Providing Entrepreneurship Training and Cash Business Grants to Venezuelan Migrants in Peru

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Sector(s): Firms, Labor Markets

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Fieldwork: Innovations for Poverty Action (IPA)

Sample: 1,670 Venezuelan migrant entrepreneurs

Target group: Migrants

Outcome of interest: Business investment Food security Profits/revenues

Intervention type: Business skills training Cash transfers Unconditional cash transfers

Partner organization(s): Save the Children

For displaced migrants, running a small or medium enterprise may be a promising opportunity to attain a stable livelihood in their host country. However, they may need access to finance and business training to successfully run an enterprise. In Peru, researchers are delivering cash grants and business training to Venezuelan migrant entrepreneurs and assessing the impacts on the short- and long-term success of enterprises as well as migrants' food security, health, and income.

Policy issue

Small and medium enterprises (SMEs) play a major role in the functioning of emerging economies, accounting for ninety percent of businesses, seventy percent of labor, and half of GDP.[1] Displaced migrants often arrive in their host countries without a stable source of income. While short-term emergency aid programs for displaced migrants may exist, these benefits may not always persist over the long term. Starting an enterprise might provide displaced migrants with the opportunity to establish longer-term income sources. However, because operating an enterprise requires both money and some form of business knowledge, displaced migrants may be at a disadvantage, particularly if they are in an economically vulnerable situation. In addition, different people might have different entrepreneurial skills and growth potentials, making it difficult to determine who might be most likely to benefit from starting an enterprise.

Access to finance and business training for displaced migrants who are interested in starting a business may help them succeed at creating and maintaining a stable enterprise. A body of research has been conducted on microenterprise funding and training, but there is little evidence about their effectiveness in humanitarian settings. Does providing displaced migrants with entrepreneurship and cash business grants lead to successful enterprises and improve their living conditions?

Context of the evaluation

The Venezuelan refugee crisis has displaced more than six million people as of 2022, and Latin American countries host over five million of them.[2], Peru has taken in over 1.3 million, making it the second largest destination for Venezuelan migrants, after Colombia.[3]

As part of a grant with the US Agency for International Development (USAID) and the US Department of State, Save the Children—an international relief organization —initiated an emergency cash grant program for over 30,000 at-risk Venezuelan migrants in urban areas in Peru. To be eligible to receive these emergency cash grants, these migrants must meet two or more vulnerability criteria set by Save the Children, such as having an unstable housing condition, having limited sources of income, being a single-parent household, and having children under five years old. The cash grant program consists of four cash transfers intended to cover immediate needs such as food, rent, and childcare.[4]

As a way to bolster the impact of their emergency cash transfer programs and help migrants obtain a longer-term source of income, Save the Children also designed an entrepreneurship program that provides aspiring migrant entrepreneurs with business training and additional cash grants to jumpstart their enterprises. This program is offered to recipients of the initial emergency cash grant who are also interested in vocational or entrepreneurship training and support. Individuals who receive entrepreneurship training must then submit a business plan to Save the Children. The organization then evaluates these business plans before awarding entrepreneurship cash grants.

Details of the intervention

In Peru, researchers are partnering with Save the Children to measure the impact of their enterprise cash grants and business training program for Venezuelan migrants on the short- and long-term success of enterprises and migrant households' food security, health, and income.

More than 20,000 individuals across households who receive Save the Children's emergency cash support will be offered entrepreneurship training and grants. Save the Children will randomly assign 2,700 individuals amongst those who expressed an interest to receive business trainings. Upon completion of these trainings, Save the Children will invite all 2,700 individuals to submit a business plan and will further narrow the group to 1,670 individuals with the most viable business plans. These 1,670 individuals will be randomly assigned to one of two groups:

Enterprise cash transfer: 835 migrant entrepreneurs will receive cash grants to upstart their enterprises upon completion of the business training and approval of their business plans

No enterprise cash transfer: 835 migrant entrepreneurs will not receive enterprise cash grants after completing the business training and will serve as the comparison group.

Researchers will conduct three surveys during and after the year-long intervention to assess whether the cash grants and training had any impact on migrants' businesses, food security, income, and health indicators. Researchers will also analyze this survey data to determine whether it allows them to predict which individuals might be high-potential entrepreneurs (i.e., those with successful enterprises that are likely to grow).

Results and policy lessons

Research ongoing; results forthcoming.

1. United Nations, “MSMEs: Key to an inclusive and sustainable recovery,” United Nations, 27 June 2021, https://www.un.org/en/observances/micro-small-medium-businesses-day

2. International Organization for Migration, “Venezuelan Refugee and Migrant Crisis,” International Organization for Migration, Date Accessed 29 April 2022, https://www.iom.int/venezuelan-refugee-and-migrant-crisis

3. USAID, “Social and Economic Integration of Venezuelan Migrants,” United States Agency for International Development, 2 February 2022 https://www.usaid.gov/documents/social-and-economic-integration-venezuelan-migrants-english

4. Save the Children, *Statement of Work for a Randomized Control Trial Effectiveness of Entrepreneurship Cash Grants for Improving and Sustaining Health, Food Security, and Income Among Venezuelan Migrant Families in Peru*, December 2021