity in less profitable sectors, whereas the trained entrepreneurs expanded their businesses in the more profitable sector. Fifth, we provide suggestive evidence on household and mind-set constraints that may contribute to explaining why the treatment effects from business training on business performance are much weaker for female entrepreneurs. In particular, in an experimental setting, the female entrepreneurs are less willing to share income information with their spouse than male entrepreneurs, which may suggest that female entrepreneurs are taxed by their husbands and thus may have less to gain from expanding their

businesses. Moreover, they are also less willing than males to compete in a lab experiment, which may suggest that they to a lesser extent have an entrepreneurial mind-set focused on business competition and growth.

The present study relates to the growing literature using randomized field experiments to investigate financial and human capital constraints facing poor entrepreneurs. Our paper is most closely related to Giné and Mansuri (2011) and de Mel et al. (2012b). The former study compares the effects of business training to a microfinance loan among microfinance clients in rural Pakistan, and shows a positive effect of business training on business knowledge for both male and female entrepreneurs, but only male entrepreneurs improve their business practices. In contrast to our study, they do not find any effect of training on sales and profits, and similarly, no effect from the microfinance loan. Their interventions differ in important ways from those in the present study. First, they offered an intensive eight day business training course, whereas our training intervention lasted for 21 weeks. Second, they offered a large microfinance loan with the same repayment structure as the existing loans of the entrepreneurs, whereas our business grant targeted the need for long-term finance, which is typically not available within a microfinance institution.

de Mel et al. (2012b) analyze the effect of training, and training and a cash grant combined, on a representative sample of women, both with and without existing businesses, in Sri Lanka. Impacts are documented through four rounds of follow-up studies over a two-year period. The authors find that for women who already had a business at the time of the interventions, training alone has had no impact on business outcomes, while training and the grant

combined had a large, but short-lived effect on business outcomes. For women without any established business, the interventions did not lead to long-term effects on business ownership, but improved the profitability of those businesses that were actually established. The fact that the interventions did not have any (long-term) effect on business outcomes for the female business owners harmonizes well with the findings from our study. An important difference between our studies is the fact that de Mel et al. only have women in their sample, while our sample includes both men and women.

A number of other studies have investigated the financial capital and human capital constraints separately. In a randomized field study of the impact of microfinance in India, Banerjee et al (2010) find that availability of microfinance has led to the establishment of more businesses and higher profits, but do not find any effect on employment or household variables. Karlan and Zinman (2011) study the impact of microfinance in the Philippines, and document effects on risk management and community ties, but no effect on the number of businesses or employment.[1]

Many studies also point to heterogeneous treatment effects of financial capital interventions. For instance, while de Mel et al. (2008, 2009a, 2012a) find large returns to business grants on average for poor entrepreneurs in Sri Lanka, the returns are zero for the average female-owned business. In a study from

[1] Attanasio et al. (2011) report from a field experiment on group lending and individual lending in Mongolia, and document strong effects of group lending on business start-up and profits, but no such effects of individual lending. Crépon et al. (2011) show that microfinance in rural Morocco has led to a significant increase in agricultural sales and profits, but with no impact on consumption. Treatment effects are found to depend on whether or not the household was operating a business at the time of the baseline.

Ghana, Fafchamps et al. (2011) find positive effect of in-kind grants on both male and female-owned businesses. They point to the more active economic involvement of African females compared to Asian female as a possible explanation for the stronger effect of business grants in the African setting. But also in the Ghana study, treatment effects are heterogeneous, depending for instance on the initial profitability of the business. Overall, a general lesson from this literature appears to be that treatment effects of relaxing the financial capital constraint is conditioned on the environment.

The message from the relatively few field experiments on business training is also mixed. Karlan and Valdivia (2011), in a study of business training for female microfinance clients in Peru, document an impact on business practices, but no robust effects on profits or sales. Field et al (2010) analyze the effect of a two-day training program for small-scale female entrepreneurs in India, all customers of a local bank. Focusing on the social and religious backgrounds of the women, they find positive treatment effects on upper-caste Hindus, but no such effects on either lower-caste Hindus or Muslims. They ascribe this heterogeneity in treatment effects to differences in the number of social restrictions that the groups face.[2]

[2] Drexler, Fischer, and Schoar (2010) in a study from the Dominican Republic find positive effects of a simple "rule-of-thumb" training program on business practices, but relatively weak effects on business outcomes. Bruhn and Zia (2011) study the impact of a business and financial literacy training program on young entrepreneurs in Bosnia and Herzegovina, who are members of one of the largest microfinance institutions in the country. The authors document that training has led to the implementation of new production process and new investments, and, for entrepreneurs with relatively high ex ante levels of financial literacy, also higher sales. Fairlie al. (2012) evaluate the impact of entrepreneurship training in the US, and find that training increases short-run business ownership and employment, but find no evidence of broader or longer-run effects.

The remainder of the paper is organized as follows. Section 2 gives a description of the context in which the interventions were carried out, based on baseline data on the entrepreneurs and their businesses. Section 3 describes the intervention and provides data on the treatment-control balance. Section 4 discusses data and estimation methods, and Section 5 reports immediate effects of the business training and the business grant, on business knowledge and investment, respectively. Section 6 investigates treatment effects on business performance, while Section 7 investigates how the treatments affected business practices. Section 8 studies heterogeneity in treatment effect, while Section 9 reports evidence on household and mind-set constraints. Section 11 concludes.

2. THE CONTEXT: FINDINGS FROM BASELINE

The participants in the present study were all members of the microfinance institution PRIDE Tanzania at the time of the baseline survey.[3] With around 70 000 clients, PRIDE is one of the largest microfinance institution in Tanzania with branches all over the country. They employ a modified Grameen Bank model, where group members are jointly responsible for each other's loans. To become a member of PRIDE, one must have an operating business and join a self-selected solidarity group of five members (called an enterprise group). We conducted our study in two branches of PRIDE in Dar es Salaam, Magomeni and Buguruni, located in different parts of the city, each with approximately 7500 clients.

We considered clients with PRIDE loans between 500 000 TZS and 1 000 000 TZS, which at the time of the baseline represented the second and third steps on the loan-ladder in the group lending program. This was motivated by the fact that there are very high dropout rates among clients with smaller loans, and also that we wanted to avoid a too heterogeneous target group. For logistical reasons, we also only considered loan groups with loan meetings at 09:00, 10:00, 12:00 and 13:00.

Out of the 1164 eligible clients, we interviewed 644 clients on the basis of accessibility. In the baseline survey conducted in June-July 2008, clients were interviewed at their business location. The objective of the baseline survey was framed as "to identify strategies to improve the functioning of microcredit institutions in Tanzania". Hence, clients were not informed about the prospective business training or business grant.

Table 1 provides a description of the entrepreneurs in our sample, based on the baseline data. The average entrepreneur is about 38 years old and has completed eight years of schooling. She runs a small business, typically hiring only one worker.

[3] For further details on the organization, see www.pride-tz.org.

Commerce is the most common sector, involving around 70 percent of the entrepreneurs, while 38 percent of the entrepreneurs have a business in the service sector, and 15 percent in the manufacturing sector.[4] Running a kiosk or selling textiles or coal are typical businesses in commerce, small restaurants and repair shops are common in services, whereas furniture and brick making are examples of manufacturing businesses. There is a balance between males and females in commerce, while female entrepreneurs dominate in services and males in manufacturing.

Average monthly profits in 2008 were 568 497 Tanzanian Shillings (TZS), equivalent to approximately 480 USD, and average sales were 2 489 228 TZS. We observe that male entrepreneurs operate on a larger scale than females, with around 50 percent higher sales, 20 percent higher profits, and 35 percent higher investments. There are no significant gender differences in the business practices with respect to record keeping and marketing, but the male entrepreneurs have a higher score on a baseline test of business skills. Females, on the other hand, have somewhat more education, measured as number of completed years of schooling.

3. THE INTERVENTIONS AND RANDOMIZATION PROCEDURE

3.1 The Interventions

The interventions were designed as randomized field experiments, and took place during 2008 and 2009. Business training was offered on a weekly basis from August 2008 to January 2009, and the business grant was given to a subset of the participants, trained and untrained, in March 2009.

The business training consisted of 21 sessions, each lasting 45 minutes, starting directly after the clients' weekly loan meetings at the PRIDE premises. The course

[4] Many entrepreneurs have more than one business, and hence may hence be involved in more than one sector.

was developed by the University of Dar es Salaam Entrepreneurship Centre (UDEC) and tailored to microentreprenurs, with the aim of unleashing entrepreneurship and creating business growth. The course was piloted extensively in the spring of 2008, with trial sessions offered to microcredit clients in a PRIDE branch in Dar es Salaam not part of our study, to credit officers in PRIDE working on a daily basis with the entrepreneurs, and to local researchers working on microenterprise development in Tanzania. The final training program covered a range of topics particularly relevant for microentreprenurs in Tanzania, including "Entrepreneurship and Entrepreneurial character", "Improving customer service", "Managing people in your business" and "Marketing strategies". A full list of topics is given in Appendix B. The lectures, given by UDEC staff in Kiswahili, were practically oriented, and topics were often illustrated by the use of case studies and role play.[5] Frequently, the clients were given homework to prepare for the next class. There was neither a course fee nor any seating allowances.

A graduation ceremony was held at the end of January 2009, where clients who had attended ten sessions or more were awarded a diploma. The minimum attendance requirement for the diploma was announced at an early stage in order to motivate clients to attend the sessions. Attendance was monitored closely by teachers and credit officers and absent clients were contacted either at the branch or by phone. The average attendance rate at a session was 70 percent, while 83 percent of the clients qualified for a diploma.[6] Entry control was strictly enforced, and only clients assigned to training were allowed to enter the classroom. The training was offered on Tuesday (Magomeni) and Thursday (Buguruni), whereas the control group had their loan meetings on Monday (Magomeni) and Wednesday (Buguruni), which ensured

[5] For capacity building purposes, credit officers at PRIDE were trained by UDEC and subsequently offered the same training program to another set of clients, not part of this study, see Berge et al (2012).

[6] The distribution of attendance is reported in Figure A1 in Appendix A

that no training took place on days when members of the non-training group attended their weekly loan meeting.

The business grant was offered to a subsample of the clients in our sample, both trained and non-trained, six weeks after the graduation ceremony. It was approximately equal to the average cost per participant of providing the business training, 100 000 TZS, and targeted the need for long-term finance. To most entrepreneurs this is a substantial grant, corresponding to around 50 percent of average investments in the businesses in 2008, see Table 1. The grant was given in cash and framed to improve the entrepreneur's business, and thus represented a unique opportunity for the entrepreneurs to make long-term investments in their businesses. The recipients of the grant were asked to keep records of how they spent the money.[7]

3.2 Randomization Procedure

In the randomization procedure, we exploit the fact that loan groups are assigned to loan-meeting time according to availability of time slots at the branches in PRIDE. The loan-meeting time is therefore not predictive of the characteristics of the entrepreneurs. This is confirmed by the baseline data, which shows that there are no significant differences between days or hour of loan-meeting on baseline sales and profits (see Table A10 and A11 in Appendix A). We randomly selected days and hours for the business training and the business grant, and, therefore, since the day and hour of the loan-meeting is independent of the characteristics of the loan group, we also, effectively, randomly selected loan groups for the training and the grant.

Business training was allocated to the 319 clients in our baseline sample with loan-group meeting time on Tuesday (Magomeni) and Thursday (Buguruni).

[7] A copy of the letter accompanying the business grant is provided in Appendix B-2.

Correspondingly, the business grant was allocated to the 242 clients in our baseline sample with loan-group meeting time at 12:00 on Monday – Thursday (Magomeni and Buguruni).[8]

Table 2 shows that most baseline characteristics of the entrepreneur are not significantly correlated with the treatment status, indicating that our randomization procedure created balanced treatment groups.[9]

4. DATA AND ESTIMATION METHODS

4.1 Data Issue

Data stem from the baseline survey conducted in June-July 2008, two waves of post-intervention follow-up surveys, the "short-term" follow up conducted in June - August 2009 and the "long-term" follow up conducted in June-September 2011, and a lab experiment conducted in March 2009, after the training, but before the business grant was offered.

In the short-term follow-up survey, we reached 530 of the 644 clients; of these, 526 were still actively doing business. In the long-term follow up we reached 563 clients, of which 525 were still in business. Combining the two surveys, we have follow-up information on 602 out of the 644 clients, and among these 591 clients were still operating a business.[10] A randomly selected subset of the sample, 126 clients from the training group and 126 clients from the non-training group, were invited to take part

[8] An additional ten males were offered the business grant to ensure gender balance in this treatment arm. These males were randomly selected among the male clients in our baseline sample with loan-meeting time later than 09:00 on Wednesday and Thursday. Of the 252 clients receiving the business grant, 126 clients belonged to the training group and 126 clients belonged to the non-training group. The grant was collected by 247 out of the 252 entrepreneurs. We were not able to track down and interview the five entrepreneurs who did not collect the business grant in our follow-up survey in 2009.

[9] The corresponding tables by gender are reported in Appendix A, Table A2 and A3.

[10] In Appendix A, table A12 we provide further details on what predicts attrition.

in the lab experiment; of these, 211 clients attended the lab, 107 from the training group and 104 from the non-training group.[11]

4.2 Empirical strategy

We estimate the intention to treat estimators (ITT) for each individual outcome Y_i. Informed by the earlier literature, we anticipated gender to be a crucial dimension in our analysis, and we therefore include in our basic specification gender interaction terms to capture differences in the impact of training between males and females:[12]

$$Y_i = \alpha + \beta_1 Training_i + \beta_2 Grant_i + \beta_3 (Training_i * Female_i) + \beta_4 (Grant_i * Female_i) + \beta_5 Female_i + \beta_6 X_i + \varepsilon_i$$

Training and *Grant* are dummy variables taking the value one if client *i* has been offered training and business grant, respectively. *Female* is a dummy taking the value one if the client is female. X_i is a vector of the covariates from the baseline characteristics of the entrepreneurs and their businesses.

The ITT-estimators of the training are thus given by β_1 for male entrepreneurs and $(\beta_1 + \beta_3)$ for female entrepreneurs (in the tables we refer to the latter as *Sum Female*), β_2 is the ITT-estimator of the effect of a business grant for males, and $(\beta_2 + \beta_4)$ is the effect of the grant on females, where β_3 and β_4 capture the degree to which the impact of the training or the business grant, respectively, is different for males and females.

We report the estimated treatment effect controlling for the vector of covariates, X_i, throughout the paper, but include tables of business outcomes without covariates in

[11] The reported reasons for not attending the lab were that clients had exited PRIDE, illness, travelling, attending a funeral, and taking care of pressing family matters. Detailed instructions for the lab experiment are provided in Appendix B-3.

[12] In Appendix A, we report estimates for the model without the gender interaction terms (A13) and without covariates (A14). In a previous version of the paper (Berge, Bjorvatn, and Tungodden, 2011), we also reported estimates of the average treatment effect on the treated, which follow the same pattern but are even stronger than the intention to treat effects.

Appendix A. Given that *Training* and *Grant* are uncorrelated with unobserved explanatory factors, there is no need to include a covariate matrix to get unbiased ITT estimates, but including control variables makes the estimation more precise.[13] We cluster the error terms on the loan groups, since we consider this, effectively, as the unit of randomization, and also because we want to take into account possible interdependencies in the loan group.[14]

5. BUSINESS KNOWLEDGE AND INVESTMENT

We start out by analyzing the key question: Did the two treatments have the intended immediate effects, in the case of training of increasing business knowledge, and in the case of the business grant of increasing business investment? The answer to this question is not obvious. Can classroom training upgrade business skills among small-scale entrepreneurs, or is such training too abstract to have any learning effect? And in the case of the grant: Can we expect a grant to raise investments in a situation where entrepreneurs already have access to credit from a microfinance institution, and where there are typically pressing economic issues in the household?

5.1 Business knowledge

The first set of survey evidence on business knowledge comes from a set of non-incentivized questions on the profit concept. We did so by introducing the respondent to the following case (implemented both in the short-term and long-term follow-up; the clients were not informed about their performance on this test): "Juma makes fruit juice at Kimara, Dar es Salaam and sells it in plastic containers to grocery

[13] We include controls that correlate with baseline business outcomes as variables where our treatment-control balance shows a statistically significant difference at a five percent level. See Angrist & Pischke (2009) for a comprehensive discussion of control variables in experiments.

[14] Due to joint liability of loans, business dynamics and outcomes are likely to be correlated within a loan group, positively or negatively. In Appendix A, Table A15, we show that the results are robust to clustering at the classroom/loan meeting room, where 10 loan groups meet at the same time.

stores and restaurants in different parts of the city. To calculate his profit from this business, he should subtract expenses from the sales. Which of the following should he treat as expenses for this purpose?" (i) Cost of fruits used in making the juice; (ii) Money taken to pay school fees for Juma's daughter; (iii) Payments for hiring a pick-up to distribute the juice; (iv) Payment for printing of posters to advertise the juice; (v) A loan given to Juma's casual worker; (vi) Telephone calls to relatives to check on their health; (vii) Salary to assistant cleaning the pick-up at the end of the day.

The second set of survey evidence on business knowledge comes from a business plan competition, implemented only in the short-term survey. The entrepreneurs were asked: "Suppose you were given 100 000 TZS as a business grant to invest in your business. How would you spend this money most profitably? Explain your choices." They were informed that the plans would later be evaluated, and that the three best plans would each be awarded a prize of 100 000 TZS.

The short-term results are shown in column (1) in Table 3, where the outcome variable is an index combining the performance on the knowledge questions and the business competition test in the short-term follow-up. We observe that the training indeed contributed to increased business knowledge, both among males and females, the estimated effect is about 0.2 standard deviations. Furthermore, from column (2), we observe that the impact of training on business skills has endured over time. Almost three years after the training, the trained group scores significantly better on the knowledge test, again without any gender difference in learning outcomes.

5.2 Business investment

When we surveyed the entrepreneurs in 2009, we asked the business grant recipients how they had spent the grant.[15] On average, 95 percent reported having spent it on the business, and hence only a minor share was reported being spent on other

[15] 60 percent of the business grant recipients had the business grant records available for inspection at the time of the interview.

categories, like household and savings. The entrepreneurs reported to have invested the grant in a number of business related assets, mostly in merchandise for stock or immediate sale (including fabric, beer and cold drinks for the kiosk, flour, fish, charcoal, and mobile phones), but also in more durable assets (like a bicycle for transportation, a fridge, a sewing machine, a hand drier for the hair salon, renovation of a chicken house, a fruit stand, building materials for a new business premise, etc).

Even if the grant was spent on the business, this does not necessarily imply an increase in overall business investments, as the business grant could be fully crowded out by a reduction in other sources of finance. Column (3) in Table 3 shows, however, that the business grant indeed generated more investments in the short-run; males with a business grant are 22 percent more likely to have undertaken a business investment in 2009 and females 12 percent more likely to have done so.[16] Furthermore, column (4) shows that there is no evidence of the group receiving the business grant making fewer investments in the following years. In sum, therefore, we conclude that the grant had the intended effect of increasing business investment.

6. BUSINESS PERFORMANCE

In this section we study the extent to which the interventions have improved the business performance of the entrepreneurs in terms of sales and profits, and also their present living condition and satisfaction with the situation as an entrepreneur.

Table 4 reports a very consistent pattern over time for sales. Business training leads to a large increase in sales of around 25-30 percent for male entrepreneurs, but has no impact on the sales of female entrepreneurs. If we consider column (3), which measures the effect for all the entrepreneurs that we reached either in the short-term

[16] Both due to challenges of measurement and our interest in long-term investments, we did not include additions to stock in our definition of investments. Since the median investment in all survey rounds was zero, we focus on a dummy which takes the value one if the respondent reports positive investment.

or in the long-term follow-up, we observe that both the estimated effect on the training coefficient for males and the interaction effect for females are highly significant.[18] The same picture emerges for profits in the short-run, but in this case we do not find a statistically significant effect of business training in the long-run. It is well-established, however, that profit is a complex variable to measure and we therefore focus on sales as our key measure of business performance.[19]

In the long-term follow-up, we also asked the entrepreneurs about how happy they were as entrepreneurs and about their present living condition, where the idea is that such subjective evaluations, beyond being of independent interest, may serve as better indicators of business performance than self-reported profit. Strikingly, as shown in Table 4, the subjective evaluations are very much in line with the treatment estimates for sales. The trained males report being happier with their situation as entrepreneurs and having better living conditions than non-trained males, with an increase of 0.384 and 0.198 standard deviations, respectively. In contrast, we find no effect at all from the training on the females' subjective evaluations. The gender interaction terms are also highly significant for both the subjective measures, and thus our data provide strong support for a gender specific effect of the training on the business performance, where male entrepreneurs appear to have gained substantially but with no effect for the female entrepreneurs.

Table 4 reports a very different picture for the business grant. We do not find a statistically significant impact of the business grant on any of the performance variables, and there is no evidence of the business grant working differently for male and female entrepreneurs. Thus, even though the business grant generated higher

[18] As shown in Table A16 in Appendix A, these effects are robust to a bounds analysis taking into account the level of attrition in the sample.

[19] On the difficulties of measuring profits, see de Mel et al (2009b). Karlan and Valdivia (2011), for instance, rely on sales as key measure of business outcome, reporting that many respondents were either unable or unwilling to state profits even when restricting attention only to the main product.

investment levels, it does not appear to have improved the business performance of the entrepreneurs.

In order to explore the mechanisms of change more closely, we now turn to business practices, focusing on financial practices, employment, and customer relations.

7. BUSINESS PRACTICES

Tables 6 provide an overview of how the interventions changed the business practices of the entrepreneurs, both in the short-term and the long-term. Overall, we observe that the training had a larger impact than the business grant on the business practices, particularly for the male entrepreneurs, which is consistent with the observed effects on the business performance.

Table 5 shows how the interventions affected the entrepreneurs' involvement in the different sectors, where we observe that the training and the business grant generated very different processes. The business training caused an increase in commercial activity, whereas the business grant caused an increase in services and manufacturing.

The fact that the business grant caused an increase in services (for men) and manufacturing (for women) may reflect the long-term nature of the business grant, which made it possible for the entrepreneurs to make the long-term investments needed to open up a new business, for example by purchasing a fridge, a sewing machine or cooking equipment. This is also consistent with the observation that the increased involvement in these sectors is particularly strong over time; even with long-term capital in place, it probably takes time to establish a new tailoring business or a hair salon.

The increased involvement in manufacturing and services were most likely not a profitable move, however, since we observe both from the baseline and the follow-up surveys that entrepreneurs operating in commerce have significantly higher sales

and profits than other entrepreneurs. Indeed, as we have already seen, these changes in business practices generated no effect on the key business outcome variables.

Thus, most likely, the entrepreneurs who had received business training made the more profitable choice when increasing their involvement in the commercial sector and reducing their involvement in manufacturing. This transition is more prominent and only statistically significant for male entrepreneurs, a pattern which is consistent with the gender difference in business outcomes, documented in Table 4. The move to the more profitable sector is plausibly driven by the trained entrepreneurs' deeper understanding of key business concepts such as profits, which we have documented above. But why didn't trained females enter into commerce to the same extent as males, given that training contributed equally to their business knowledge? We return to this question in Section 8.

The fact that the business grant did not change other business practices like employee relations and marketing, as shown in Table 6, is in line with what we should expect, since this intervention did not target these dimensions. In contrast, the training initiated important short-term changes in business practices, both among males and females. In particular, from Table 6, we observe that the training made the entrepreneurs more active in their employee relations, marketing, and record keeping, which are topics that were covered in depth in the lectures. We also observe that the effects on some of the business practices are more muted in the long-term, but the interpretation of this finding is not entirely clear. It may reflect that lessons learned from the business training have evaporated over time, but in some cases it may also reflect a natural dynamic of the businesses. For instance, once new customer relation initiatives have been put in place, as documented in the short run, we should perhaps not expect further changes to be implemented in the long term.

7. EXPLORING HETEROGENOUS IMPACT OF BUSINESS TRAINING

We have so far focused on heterogeneity in treatment effects between male and female entrepreneurs. In this section we address the question of whether it is *really* gender that matters. Are there other factors that correlate with gender, such as sector and baseline level of sales, which are crucial when analyzing possible treatment heterogeneity?

To answer this question, we run regressions interacting the treatment status with a broad set of plausible contingent factors, Z_i:

$$Y_i = \alpha + \beta_1 Tr_i + \beta_2 (Tr_i * Fem_i) + \beta_3 Gr_i + \beta_4 (Tr_i * Fem_i) + \beta_5 (Gr_i * Fem_i) + \beta_6 (Tr_i * Z_i) + \beta_7 Fem_i + \beta_8 Z_i + \beta_9 X_i + \varepsilon_i$$

We focus on the contingent factors where male and female entrepreneurs differ in the baseline survey, and which also correlate with key business outcomes like sales and profits. In the heterogeneity analysis we limit ourselves to studying the impact on sales, but the pattern is the same for the other business performance variables. Y_i is a vector of covariates which are not included in the interaction terms. The key question is whether β_2 is affected by the inclusion of the interaction term $(Training_i * Z_i)$. Table A17 in appendix A shows that both the estimated effect of training for male entrepreneurs and the gender interaction term are highly robust to the inclusion of other interaction terms; the point estimates are almost the same in all specifications, and always statistically significant. Furthermore, we observe in column (11) that only the initial level of investments appears to have an impact on the effect of training beyond what is captured by the gender variable, where people with higher initial investments benefitted less from the training. This may reflect that the training very much targeted the average participant in the training program, and as a result the material covered may have been too elementary for the more advanced entrepreneurs..

8. WHAT EXPLAINS THE GENDER EFFECT?

The identification of profitable business opportunities requires knowledge, for instance an understanding of profits,, whereas the decision to implement new business ideas requires the opportunities to do so and a mind-set that is conducive to business growth. In this way, differences in the effect of training on male and female entrepreneurs could stem from gender differences in business knowledge, mind-set, and external constraints. We have already shown that the business training had a positive and strong effect on the business knowledge of female and male entrepreneurs, and thus the observed heterogeneity in impact cannot be explained by females not benefitting from the course. In this section we provide a further discussion of whether differences in mind-set and household constraints can shed light on our findings, using evidence from both the surveys and the lab-experiment.

8.1 Mind-set constraints

The lab experiment, which was undertaken shortly after the completion of the training program, investigated different mind-set variables that were covered in the business training.[20] The first part of the training focused on the importance of developing an entrepreneurial character, which included having confidence in oneself and a competitive mind-set. Later, when discussing how to understand the business environment, there was great focus on how to understand and evaluate the risky nature of a business investment. Finally, the need for being patient was in focus when discussing business planning and the importance of having a long-term view and orientation in the business.

In the lab, we measured confidence and willingness to compete in a game where the clients answered a set of questions on five different topics that were unrelated to the training (sports, maths, politics, health, and geography). In the first round, the clients were paid a fixed amount of 250 TZS for each correct answer, and, as expected, the

[20] The complete lab instructions are provided in Appendix B-3.

training and the non-training group performed equally well (t-test of equality, p=0.581). Before the second round, the participants were asked about their expectations about own performance ("Are you better than, equal to, or worse than a typical microcredit client in answering questions on topic X"), which gave us a measure of confidence, and then, for each of the five topics, they had to choose whether to compete or not. If they decided to compete and performed better than the average microcredit client, they were paid 750 TZS per correct answer; if they performed worse, on the other hand, they were paid nothing. Alternatively, they could decide to work for the fixed rate of 250 TZS. The number of times they entered the competition gave us a measure of their willingness to compete.

Risk preferences were measured by the number of times the participant chose a risky alternative when a safe alternative was available. The participants were presented with four situations where they could choose between a risky alternative with two equally likely outcomes, 6000 TZS or nothing, and a safe alternative. The value of the safe alternative varied across situations, taking the values 1000 TZS, 1500 TZS, 2000 TZS and 2500 TZS. Time preferences were measured at the end of the experiment. The participants were given the choice of whether to pick up their participation fee one week after the lab, at which point they would receive 15 000 TZS, three weeks after the lab and receive 20 000 TZS, or five weeks after the lab and be given 25 000 TZS. Hence, by waiting four weeks their participation fee would increase by 67 percent. We here report their time preference by a dummy, which takes the value one if the participant chose the five-week option.

From Table 7, we observe that the business training indeed made the female entrepreneurs more confident, willing to take risks (even though this effect is not statistically significant), and patient, and actually eliminated the initial gender

differences in these dimensions.[21] But, as shown in column (2), these changes did not affect the female entrepreneurs' willingness to enter into a competitive environment. Even in the trained sample, there is a large and significant difference between the male and female entrepreneurs in the number of times they decide to compete, which suggests that the female entrepreneurs are more competition averse than male entrepreneurs.[22] This observation is in line with the literature on gender and competitiveness (Niederle and Vesterlund, 2007, Croson and Gneezy, 2009, Fletschner, Anderson, Cullen, 2010), and may shed light on the observed gender differences in business outcomes. Even though the female entrepreneurs benefitted from the training in terms of business knowledge, they may not have had a sufficiently competitive mind-set to actually implement the strategies necessary for business growth.

8.2 Household constraints

In Tanzania, as in most other countries, females face more binding external constraints on their activities than males. For instance, females typically have the main responsibility for the running of the household. One indication of this in our data is the fact that females spend on average ten hours less per week than men in their businesses. We also know that females more often than males operate their businesses in or close to their home, which suggests domestic commitments. In our long-term follow-up we asked them about distance between their main business and home, and more than twice as many females as males reported this distance to be zero (35 percent versus 16 percent).

[21] In the training group, there are no statistically significant differences between females and males when it comes to confidence, risk preferences, and time-preferences (t-tests of equality; p=0.289, p=0.676, p=0.678).

[22] Gender differences and treatment impacts on confidence and willingness to compete remains also if we adjust for knowledge in the first lab-round prior to confidence and competition choices.

Moreover, females may in some cases have a lesser say in decisions that are important for the household, including business decisions. One indication of this from our survey is the fact that females are less informed about their husbands' income than vice versa. In the short-term follow-up survey, we asked the married clients whether they knew what their spouse's income was in a normal month: 79 percent of the male entrepreneurs responded positively, whereas only 45 percent of the female entrepreneurs reported to have this information. In the follow-up surveys we also gathered anecdotal evidence suggesting that it husbands in some cases are in charge of businesses formally operated by female PRIDE members.

In order to explore household conflicts of interest more formally, we introduced the following experiment in the long-term follow-up survey:

> "To show our appreciation of your participation in this survey, the sponsors of this research program are organizing a lottery where you can win money. Each participant in the survey receives automatically one ticket in the lottery. The sponsors will randomly pick 5 tickets, and the owners of these tickets will receive a prize of 100 000 Tanzanian Shillings. The winners will be selected and contacted by phone later this year.
>
> If you wish, you may also sign up another person for this lottery. If you do so, then you and the other person get together two tickets in the lottery. Both of you will be contacted by phone if one of the tickets is picked as a winner, and we will come personally to your business and pay out the prize."

Our hypothesis is that if women are concerned with their husbands confiscating their money, they would be less inclined to sign up their spouse for the extra ticket.

Not surprisingly, almost everybody (97 percent) chose to sign up for the extra ticket. Interestingly, however, as shown in Figure 1 and in line with our hypothesis, among the married respondents significantly fewer women chose to sign up their husbands

(38 percent for females, 49 percent for males, p=0.037), and instead typically chose to sign up their children.[23]

Another interesting piece of evidence on household dynamics comes from the long-term follow-up survey where we ask the respondents about other sources of income, including employment, remittances and other support from family, and support from the spouse. Focusing on support from the spouse, we find that female entrepreneurs, as we should expect, receive more from their husbands than male entrepreneurs receive from their wives. However, we find clear evidence of a crowding out effect for females who have received training or a business grant: trained female entrepreneurs report receiving on average 24 000 TZS less and female entrepreneurs who got the business grant 27 000 TZS less from their husbands. Note that these responses apply to the situation more than two years after the completion of the training and the distribution of grants. This evidence of a crowding out effect is supported by in-depth interviews: As documented by Lyamai (2011, p. 46) "...most female micro enterprises never expand due to family responsibilities. In most cases when a husband sees his wife generating high income, this creates a tendency of dependence and leaves all the family's responsibilities to her since women never run away from their family…"

It seems reasonable to assume that domestic obligations, lack of influence over business decisions, and crowding out effects make females less able to implement business knowledge from the training program or benefit from long-term credit. Moreover, we find no treatment effect of the business training on the variables discussed in this section, which indicates that training has not empowered and eased the external constraints on business growth faced by the female entrepreneurs.

[23] Our results are in line with Ashraf (2009), which in an experimental study from the Philippines confirms that spouses with weak control over household financial decisions hide income from their partners.

9. CONCLUDING REMARKS

Our study has shown that a human capital intervention in the form of business training can have a powerful effect on business performance of poor microenterpreneurs. In contrast, a comparable infusion of long-term financial capital had no effect on the business performance. This suggests that human capital is a fundamental constraint for microenterprise development and more binding than the long-term financial capital constraint. In particular, our data suggest that business training has enabled the entrepreneurs to better identify profitable business opportunities, which has led to changes in business practices and ultimately to higher sales, profits and happiness. In contrast, without the necessary business knowledge, the investments created by the business grant did not generate any measurable returns.

The positive effect of the business training, however, is contingent on gender. Even though the female entrepreneurs benefitted from the training in terms of business knowledge, we do not find a positive effect on their business performance. Deeper factors than lack of business knowledge thus seem to constrain the development of female owned microenterprises. We report evidence of the female and male entrepreneurs differing fundamentally in terms of both mind-set and household constraints, which may indicate that more comprehensive measures are necessary in order to promote development among female entrepreneurs, paying greater attention to their motivation for being involved in business activities and to external constraints that may limit their opportunities.

The present study has focused on the effects on business outcomes, but another important question is whether such interventions have an impact on household welfare. In the follow-up surveys we collected a small set of questions on the household situation. In the short-term survey we do not observe any effect on household outcomes, which may reflect that it takes time for improvements in

business to spill over to the household, but in the long-term survey we find effects that are significant and consistent with the long-term effects on business performance. Trained male entrepreneurs report to have made significantly more family investments the last year, that the family has better living conditions than two years ago, and that they are happier with life in general. This suggests that the business training intervention not only contributed to better business performance, but also generated household welfare improvements.

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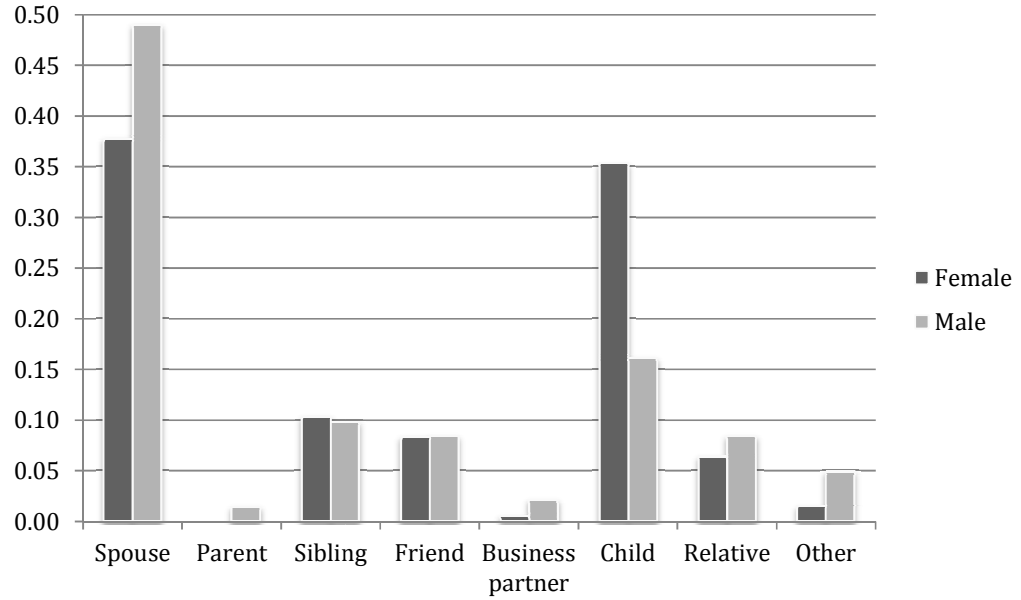
Figure 1: Recipient of lottery ticket



Note: The figure shows who married entrepreneurs decided to give their free lottery ticket to.

Table 1: Baseline values by gender

	Obs.	Means		P-value
		Female	Males	(2)=(3)
	(1)	(2)	(3)	(4)
Sales	644	2187.640	3062.518	0.01
Profit	644	531.436	618.217	0.03
Businesses	644	1.547	1.527	0.70
Commerce	644	0.697	0.703	0.88
Service	644	0.441	0.257	0.00
Manufacturing	644	0.111	0.234	0.00
Employees	644	1.033	1.180	0.28
PRIDE loan	644	772.275	766.667	0.78
Investments	644	172.177	249.937	0.11
Net borrower	644	0.488	0.486	0.97
Record keeping	644	0.661	0.667	0.89
License	644	0.171	0.207	0.29
Marketing	644	0.485	0.498	0.57
Business knowledge	644	0.694	0.722	0.04
Work hours	644	59.483	67.919	0.00
Age	644	37.924	37.302	0.40
Education	644	8.040	7.734	0.07
Muslim	644	0.626	0.730	0.01

Note: The table reports average values from the baseline survey in 2008 for clients reached in the follow up surveys. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table 2: Verification of randomization

		Means		p-value	Means		p-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	644	2637.711	2337.953	0.31	2458.584	2536.898	0.79
Profit	644	575.777	546.655	0.40	552.695	574.816	0.56
Businesses	644	1.495	1.586	0.06	1.548	1.528	0.68
Commerce	644	0.692	0.705	0.73	0.719	0.667	0.16
Service	644	0.357	0.398	0.30	0.370	0.389	0.66
Manufacturing	644	0.148	0.160	0.68	0.161	0.143	0.55
Employees	644	1.040	1.129	0.51	1.117	1.032	0.50
PRIDE loan	644	779.385	761.129	0.35	767.347	775.000	0.70
Investments	644	213.405	184.290	0.51	197.917	200.640	0.96
Net borrower	644	0.471	0.505	0.38	0.487	0.488	0.98
Record keeping	644	0.658	0.668	0.81	0.689	0.623	0.11
License	644	0.182	0.185	0.91	0.179	0.190	0.70
Marketing	644	0.520	0.459	0.02	0.494	0.483	0.66
Business knowledge	644	0.700	0.708	0.50	0.703	0.705	0.92
Work hours	644	59.394	65.445	0.01	62.793	61.766	0.67
Age	644	38.108	37.304	0.25	37.176	38.540	0.05
Education	644	8.062	7.806	0.13	7.967	7.885	0.66
Muslim	644	0.634	0.690	0.17	0.702	0.599	0.02

Note: The table reports average values from the baseline survey in 2008 by treatment arm. No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table 3: Knowledge & Investments

	(1) Knowledge Short Term	(2) Knowledge Long Term	(3) Investments Short Term	(4) Investments Long Term
Training	0.256*	0.251*	0.038	0.006
	(0.150)	(0.136)	(0.074)	(0.067)
Training*Female	-0.037	-0.052	0.046	0.004
	(0.185)	(0.165)	(0.091)	(0.081)
Grant	0.163	-0.172	0.261***	0.097
	(0.149)	(0.137)	(0.075)	(0.070)
Grant*Female	-0.023	0.167	-0.130	-0.041
	(0.185)	(0.165)	(0.091)	(0.082)
Female	-0.158	-0.123	0.089	0.001
	(0.154)	(0.140)	(0.079)	(0.067)
Constant	2.042***	2.473***	0.177	0.303***
	(0.286)	(0.264)	(0.121)	(0.117)
Sum Female Training	0.220**	0.199**	0.084	0.010
	(0.110)	(0.093)	(0.052)	(0.049)
Sum Female Grant	0.140	-0.005	0.131**	0.056
	(0.113)	(0.095)	(0.053)	(0.051)
Observations	530	563	530	563

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings and the lagged dependent variable. Knowledge, Short Term in column (1) is a variable which is constructed based on performance on a multiple-choice test on key business concepts and a performance on a business plan competition. The variable is measured in standard deviations. Knowledge, Long Term (2), is from a business knowledge multiple choice test, measured in standard deviations. Investments, Short Term (3) is a dummy indicating whether any investment had been made between the baseline and the short term follow up, while Investments, Long term is a dummy indicating whether any investments had been made between the short and the long term survey. Note that the lagged dependent variable does not include the business plan competition (not held in baseline). Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table 4: Main Outcomes

	(1) Sales Short Term	(2) Sales Long Term	(3) Sales Combined	(4) Profit Short Term	(5) Profit Long Term	(6) Profit Combined	(7) Happy as Entre-preneur	(8) Living conditions
Training	0.283**	0.264*	0.313***	0.245**	0.059	0.165*	0.384***	0.223**
	(0.119)	(0.158)	(0.113)	(0.112)	(0.140)	(0.098)	(0.112)	(0.101)
Training*Female	-0.343**	-0.301	-0.345**	-0.339**	-0.016	-0.192	-0.360***	-0.363***
	(0.159)	(0.193)	(0.149)	(0.151)	(0.177)	(0.134)	(0.138)	(0.130)
Grant	-0.062	-0.014	-0.050	0.062	0.089	0.054	0.095	0.124
	(0.129)	(0.156)	(0.117)	(0.120)	(0.136)	(0.098)	(0.110)	(0.104)
Grant*Female	0.093	0.022	0.117	-0.048	-0.028	0.048	-0.183	-0.063
	(0.161)	(0.192)	(0.147)	(0.153)	(0.174)	(0.130)	(0.135)	(0.132)
Female	0.146	0.016	0.030	0.147	-0.091	-0.017	0.289**	0.121
	(0.129)	(0.164)	(0.126)	(0.123)	(0.146)	(0.108)	(0.115)	(0.107)
Constant	12.912***	12.831***	13.002***	11.873***	11.869***	11.934***	2.242***	2.607***
	(0.221)	(0.278)	(0.218)	(0.213)	(0.241)	(0.193)	(0.191)	(0.161)
Sum Female Training	-0.060	-0.037	-0.032	-0.094	0.043	-0.026	0.024	-0.140*
	(0.095)	(0.116)	(0.093)	(0.091)	(0.113)	(0.089)	(0.080)	(0.081)
Sum Female Grant	0.031	0.008	0.067	0.015	0.062	0.102	-0.089	0.062
	(0.091)	(0.121)	(0.091)	(0.090)	(0.119)	(0.088)	(0.090)	(0.084)
Observations	526	525	591	526	525	591	525	525

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings and the lagged dependent variable (not available in (7-8). All sales and profit variables (1) – (6) are logged. Sales and profit is stated values. The combined variables are the figures from the short term plus the figures from the long term, divided by 2 if no attrition, and divided by 1 if either the short or the long-term outcome is missing. Both "happy as entrepreneur" (7) and living conditions (8) is self reported on a scale 1-5 where a higher number indicates the client is more happy/satisfied. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table 5: Business practices: Choice of sector

	(1) Commerce Short Term	(2) Commerce Long Term	(3) Service Short Term	(4) Service Long Term	(5) Manufacturing Short Term	(6) Manufacturing Long Term
Training	0.194**	0.267***	0.068	0.111	-0.074	-0.063
	(0.089)	(0.101)	(0.075)	(0.078)	(0.049)	(0.051)
Training*Female	-0.136	-0.151	-0.047	-0.113	0.036	-0.030
	(0.116)	(0.129)	(0.099)	(0.109)	(0.056)	(0.063)
Grant	0.075	0.009	0.127	0.251***	-0.020	-0.043
	(0.092)	(0.094)	(0.078)	(0.083)	(0.048)	(0.052)
Grant*Female	-0.258**	-0.142	-0.175*	-0.271**	0.020	0.128**
	(0.116)	(0.124)	(0.100)	(0.106)	(0.052)	(0.061)
Female	0.276***	0.265**	0.208**	0.302***	-0.087*	-0.084
	(0.088)	(0.112)	(0.085)	(0.095)	(0.053)	(0.054)
Constant	0.293*	0.595***	0.018	0.077	0.176**	0.203**
	(0.167)	(0.172)	(0.144)	(0.159)	(0.081)	(0.093)
Sum Female Training	0.058	0.117	0.021	-0.002	-0.039	-0.092***
	(0.068)	(0.081)	(0.062)	(0.077)	(0.029)	(0.032)
Sum Female Grant	-0.184***	-0.133	-0.048	-0.020	0.000	0.086**
	(0.068)	(0.084)	(0.068)	(0.079)	(0.028)	(0.034)
Observations	526	525	526	525	526	525

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings and the lagged dependent variable (not available in (7-8). Commerce (1) & (2), service (3) & (4) and manufacturing (5) & (6) are dummy variables indicating if the client is active in this sector. A client can be involved in several sectors. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table 6: Other business practices

	(1) Marketing Short Term	(2) Marketing Long Term	(3) Record Keeping Short T.	(4) Record Keeping Long T.	(5) Fired Short Term	(6) Fired Long Term	(7) Bonus Short Term	(8) Bonus Long Term	(9) Loans Short Term	(10) Loans Long Term	(11) Share Cons. Short T.	(12) Share Cons. Long T.
Training	0.123***	0.039	0.228***	0.077	0.208**	0.175	0.162	-0.031	134.640*	33.242	-0.091*	-0.061
	(0.044)	(0.049)	(0.062)	(0.068)	(0.089)	(0.149)	(0.151)	(0.175)	(69.913)	(57.190)	(0.046)	(0.047)
Training*Female	-0.053	-0.041	-0.031	-0.100	-0.137	-0.406**	0.003	0.089	-140.346*	-51.651	0.083	0.070
	(0.054)	(0.058)	(0.078)	(0.084)	(0.111)	(0.186)	(0.170)	(0.204)	(82.607)	(80.399)	(0.059)	(0.060)
Grant	0.015	0.086	-0.039	-0.056	-0.055	-0.064	-0.200	-0.176	-89.659	-8.008	-0.013	0.025
	(0.044)	(0.053)	(0.060)	(0.062)	(0.100)	(0.150)	(0.150)	(0.173)	(75.847)	(63.348)	(0.050)	(0.047)
Grant*Female	-0.009	-0.074	0.098	0.023	0.224*	0.296	0.339**	0.124	81.275	-13.803	-0.057	-0.011
	(0.052)	(0.062)	(0.076)	(0.083)	(0.121)	(0.185)	(0.164)	(0.202)	(83.439)	(81.480)	(0.060)	(0.060)
Female	0.027	0.048	-0.040	0.055	-0.023	0.093	-0.175	-0.025	36.118	41.003	0.030	0.008
	(0.044)	(0.051)	(0.073)	(0.065)	(0.073)	(0.157)	(0.160)	(0.184)	(65.694)	(79.078)	(0.052)	(0.053)
Constant	0.372***	0.267***	0.253**	0.354***	-0.011	-0.244	-0.046	-0.122	292.726**	176.512	0.364***	0.163*
	(0.081)	(0.084)	(0.110)	(0.122)	(0.158)	(0.242)	(0.168)	(0.283)	(123.442)	(114.060)	(0.084)	(0.085)
Sum Female Tr.	0.070**	-0.002	0.197***	-0.022	0.071	-0.231**	0.165**	0.058	-5.706	-18.409	-0.007	0.009
	(0.031)	(0.034)	(0.048)	(0.051)	(0.060)	(0.105)	(0.075)	(0.115)	(46.314)	(61.391)	(0.037)	(0.037)
Sum Female Gr.	0.005	0.011	0.059	-0.033	0.170**	0.233**	0.138*	-0.051	-8.383	-21.811	-0.070*	0.014
	(0.032)	(0.034)	(0.048)	(0.053)	(0.070)	(0.108)	(0.078)	(0.111)	(49.918)	(59.488)	(0.039)	(0.039)
Observations	526	525	526	525	526	525	526	525	526	525	526	525

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings and the lagged dependent variable (not available in 11 and 12). Marketing is an index of three marketing initiatives. Record keeping is an indicator variable taking the value one if the entrepreneur reports keeping records. Fired is the number of fired employees the last year, while bonus the number of employees given a bonus the last year. Total loans are the total loans in 1000 Tanzanian Shillings at the microfinance institution and other sources. Share consumption loan usage is the share of the last PRIDE-loan that was spent on consumption goods, and not saved or invested. . Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

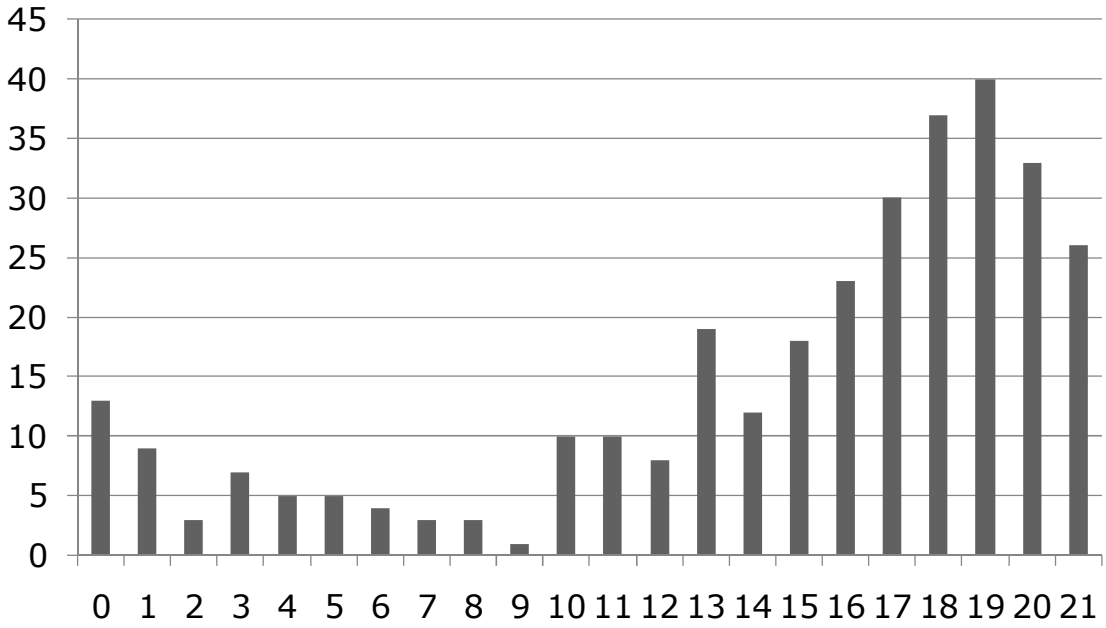
Table 7: Mindset in the Lab

	(1) Confidence	(2) Willingness to Compete	(3) Risk Attitude	(4) Time Preference
Training	-0.468	0.045	-0.842***	-0.016
	(0.466)	(0.495)	(0.315)	(0.121)
Training*Female	1.180**	0.065	1.085***	0.172
	(0.577)	(0.627)	(0.394)	(0.146)
Female	-1.651***	-1.255**	-0.896***	-0.124
	(0.353)	(0.493)	(0.279)	(0.101)
Constant	-0.050	3.052***	2.102***	0.713***
	(0.685)	(0.865)	(0.536)	(0.193)
Sum Female Training	0.712**	0.110	0.243	0.156*
	(0.330)	(0.396)	(0.233)	(0.086)
Observations	211	211	211	211

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings. Confidence (1) is measured on a scale from minus one (worse than others) to one (better than others), willingness to compete (2) is measured as the number of times the entrepreneur decides to compete, risk (3) is measured as the number of times the entrepreneur chooses the risky alternative, and time (4) is a dummy taking the value one if the entrepreneur decides to wait with the payment for five weeks. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Appendix A (not for publication, to be posted on the web)

Figure 1A: Attendance at training sessions



Note. The figure shows the distribution of attendance at the training program, with the number of entrepreneurs on the vertical axis and the number of lectures attended on the horizontal axis.

Table A1: Baseline values by gender, short-term & long-term samples

	Short-term follow up				Long-term follow up			
		Means		P-value		Means		P-value
	Obs.	Female	Male	(2)=(3)	Obs.	Female	Male	(6)=(7)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sales	526	2002.287	2982.063	0.00	525	2235.757	2761.149	0.10
Profit	526	509.379	611.984	0.01	525	534.364	608.208	0.08
Businesses	526	1.531	1.546	0.79	525	1.574	1.519	0.35
Commerce	526	0.671	0.667	0.93	525	0.691	0.692	0.99
Service	526	0.452	0.268	0.00	525	0.462	0.265	0.00
Manufacturing	526	0.111	0.262	0.00	525	0.106	0.238	0.00
Employees	526	1.035	1.230	0.21	525	1.071	1.108	0.80
Pride loan	526	777.843	770.492	0.74	525	774.706	765.405	0.67
Investments	526	179.788	274.022	0.10	525	171.941	248.935	0.13
Net borrower	526	0.493	0.492	0.98	525	0.476	0.476	0.99
Record keeping	526	0.659	0.661	0.96	525	0.656	0.665	0.84
License	526	0.175	0.224	0.22	525	0.171	0.211	0.30
Marketing	526	0.483	0.495	0.65	525	0.475	0.503	0.30
Business knowledge	526	0.695	0.721	0.07	525	0.697	0.720	0.14
Work hours	526	59.032	69.486	0.00	525	59.744	69.789	0.00
Age	526	38.152	37.727	0.61	525	38.279	37.368	0.28
Education	526	8.052	7.787	0.15	525	8.050	7.800	0.18
Muslim	526	0.633	0.732	0.02	525	0.618	0.724	0.14

Note: The table reports average values from the baseline survey in 2008 for clients reached in the follow up surveys. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A2: Verification of randomization (female)

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	422	2379.989	1970.034	0.26	2167.519	2218.980	0.89
Profit	422	549.133	511.416	0.36	519.798	549.564	0.51
Businesses	422	1.518	1.581	0.28	1.572	1.509	0.29
Commerce	422	0.705	0.687	0.69	0.716	0.667	0.29
Service	422	0.411	0.475	0.20	0.440	0.442	0.96
Manufacturing	422	0.098	0.126	0.36	0.128	0.085	0.14
Employees	422	1.004	1.066	0.71	1.039	1.024	0.93
PRIDE loan	422	773.214	771.212	0.93	769.261	776.970	0.75
Investments	422	191.783	149.997	0.41	151.897	203.766	0.41
Net borrower	422	0.487	0.490	0.95	0.475	0.509	0.49
Record keeping	422	0.674	0.646	0.57	0.693	0.612	0.11
License	422	0.174	0.167	0.84	0.160	0.188	0.46
Marketing	422	0.507	0.460	0.12	0.488	0.481	0.83
Business knowledge	422	0.693	0.696	0.88	0.696	0.691	0.73
Work hours	422	55.964	63.465	0.01	61.292	56.667	0.11
Age	422	38.442	37.338	0.17	37.257	38.964	0.03
Education	422	8.281	7.768	0.01	8.062	8.006	0.81
Muslim	422	0.598	0.657	0.25	0.646	0.594	0.34

Note: The table reports average values from the baseline survey in 2008 by treatment arm. No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A3: Verification of randomization (male)

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	222	3209.294	2940.001	0.59	3012.684	3139.846	0.80
Profit	222	634.869	604.318	0.65	615.323	622.709	0.92
Businesses	222	1.446	1.595	0.08	1.504	1.563	0.50
Commerce	222	0.663	0.736	0.28	0.726	0.667	0.37
Service	222	0.238	0.273	0.56	0.237	0.287	0.42
Manufacturing	222	0.257	0.215	0.47	0.222	0.253	0.62
Employees	222	1.119	1.231	0.61	1.267	1.046	0.28
PRIDE loan	222	793.069	744.628	0.15	763.704	771.264	0.83
Investments	222	261.356	240.405	0.80	285.526	194.713	0.24
Net borrower	222	0.436	0.529	0.16	0.511	0.448	0.35
Record keeping	222	0.624	0.702	0.22	0.681	0.644	0.56
License	222	0.198	0.215	0.77	0.215	0.195	0.74
Marketing	222	0.548	0.457	0.02	0.506	0.487	0.61
Business knowledge	222	0.714	0.728	0.51	0.716	0.731	0.50
Work hours	222	67.000	68.686	0.65	65.652	71.437	0.13
Age	222	37.366	37.248	0.93	37.022	37.736	0.60
Education	222	7.574	7.868	0.28	7.785	7.655	0.65
Muslim	222	0.713	0.744	0.61	0.807	0.609	0.00

Note: The table reports average values from the baseline survey in 2008 by treatment arm. No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A4: Verification of randomization, short-term follow up-sample

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	526	2322.146	2363.543	0.87	2203.990	2536.732	0.22
Profit	526	552.560	537.816	0.68	535.130	558.910	0.53
Businesses	526	1.502	1.569	0.21	1.546	1.523	0.67
Commerce	526	0.668	0.670	0.96	0.693	0.636	0.19
Service	526	0.375	0.401	0.55	0.379	0.400	0.65
Manufacturing	526	0.151	0.176	0.44	0.176	0.145	0.36
Employees	526	1.035	1.169	0.38	1.147	1.041	0.46
Pride loan	526	781.853	768.914	0.55	776.797	773.182	0.87
Investments	526	225.334	200.194	0.64	211.516	214.043	0.97
Net borrower	526	0.471	0.513	0.31	0.497	0.486	0.80
Record keeping	526	0.649	0.670	0.61	0.683	0.627	0.21
License	526	0.189	0.195	0.88	0.183	0.205	0.54
Marketing	526	0.512	0.463	0.07	0.487	0.488	0.97
Business knowledge	526	0.697	0.711	0.32	0.703	0.705	0.88
Work hours	526	59.768	65.483	0.02	63.033	62.164	0.73
Age	526	38.317	37.700	0.42	37.516	38.682	0.13
Education	526	8.077	7.846	0.23	7.993	7.914	0.69
Muslim	526	0.649	0.685	0.41	0.716	0.600	0.01

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the short-term follow up sample (excluding those out of business). No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A5: Verification of randomization, short-term follow up-sample, females

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	343	2066.401	1930.653	0.64	1855.284	2210.369	0.27
Profit	343	524.218	492.799	0.45	498.602	524.632	0.55
Businesses	343	1.514	1.549	0.57	1.557	1.493	0.31
Commerce	343	0.691	0.648	0.42	0.697	0.634	0.23
Service	343	0.425	0.481	0.32	0.448	0.458	0.86
Manufacturing	343	0.094	0.130	0.29	0.129	0.085	0.17
Employees	343	1.011	1.062	0.79	1.035	1.035	1.00
Pride loan	343	774.586	781.481	0.79	777.612	778.169	0.98
Investments	343	199.014	158.308	0.51	149.144	223.165	0.31
Net borrower	343	0.481	0.506	0.62	0.478	0.514	0.48
Record keeping	343	0.663	0.654	0.87	0.687	0.620	0.23
License	343	0.166	0.185	0.64	0.154	0.204	0.25
Marketing	343	0.497	0.467	0.37	0.478	0.491	0.70
Business knowledge	343	0.691	0.699	0.64	0.694	0.697	0.84
Work hours	343	54.972	63.568	0.01	60.423	57.063	0.29
Age	343	38.569	37.685	0.30	37.642	38.873	0.15
Education	343	8.260	7.821	0.06	8.065	8.035	0.91
Muslim	343	0.613	0.654	0.47	0.667	0.585	0.17

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the short-term follow up sample (excluding those out of business) . No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A6: Verification of randomization, short-term follow up-sample, males

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	183	2915.607	3031.430	0.82	2871.512	3130.881	0.60
Profit	183	618.328	607.271	0.88	605.055	621.312	0.82
Businesses	183	1.474	1.600	0.20	1.524	1.577	0.59
Commerce	183	0.615	0.705	0.25	0.686	0.641	0.55
Service	183	0.256	0.276	0.77	0.248	0.295	0.47
Manufacturing	183	0.282	0.248	0.61	0.267	0.256	0.88
Employees	183	1.090	1.333	0.33	1.362	1.051	0.17
Pride loan	183	798.718	749.524	0.18	775.238	764.103	0.77
Investments	183	286.410	264.819	0.81	330.914	197.436	0.14
Net borrower	183	0.449	0.524	0.29	0.533	0.436	0.17
Record keeping	183	0.615	0.695	0.26	0.676	0.641	0.63
License	183	0.244	0.210	0.61	0.238	0.205	0.62
Marketing	183	0.547	0.457	0.04	0.505	0.483	0.61
Business knowledge	183	0.711	0.728	0.47	0.721	0.720	0.96
Work hours	183	70.897	68.438	0.53	68.029	71.449	0.40
Age	183	37.731	37.724	1.00	37.276	38.333	0.48
Education	183	7.654	7.886	0.42	7.857	7.692	0.59
Muslim	183	0.731	0.733	0.97	0.810	0.628	0.01

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the short-term follow up sample (excluding those out of business) . No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A7: Verification of randomization, long-term follow up-sample

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	525	2498.299	2346.668	0.65	2306.237	2582.362	0.41
Profit	525	561.432	559.382	0.96	549.689	575.449	0.53
Businesses	525	1.521	1.586	0.25	1.567	1.537	0.60
Commerce	525	0.693	0.690	0.96	0.720	0.651	0.11
Service	525	0.381	0.403	0.62	0.384	0.404	0.68
Manufacturing	525	0.144	0.160	0.61	0.156	0.147	0.77
Employees	525	1.016	1.149	0.36	1.107	1.050	0.68
Pride loan	525	785.603	757.836	0.20	763.192	783.028	0.36
Investments	525	221.998	177.087	0.32	202.353	194.451	0.86
Net borrower	525	0.459	0.493	0.43	0.472	0.482	0.83
Record keeping	525	0.646	0.672	0.54	0.681	0.628	0.24
License	525	0.175	0.194	0.58	0.169	0.206	0.29
Marketing	525	0.516	0.455	0.02	0.491	0.477	0.61
Business knowledge	525	0.699	0.711	0.38	0.706	0.704	0.91
Work hours	525	61.237	65.246	0.11	64.254	61.917	0.36
Age	525	38.265	37.664	0.45	37.235	38.977	0.03
Education	525	8.105	7.825	0.12	8.033	7.862	0.38
Muslim	525	0.638	0.672	0.46	0.707	0.583	0.01

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the long-term follow up sample (excluding those out of business) . No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A8: Verification of randomization, long-term follow up-sample, females

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	340	2428.676	2026.268	0.37	2225.975	2250.429	0.96
Profit	340	543.485	524.459	0.68	531.503	538.656	0.89
Businesses	340	1.554	1.595	0.53	1.613	1.515	0.15
Commerce	340	0.706	0.675	0.54	0.725	0.640	0.10
Service	340	0.441	0.485	0.44	0.451	0.478	0.65
Manufacturing	340	0.090	0.123	0.34	0.123	0.081	0.21
Employees	340	1.051	1.092	0.83	1.078	1.059	0.91
Pride loan	340	781.921	766.871	0.56	765.686	788.235	0.38
Investments	340	191.054	151.187	0.40	157.360	193.812	0.51
Net borrower	340	0.475	0.479	0.94	0.461	0.500	0.47
Record keeping	340	0.661	0.650	0.84	0.686	0.610	0.17
License	340	0.169	0.172	0.96	0.147	0.206	0.16
Marketing	340	0.495	0.454	0.22	0.475	0.475	1.00
Business knowledge	340	0.696	0.699	0.83	0.703	0.689	0.42
Work hours	340	56.633	63.123	0.04	61.799	56.662	0.10
Age	340	38.746	37.773	0.28	37.338	39.691	0.01
Education	340	8.305	7.773	0.02	8.108	7.963	0.55
Muslim	340	0.605	0.632	0.63	0.652	0.566	0.15

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the long-term follow up sample (excluding those out of business) . No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A9: Verification of randomization, long-term follow up-sample, males

		Means		P-value	Means		P-value
	Obs.	NO BT	BT	(2)=(3)	NO BG	BG	(5)=(6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales	185	2652.342	2844.049	0.64	2465.203	3132.885	0.13
Profit	185	601.138	613.595	0.86	585.707	636.471	0.48
Businesses	185	1.450	1.571	0.21	1.476	1.573	0.33
Commerce	185	0.662	0.714	0.48	0.709	0.671	0.60
Service	185	0.250	0.276	0.69	0.252	0.280	0.66
Manufacturing	185	0.263	0.219	0.51	0.223	0.256	0.62
Employees	185	0.938	1.238	0.15	1.165	1.037	0.52
Pride loan	185	793.750	743.810	0.18	758.252	774.390	0.66
Investments	185	290.462	217.295	0.41	291.466	195.512	0.26
Net borrower	185	0.425	0.514	0.22	0.495	0.451	0.54
Record keeping	185	0.613	0.705	0.18	0.670	0.659	0.87
License	185	0.188	0.229	0.53	0.214	0.207	0.92
Marketing	185	0.563	0.457	0.01	0.521	0.480	0.32
Business knowledge	185	0.707	0.729	0.36	0.712	0.730	0.43
Work hours	185	71.425	68.543	0.46	69.117	70.634	0.71
Age	185	37.200	37.495	0.83	37.029	37.793	0.61
Education	185	7.662	7.905	0.40	7.883	7.695	0.53
Muslim	185	0.713	0.733	0.76	0.816	0.610	0.00

Note: The table reports average values from the baseline survey in 2008 by treatment arm using the long-term follow up sample (excluding those out of business) . No BT: Did not receive business training. No BG: Did not receive business grant. P-value is from a two-sided t-test of equality. Sales: Monthly sales in the businesses of the entrepreneur, in thousand TZS. Profit: Monthly profit in the businesses of the entrepreneur, in thousand TZS. Businesses: No. of businesses of the entrepreneur. Commerce, Service, and Manufacturing: Share of clients involved in each of these sectors. Employees: Number of employees in the businesses of the entrepreneur. PRIDE loan: Size of loan in PRIDE, in thousand TZS. Investments: Investments in the businesses of the entrepreneur in the last 12 months, excluding additions to stocks, in thousand TZS. Net borrower: Indicator variable taking the value one if the sum of all loans are larger than all savings. Record keeping: Indicator variable taking the value one if the entrepreneur reports keeping records. License: Indicator variable taking the value one if at least one of the businesses of the entrepreneur has a formal license provided. Marketing: An index of marketing initiatives made by entrepreneur the last year, from zero (no initiatives) to one (initiatives on three dimensions). Business knowledge: Test of business skills, share of correct answers. Work hours: Works hours per week in the client's businesses. Age: The age of the entrepreneur, in number of years. Education: The number of years of schooling of the entrepreneur. Muslim: Indicator variable taking the value one if the entrepreneur is Muslim.

Table A10: Day of loan meeting as determinants of sales and profits

	(1) Sales	(2) Sales females	(3) Sales males	(4) Profit	(5) Profit females	(6) Profit males
Monday	0.132	0.109	0.197	0.163*	0.117	0.270
	(0.122)	(0.138)	(0.234)	(0.095)	(0.113)	(0.167)
Tuesday	0.126	0.109	0.048	0.168*	0.122	0.192
	(0.114)	(0.136)	(0.194)	(0.095)	(0.121)	(0.151)
Wednesday	0.013	0.146	-0.266	0.034	0.119	-0.151
	(0.122)	(0.136)	(0.235)	(0.100)	(0.113)	(0.185)
Constant	14.138***	14.009***	14.409***	12.844***	12.796***	12.944***
	(0.088)	(0.098)	(0.162)	(0.073)	(0.082)	(0.133)
Observations	644	422	222	644	422	222
F	0.743	0.425	1.326	1.738	0.530	2.785
P	0.527	0.736	0.268	0.159	0.662	0.0425

*Note: The table reports ITT regressions where the log of sales and profits are regressed on day of loan meeting. F denotes the F-test of whether the different days of meeting are different, while p is the corresponding P-value. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table A11: Hour of loan meeting as determinant of sales and profits

	(1) Sales	(2) Sales females	(3) Sales males	(4) Profit	(5) Profit females	(6) Profit males
09:00	0.045	-0.056	0.186	0.074	-0.061	0.302**
	(0.113)	(0.131)	(0.211)	(0.086)	(0.109)	(0.146)
10:00	-0.054	-0.024	-0.104	0.008	-0.073	0.173
	(0.108)	(0.123)	(0.208)	(0.090)	(0.104)	(0.161)
12:00	0.077	0.030	0.179	0.087	-0.012	0.283*
	(0.119)	(0.138)	(0.222)	(0.095)	(0.117)	(0.159)
Constant	14.191***	14.112***	14.343***	12.895***	12.922***	12.844***
	(0.075)	(0.084)	(0.152)	(0.060)	(0.070)	(0.114)
Observations	644	422	222	644	422	222
F	0.469	0.126	0.920	0.467	0.219	1.647
P	0.704	0.945	0.432	0.705	0.883	0.181

*Note: The table reports ITT regressions where the log of sales and profits are regressed on hour of loan meeting. F denotes the F-test of whether the different meeting-hours are different, while p is the corresponding P-value. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table A12: Attrition

	(1) Short Term Attrition	(2) Long Term Attrition	(3) Average Attrition
Training	0.094*	0.054	0.065*
	(0.053)	(0.041)	(0.034)
Training*Female	-0.081	-0.033	-0.057
	(0.069)	(0.052)	(0.043)
Grant	0.128**	0.117***	0.084***
	(0.051)	(0.036)	(0.029)
Grant*Female	-0.046	-0.095**	-0.070*
	(0.064)	(0.047)	(0.039)
Female	0.047	0.028	0.051
	(0.064)	(0.049)	(0.042)
Marketing Index	-0.001	0.004	0.010
	(0.018)	(0.014)	(0.012)
PRIDE loan	0.000	-0.000	-0.000
	(0.000)	(0.000)	(0.000)
Nr of businesses	-0.011	0.025	0.012
	(0.024)	(0.018)	(0.015)
Branch	0.014	-0.001	-0.003
	(0.032)	(0.025)	(0.020)
Work hours	0.000	0.000	0.000
	(0.001)	(0.000)	(0.000)
Sales	-0.005	-0.020***	-0.010*
	(0.008)	(0.008)	(0.006)
Sales^2	-0.002	0.003***	0.002*
	(0.001)	(0.001)	(0.001)
Borrower	0.018	-0.021	-0.004
	(0.029)	(0.024)	(0.018)
Constant	0.669***	0.874***	0.864***
	(0.093)	(0.074)	(0.067)
Sum Female Tr.	0.013	0.021	0.007
	(0.039)	(0.032)	(0.025)
Sum Female Grant	0.083**	0.022	0.013
	(0.037)	(0.032)	(0.025)
Observations	644	627	644

*Note: The dependent variable is a dummy variable with the value of one if the client was reached in the short term (column 1), long term (column 2) or in either of them (column 3). Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Other variables are the usual covariates; gender, sales, the square of sales, number of businesses, marketing index, PRIDE branch, PRIDE loan size, hours worked per week, a dummy indicating net borrowing and the lagged dependent variable. Note that in the long term analysis we do not consider clients whom were dead at the time of the survey, thereby a lower sample size here (such information was not available at the short term follow up. Standard errors clustered at loan group in parentheses. * p<0.10, ** p<0.05, *** p<0.01.*

Table A13: Main Outcomes, no gender interactions

	(1) Sales Short Term	(2) Sales Long Term	(3) Sales Combined	(4) Profit Short Term	(5) Profit Long Term	(6) Profit Combined	(7) Happy as Entre-preneur	(8) Living conditions
Training	0.060	0.068	0.088	0.022	0.048	0.040	0.145**	-0.016
	(0.073)	(0.094)	(0.071)	(0.069)	(0.089)	(0.066)	(0.066)	(0.064)
Grant	-0.001	-0.003	0.025	0.030	0.071	0.084	-0.029	0.079
	(0.074)	(0.098)	(0.073)	(0.072)	(0.093)	(0.068)	(0.075)	(0.066)
Constant	-0.001	-0.138	-0.109	-0.057	-0.112	-0.101	0.014	-0.103
	(0.082)	(0.101)	(0.078)	(0.077)	(0.093)	(0.069)	(0.073)	(0.070)
Observations	526	525	591	526	525	591	525	525

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment and a set of covariates. Covariates include gender, sales, the square of sales, number of businesses An index of marketing initiatives, PRIDE branch, Size of loan in PRIDE, work hours, an Indicator variable taking the value one if the sum of all loans are larger than all savings and the lagged dependent variable (not available in (7-8). All sales and profit variables (1) – (6) are logged. Sales and profit is stated values. The combined variables are the figures from the short term plus the figures from the long term, divided by 2 if no attrition, and divided by 1 if either the short or the long-term outcome is missing. Both "happy as entrepreneur" (7) and living conditions (8) is self reported on a scale 1-5 where a higher number indicates the client is more happy/satisfied. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table A14: Main Outcomes, no covariates

	(1) Sales Short Term	(2) Sales Long Term	(3) Sales Combined	(4) Profit Short Term	(5) Profit Long Term	(6) Profit Combined	(7) Happy as Entre-preneur	(8) Living conditions
Training	0.211*	0.152	0.218*	0.197*	-0.051	0.079	0.358***	0.195*
	(0.126)	(0.165)	(0.121)	(0.116)	(0.141)	(0.101)	(0.110)	(0.101)
Training*Female	-0.263	-0.170	-0.213	-0.279*	0.076	-0.091	-0.317**	-0.334***
	(0.165)	(0.203)	(0.158)	(0.153)	(0.184)	(0.138)	(0.138)	(0.129)
Grant	-0.020	0.102	0.056	0.094	0.135	0.116	0.192*	0.141
	(0.126)	(0.161)	(0.122)	(0.114)	(0.132)	(0.098)	(0.105)	(0.102)
Grant*Female	0.060	-0.014	0.068	-0.062	-0.033	0.011	-0.241*	-0.068
	(0.162)	(0.203)	(0.159)	(0.151)	(0.179)	(0.136)	(0.137)	(0.130)
Female	0.020	-0.128	-0.124	0.034	-0.185	-0.115	0.300***	0.100
	(0.136)	(0.170)	(0.131)	(0.123)	(0.150)	(0.110)	(0.113)	(0.107)
Constant	14.053***	13.969***	14.071***	12.394***	12.571***	12.535***	2.521***	2.935***
	(0.105)	(0.148)	(0.103)	(0.101)	(0.136)	(0.097)	(0.100)	(0.088)
Sum Female Training	-0.052	-0.018	0.005	-0.082	0.024	-0.012	0.042	-0.139*
	(0.100)	(0.121)	(0.098)	(0.094)	(0.118)	(0.091)	(0.083)	(0.080)
Sum Female Grant	0.040	0.089	0.124	0.032	0.102	0.127	-0.050	0.073
	(0.099)	(0.126)	(0.100)	(0.095)	(0.122)	(0.094)	(0.087)	(0.083)
Observations	526	525	591	526	525	591	525	525

*Note: The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, gender, and the lagged dependent variable (not available in (7-8). Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. All sales and profit variables (1) – (6) are logged. Sales and profit is stated values. The combined variables are the figures from the short term plus the figures from the long term, divided by 2 if no attrition, and divided by 1 if either the short or the long-term outcome is missing. Both "happy as entrepreneur" (7) and living conditions (8) is self reported on a scale 1-5 where a higher number indicates the client is more happy/satisfied. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table A15: Main Outcomes, clustered at MEC-level

	(1) Sales Short Term	(2) Sales Long Term	(3) Sales Combined	(4) Profit Short Term	(5) Profit Long Term	(6) Profit Combined	(7) Happy as Entre-preneur	(8) Living conditions
Training	0.283**	0.264	0.313**	0.245**	0.059	0.165	0.384***	0.223**
	(0.110)	(0.167)	(0.118)	(0.117)	(0.148)	(0.103)	(0.092)	(0.089)
Training*Female	-0.343**	-0.301	-0.345**	-0.339**	-0.016	-0.192	-0.360***	-0.363***
	(0.145)	(0.213)	(0.143)	(0.141)	(0.184)	(0.120)	(0.115)	(0.112)
Grant	-0.062	-0.014	-0.050	0.062	0.089	0.054	0.095	0.124
	(0.120)	(0.154)	(0.115)	(0.120)	(0.129)	(0.095)	(0.106)	(0.089)
Grant*Female	0.093	0.022	0.117	-0.048	-0.028	0.048	-0.183	-0.063
	(0.140)	(0.201)	(0.132)	(0.137)	(0.169)	(0.110)	(0.119)	(0.115)
Female	0.146	0.016	0.030	0.147	-0.091	-0.017	0.289***	0.121
	(0.112)	(0.186)	(0.127)	(0.124)	(0.166)	(0.104)	(0.100)	(0.098)
Constant	13.041***	13.086***	13.205***	11.942***	12.084***	12.086***	2.304***	2.607***
	(0.218)	(0.290)	(0.244)	(0.222)	(0.250)	(0.219)	(0.214)	(0.178)
Sum Female Training	-0.060	-0.037	-0.032	-0.094	0.043	-0.026	0.024	-0.140*
	(0.094)	(0.120)	(0.081)	(0.086)	(0.114)	(0.076)	(0.076)	(0.071)
Sum Female Grant	0.031	0.008	0.067	0.015	0.062	0.102	-0.089	0.062
	(0.082)	(0.129)	(0.082)	(0.079)	(0.123)	(0.079)	(0.089)	(0.070)
Observations	526	525	591	526	525	591	525	525

*Note: The regressions in this table are identical to those in table 4, except that standard errors here are clustered at MEC-level ("classrooms" consisting of 10 loan groups). The table reports ITT regressions where the outcome variable is regressed on treatment status, treatment status interacted with gender, and a set of covariates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses, marketing index, PRIDE branch, PRIDE loan size, hours worked per week, a dummy indicating net borrowing and the lagged dependent variable (not available in (6)). All sales and profit variables (1) – (6) are logged. Sales and profit is stated values. The combined variables are the figures from the short term plus the figures from the long term, divided by 2 if no attrition, and divided by 1 if either the short or the long-term outcome is missing. In order to count as a business in (7) – (9), there must either be a distinct location or a distinct activity. Happiness as entrepreneur (10) was measured on a scale 1-10, but presented here as standard deviations. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Table A16: Bounds, sales combined

	(1) Lower Lee	(2) -0.20 St.dev	(3) -0.10 St.dev	(4) -0.05 St.dev	(5) Unadj.	(6) +0.05 St.dev	(7) +0.10 St.dev	(8) +0.20 St.dev	(9) Upper Lee
	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se	b/se
Training	0.209**	0.267**	0.286***	0.296***	0.313***	0.318***	0.329***	0.356***	0.287***
	(0.101)	(0.110)	(0.109)	(0.108)	(0.113)	(0.108)	(0.107)	(0.107)	(0.107)
Training*Female	-0.220	-0.318**	-0.327**	-0.332**	-0.345**	-0.344**	-0.350**	-0.365**	-0.247*
	(0.137)	(0.141)	(0.141)	(0.141)	(0.149)	(0.141)	(0.142)	(0.143)	(0.134)
Grant	-0.167	-0.070	-0.064	-0.060	-0.050	-0.051	-0.045	-0.031	-0.020
	(0.109)	(0.113)	(0.113)	(0.112)	(0.117)	(0.112)	(0.112)	(0.112)	(0.115)
Grant*Female	0.186	0.092	0.096	0.098	0.117	0.099	0.100	0.099	0.182
	(0.138)	(0.145)	(0.145)	(0.145)	(0.147)	(0.144)	(0.144)	(0.145)	(0.141)
Female	-0.035	0.028	0.041	0.047	0.030	0.061	0.069	0.086	-0.028
	(0.124)	(0.111)	(0.110)	(0.110)	(0.126)	(0.109)	(0.109)	(0.109)	(0.124)
Constant	13.907***	13.837***	13.802***	13.783***	13.205***	13.741***	13.718***	13.666***	13.917***
	(0.296)	(0.235)	(0.236)	(0.236)	(0.217)	(0.238)	(0.239)	(0.241)	(0.257)
Training*Female	-0.011	-0.051	-0.041	-0.036	-0.032	-0.026	-0.021	-0.009	0.040
	(0.091)	(0.089)	(0.090)	(0.090)	(0.093)	(0.091)	(0.091)	(0.092)	(0.086)

*Note: The table reports bounds analysis on the treatment impact on the logarithm of sales (combined), using various assumptions about the treatment effect for attriters. Columns (1) and (9) report the lower and upper Lee-bound (Lee, 2009). Columns (2)-(4) and (6)-(8) impute to the lower (upper) bound the mean minus (plus) a specified standard deviation multiple in the observed treatment group to the non-responders in the same treatment group (Kling et al., 2007). Column (7) reports the unadjusted estimates. Sum Female Training is the linear combination of Training and Training*Female, while Sum Female Grant is the sum of Grant and Grant*Female. Covariates include gender, sales, the square of sales, number of businesses, marketing index, PRIDE branch, PRIDE loan size, hours worked per week, a dummy indicating net borrowing and the lagged dependent variable. Bootstrapped standard errors (500 reps; unadjusted estimates are not bootstrapped) clustered at the loan group. * p<0.10, ** p<0.05, *** p<0.01*

Table A17: Robustness of Interaction to training interactions with different baseline characteristics, sales combined

	(1) Sales	(2) Sales	(3) Sales	(4) Sales	(5) Sales	(6) Sales	(7) Sales	(8) Sales	(9) Sales	(10) Sales	(11) Sales
Training	0.313***	0.330***	0.320***	0.290**	0.314***	0.310***	0.325***	0.314***	0.318***	0.335***	0.360***
	(0.113)	(0.113)	(0.113)	(0.115)	(0.116)	(0.113)	(0.114)	(0.113)	(0.114)	(0.113)	(0.120)
Training*Female	-0.345**	-0.382**	-0.353**	-0.311**	-0.348**	-0.341**	-0.360**	-0.346**	-0.358**	-0.375**	-0.422**
	(0.149)	(0.152)	(0.150)	(0.152)	(0.156)	(0.149)	(0.149)	(0.149)	(0.150)	(0.150)	(0.166)
Training*Sales		-0.041									-0.049
		(0.030)									(0.043)
Training*Profit			-0.150								0.013
			(0.173)								(0.231)
Training*Manuf.				0.112							0.059
				(0.188)							(0.223)
Training*Service					0.007						0.029
					(0.147)						(0.173)
Training*Empl.						0.031					0.039
						(0.042)					(0.051)
Training*Inv.							-0.173				-0.187
							(0.123)				(0.122)
Training*Knowl.								0.016			-0.080
								(0.431)			(0.442)
Training*Educ.									-0.004		-0.013
									(0.035)		(0.036)
Training*Muslim										-0.336**	-0.346**
										(0.153)	(0.163)
Observations	591	591	591	591	591	591	591	591	591	591	591

*Note: The table reports ITT regressions where the log of sales in column (1) is regressed on treatment status, treatment status interacted with gender and the standard set of covariates. Column (2) – (11) introduces one by one interactions with the treatment variables, while (12) lumps together all interactions in one regression. All interaction variables are centred. In Column (2) treatment is interacted with sales, in (3) with profit, in (4) with profit margin, in (5) with a dummy indicating involvement in manufacturing, in (6) service involvement, in (7) the number of employees, in (8) the amount of investments made, in (9) business knowledge, in (10) years of education, and in (11) a dummy indicating the client being a muslim. All interaction variables are from the baseline survey. Cluster-robust standard errors in parentheses; *p<0.10, ** p<0.05, *** p<0.01.*

Appendix B-1 (Not for publication, to be posted on the web):

Topics in the business training program

1	Entrepreneurship and entrepreneurial character
2	Developing an entrepreneurial behaviour
3	Importance of long-term view and orientation in the business
4	Identification of creative business ideas
5	Understanding of business environment
6	Planning for your business
7	Understanding of the market for your business
8	Marketing strategies/techniques for your business
9	Improving customer service
10	Pillars of good customer service
11	Managing people in your business
12	How to get good workers
13	Allocating responsibilities and appraising employee performance
14	Keeping business records
15	Costing and pricing
16	Managing working capital
17	Sources of finance for small businesses

Appendix B-2 (Not for publication, to be posted on the web): Business Grant Letter

Dear entrepreneur,

Please find enclosed a business grant of 100 000 TZS, which we give to you for free to develop your business. We trust that you will spend this money wisely. The funders of this grant require that we register how this money has been spent. For this purpose, we would like you to make a list of the items that you have spent the business grant on. We will collect this sheet when we visit your business in June-July 2009.

I have invested in the following items:	**TSZ**
1.	
2.	
3.	
4.	
5.	
6.	
7.	
Sum	**100 000**

Date when sheet is collected by research team:

Signed

Appendix B-3 (Not for publication, to be posted on the web): Lab Instructions

[Introduction]

Welcome. We appreciate your willingness to participate in this session, which I will lead. In this session you will be asked to make some economic choices, and you will earn money based on your choices and your performance.

The results from this session will be used in a research project on microcredit and entrepreneurship. It is therefore very important that all of you follow certain rules of conduct. You are not allowed to talk to any of the other participants during the session. If you have any questions or need any help, please raise your hand and one of us will assist you. All cell-phones must be turned off and put away If someone does not follow these instructions, we will have to ask him or her to leave the workshop.

If you need to go to the bathroom during the workshop, please raise your hand. Importantly, do not leave the room without permission.

We will now ask you to turn over the sheet which is on your desk. This is the registration form, which I will now read.

My assistant will now collect the sheets.

The session will be conducted under anonymity. It will not be possible for the other participants or anyone else, except for the researchers, ever to find out what choices you make, and hence what you earn in the session. This session consists of three activities. First, you will be asked some general questions not related to business. Second, you will be asked to make some choices under uncertainty. Finally, you will be asked some questions related to business. The activities are completely independent, which means that your performance in one activity has no impact on what happens in the other activities. The estimated time of the whole session is approximately two hours.

In each activity, you can earn money. You will not be informed about how much money you have earned until the end of the session. The payment to you is organized as follows. The researchers keep track of how much money you earn throughout the session. At the end of the session, they prepare an envelope containing the money you have earned, where they will ensure that it is impossible to identify the amount of money inside the envelope simply by looking at it. This envelope will be handed over to you in private when you leave the session.

[First round of questions - fixed rate]

We will now explain the first activity in this session. We will shortly ask you some general questions not related to business. These questions are grouped in five different topics; sports and leisure, math, politics, health and nutrition, and places in Dar es Salaam and Tanzania.

On each topic, we ask you 10 questions, and for each question you can choose between four different answers. Your job is to tick off the correct answer. You should only tick off one alternative. If you tick off more than one alternative, your answer will be considered incorrect. We now provide an example of how you should do this.

Your job is to tick off one of these answers. The correct answer is 67. Hence, if you tick off any of the other numbers, your answer is incorrect. In particular, you should never tick off more than one alternative.

For each correct answer, you are paid the fixed rate of 250 TSZ.

We will now hand out the questions on the first topic, sports and leisure, but please do not turn over the page before you are told to do so.

You can now turn over the sheet. First, now and for all sheets that you receive, make sure that you fill in your correct desk number, so that we can pay you correctly. We will now read question by question, and then for each question you tick off what you think is the correct answer.

Is this clear to everyone? If not, then please raise your hand and we will assist you.

I'll now start reading the first question.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the second topic, math. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the third topic, politics. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the fourth topic, health and nutrition. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the fifth topic, places in Dar es Salaam and Tanzania. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet

You have now answered all the questions on this topic. My assistants will now collect the sheets.

[Second round of questions – competition]

You have now completed the first set of questions on the five topics.

We will now ask you to answer a second set of questions on the same topics. This time, however, we will give you a choice between two different kinds of payment. One option for you is to work for the same fixed rate as you did with the first set of questions, namely that you receive 250 TSZ for each correct answer. Alternatively, you may choose to enter into a competition. Your payment will then depend on how well you perform relative to other microcredit clients from PRIDE. Let us explain in

more detail. We collected a group of microcredit clients at the same loan level as you from a different branch in PRIDE. We asked them to answer the same kind of questions as you will now answer, and we then calculated the average number of correct answers among these microcredit clients. It is this average that you can choose to compete against. In the following, for short, we will refer to this average as the performance of a typical microcredit client. If you decide to compete, you will be paid TSZ per correct answer if you provide at least as many correct answers as the typical microcredit client. However, if you provide fewer correct answers than the typical microcredit client, you will receive nothing.

To give an example, suppose that the typical microcredit client provides 5 correct answers, and you manage to provide 6 answers correctly. If you chose to compete, you will then be rewarded the high rate of 750 TSZ per correct answer. However, if you only manage 4 correct answers, which is less than 5, you will receive nothing.

On the other hand, if you choose not to compete, you will always be rewarded the fixed rate of 250 TSZ for each correct answer.

The choice you have to make is summarized on the overhead projector.

To repeat, if you choose not to compete you will earn 250 TSZ per correct answer. If you choose to compete, you will earn 750 TSZ per correct answer if you correctly answer at least as many as the typical microcredit client. Otherwise, you will receive nothing. Please raise your hand if you don't understand.

You can choose between the fixed rate and the competition for each of the five topics. We will soon hand out a sheet where you have to make this choice for sports and leisure. However, let us first provide you with an example of how to do this. Look at this overhead:

To repeat: First, you are asked to state whether you think you are better than, equally good as, or worse than a typical microcredit client in answering questions on sports and leisure. Second, you are asked to decide whether you want to work for a fixed rate or compete when answering questions on sports and leisure. Is this clear to everyone? If not, please raise your hand.

We will now hand out this sheet. Please do not turn over the sheet before you are told to do so.

I will now read the sheet.

We will now collect the sheet for sports and leisure

We will now hand out the same sheet for the second topic, math. Please do not turn over the sheet before you are told to do so.

I will now read the sheet.

We will now collect the sheet for math

We will now hand out the same sheet for the third topic, politics. Please do not turn over the sheet before you are told to do so.

I will now read the sheet.

We will now collect the sheet on politics.

We will now hand out the same sheet for the fourth topic, health and nutrition. Please do not turn over the sheet before you are told to do so.

I will now read the sheet.

We will now collect the sheet for health and nutrition.

We will now hand out the same sheet for the fifth topic, places in Dar es Salaam and Tanzania. Please do not turn over the sheet before you are told to do so.

I will now read the sheet.

We will now collect the sheet for places in Dar es Salaam and Tanzania.

We will now hand out the second set of questions, where again we start with sports and leisure. Please do not turn over the sheet until you are told to do so.

I'll now start reading the questions on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the second topic, math. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the third topic, politics. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the fourth topic, health and nutrition. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will collect the sheets, and hand out the questions for the fifth topic, places in Dar es Salaam and Tanzania. Again, please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on this topic. My assistants will now collect the sheets.

You have now completed this part of the session. Our assistants will now calculate what you have earned in answering these questions, and prepare your payment from this part of the workshop. You will receive this payment at the end of the workshop.

[Choices under uncertainty]

We now move to the second part of the workshop, where you also can earn money, but in a different way. Let's explain in more detail.

First, we will simply give each of you 1000 TSZ. This is your money. You may decide to add it to the total amount of money that you are paid at the end of the session, or you may decide to take a risk. If you take the risk, then you can be lucky or unlucky. If you are lucky, you will get 6000 TSZ instead of 1000 TSZ. If you are unlucky, you lose the 1000 TSZ and nothing is added to your final payment from this situation

Here is how we decide whether you have been lucky or unlucky. When everyone has made their choice of whether to take the risk or not, we prepare two pieces of paper; one piece with the word LUCKY, the other piece with the word UNLUCKY.

We will then put them into two identical and empty envelopes, and the envelopes will be placed in this bowl. Thus it will be impossible for any of us to identify which envelope contains the word LUCKY. We will randomly select one of you to make the draw of one of the envelopes. If this envelope contains the word LUCKY, we will pay 6000 TSZ to those of you who chose to take risk. However, if this envelope contains the word UNLUCKY, those who chose to take the risk will not receive anything in this situation. Thus, it is equally likely that those who take the risk are LUCKY or UNLUCKY.

For those of you who chose the certain payment, the outcome of this draw does not affect your pay. In any case, you receive the certain payment of 1000 TSZ.

Is this understood? If there are any questions please raise your hands now and we will assist you.

On the overhead, we summarize the choice you have to make.

Is this understood? If there are any questions please raise your hands now and we will assist you.

We will now hand out the sheet where you have to make the choice of whether to risk your 1000 TSZ or keep them. Please do not turn over the sheet until you are told to do so.

You should now make the choice of whether to risk your 1000 TSZ or keep them.

We will now collect the sheet.

We will now proceed to determine the outcome for those of you who took the risk in this situation.

We will now put the envelopes in the bowl, and then decide who should make the draw of one of the envelopes. We do this by picking at random one of the desk numbers from this bowl.

Desk number xx is chosen to pick one of the envelopes.

We will shortly open the envelope and reveal whether the participants who took the risk were LUCKY or UNLUCKY in this situation. However, first we will ask you to make a few more choices of this kind. In the meantime, we post the envelope on the wall.

Now we move on to a new situation. Again, we will give you some money, this time 1500 TSZ. This is your money. You may decide to add it to the total amount of money that you are paid at the end of the session, or you may decide to take a risk. If you take the risk, then you can be lucky or unlucky. If you are lucky, you will get 6000 TSZ instead of 1500 TSZ. If you are unlucky, you lose the 1500 TSZ and nothing is added to your final payment from this situation

After everyone has made their choice, we will again prepare two envelopes and follow the same procedure as earlier. Thus, it is equally likely that those who take the risk are LUCKY or UNLUCKY.

Is this understood? If there are any questions please raise your hands now and we will assist you.

On the overhead, we summarize the choice you have to make.

We will now hand out the sheet where you have to make the choice of whether to risk your 1500 TSZ or keep them. Please do not turn over the sheet until you are told to do so.

You should now make the choice of whether to risk your 1500 TSZ or keep them.

We will now collect the sheet.

We will now proceed to determine the outcome for those of you who took the risk in this situation.

We will now put the envelopes in the bowl, and then decide who should make the draw of one of the envelopes.

Desk number xx is chosen to pick one of the envelopes.

Now we move on to the next situation. Again, we will give you some money, this time 2000 TSZ. This is your money. You may decide to add it to the total amount of money that you are paid at the end of the session, or you may decide to take a risk. If you take the risk, then you can be lucky or unlucky. If you are lucky, you will get 6000 TSZ instead of 2000 TSZ. If you are unlucky, you lose the 2000 TSZ and nothing is added to your final payment from this situation

After everyone has made their choice, we will again prepare two envelopes and follow the same procedure as earlier.

On the overhead, we summarize the choice you have to make.

We will now hand out the sheet where you have to make the choice of whether to risk your 2000 TSZ or keep them. Please do not turn over the sheet until you are told to do so.

You should now make the choice of whether to risk your 2000 TSZ or keep them.

We will now collect the sheet.

We will now proceed to determine the outcome for those of you who took the risk in this situation.

We will now put the envelopes in the bowl, and then decide who should make the draw of one of the envelopes.

Desk number xx is chosen to pick one of the envelopes.

We now turn to the last situation in this section of the workshop

Again, we will give you some money, this time 2500 TSZ. This is your money. You may decide to add it to the total amount of money that you are paid at the end of the session, or you may decide to take a risk. If you take the risk, then you can be lucky or unlucky. If you are lucky, you will get 6000 TSZ instead of 2500 TSZ. If you are unlucky, you lose the 2500 TSZ and nothing is added to your final payment from this situation

After everyone has made their choice, we will again prepare two envelopes and follow the same procedure as earlier.

On the overhead, we summarize the choice you have to make.

We will now hand out the sheet where you have to make the choice of whether to risk your 2500 TSZ or keep them. Please do not turn over the sheet until you are told to do so.

You should now make the choice of whether to risk your 2500 TSZ or keep them.

We will now collect the sheet.

We will now proceed to determine the outcome for those of you who took the risk in this situation.

We will now put the envelopes in the bowl, and then decide who should make the draw of one of the envelopes.

Desk number xx is chosen to pick one of the envelopes.

We have now completed all four situations in this part of the session.

We will now, for each of the four situations, reveal whether those who took the risk were lucky or unlucky. Let us start with the first situation.

Those who took the risk in the first situation were….

You have now completed the second part of this session. Our assistants will now calculate what you have earned when making these choices, and prepare your payment from this part of the workshop. You will receive this payment at the end of the workshop.

[Best practices in business - fixed rate]

We now move to the third part of the workshop, where you can also earn money. You will be asked to answer 10 questions about best practices in running a business. Also here, for each question, you can choose between four different answers. Your job is to tick off the correct answer. Please remember only to tick off one alternative for each question. If you tick off more than one alternative, we will consider your answer as incorrect. For each correct answer, you are paid a fixed rate of 250 TSZ.

We will now hand out the sheet with business questions. Please do not turn over the sheet before you are told to do so.

I'll now start reading the questions that are on your sheet.

You have now answered all the questions on best business practices. My assistants will now collect the sheets.

[Best practices in business – competition]

We will now ask you to answer a second set of questions on best practices in business. This time, however, we will give you a choice between two different kinds of payment. One option for you is to work for the same fixed rate as you did with the first set, namely that you receive 250 TSZ for each correct answer. Alternatively, you may choose to enter into a competition. Your payment will then depend on how well you perform relative to a typical microcredit client. If you decide to compete, you will be paid 750 TSZ per correct answer if you provide at least as many correct answers as the typical microcredit client. However, if you provide fewer correct answers than the typical microcredit client, you earn nothing.

We will now hand out a sheet where you are asked to decide whether you want to work for a fixed rate or compete on this topic. As before, you are also asked to state whether you think you are better than, equally good as, or worse than a typical microcredit client in answering questions on best practices in business.

I'll now read the sheet.

We will now collect the sheet for business.

We are now ready to give you the second set of questions on business practices.

I'll now start reading the questions.

You have now answered all the questions on this topic. My assistants will collect the sheets.

You have now completed the last part of the session. My assistants will now prepare the payments you have earned throughout the workshop before you leave. This will be paid to you just after the session.

Additionally, you will be paid an amount as compensation for participating. Your participation compensation will be handed over to you by your PRIDE branch manager.

This is how we will proceed for the participation compensation. You can choose between three alternatives.

To repeat: First alternative: You can choose to receive your participation compensation one week from now, on Monday March 23. You will then receive a participation compensation of 15,000 TSZ.

Second alternative: You can choose to receive your participation compensation three weeks from now, on Monday April 6. You will then receive a participation compensation of 20,000 TSZ.

Third choice: You can choose to receive your participation compensation five weeks from now, on Monday April 20. You will then receive a participation compensation of 25,000 TSZ.

Based on your choice, we will give you a signed letter to certify your right to receive your participation compensation, and date of collecting the payment from your branch manager. For the branch manager, we will prepare an envelope with your name and a specification of your chosen payment date on the envelope, and your participation compensation inside of it. We will prepare the envelope so that it is impossible for anybody, including the branch manager, to identify its content.

Is this understood? Please raise your hand if you have any questions.

We will now hand out the sheet where you choose the date of payment for your participation compensation.

Now my assistants will collect your papers.

This ends the workshop. Our assistants will now prepare your payments.

In addition to the payment from this session and the participation compensation, we are happy to announce that we will also give each of you, as a gift, a business grant of 100,000 TSZ, which you can use to develop and expand your business. This grant will be handed over in a separate envelope after the session. We trust that you will spend this money wisely on developing your business, and wish you all the best in your future business activities.

The funders of this business grant require that we register how this money has been used. For this purpose, we ask you to specify how you spent the grant. In the envelope containing the business grant, there is a sheet for this purpose. We will collect this sheet when we visit your business in June/July 2009.

While we are waiting for the assistants to prepare the payments which you have earned, we would like to offer you some refreshments. After the refreshments we will give you an envelope with your payment and the signed sheet for your participation compensation, and an envelope with the business grant.

We would like to thank you all for participating in this session. Your input will be most valuable for our research project on microcredit and entrepreneurship. May we ask you not to discuss this session with others before the end of this week, since we will arrange further sessions with other microcredit clients the coming days. Please leave the pen on your desk when you leave the room. Again, thank you for your participation in this workshop.