



PROTECTION COST EFFECTIVENESS BRIEF – Girls Empowered by Micro-franchise

Kenya 2014

Executive Summary

In 2012 the International Rescue Committee (IRC), the World Bank, and Innovations for Poverty Action (IPA) partnered to implement and compare two livelihoods programs for 542 young women in urban Kenya. One program focused on equipping young women to start a franchise (called Girls Empowered by Micro-franchise, or GEM), and the other provided cash grants which the women could use for any purpose. Researchers measured the cost-effectiveness of each program in terms of short-term changes in self-employment, work hours, and income.

The micro-franchise program cost substantially more than providing cash grants. Girls Empowered by Micro-franchise (GEM) cost \$878 per client served, while distributing cash grants cost US \$310 per client served (including the cash distributed). GEM required more direct delivery staff, monitoring, and materials than the cash program.

The cash grants were more cost-effective than business grants at increasing short-term income and self-employment among young women. Being that it had slightly higher impact at a lower cost, the cash program was more cost effective than microenterprise for achieving short-term gains in income and employment.

Project Description

High rates of unemployment for young adults are a key concern in low-income countries, where it often takes several years between leaving school and finding gainful employment or start a home enterprise.¹ In sub-Saharan Africa, where 62 percent of the population is under 25 years old, the problem is a particular concern.²

Between 2011 and 2013 the IRC worked with the World Bank and Innovations for Poverty Action in three informal settlement neighborhoods in Nairobi, Kenya. The organizations delivered and tested two different programs aimed at improving livelihoods and income among young women between the ages of 16 and 24. The first program, Girls Empowered by Micro-franchise (GEM), provided business training and assets to run either a salon or mobile food cart business. The second program was an unconditional cash grant program; participants were not encouraged to use their grant in any specific way. Women first applied to the microenterprise program, and then were randomized to participate in either GEM, the cash grant, or to be part of a control group that did not receive either program.

GEM Project Activities

Only 39% of participants completed the program.

- Two-weeks business and life-skills training
- Choice to two franchise businesses to work with (salon or fast food)
- Franchise business training (salon: 8 weeks, fast food: 1 day)
- Business start-up kit (salon: apron, hair washing sink, hair dryer, variety of hair cutting/styling products; fast food: apron, mobile food card, start-up food goods).
- Ongoing business mentoring

Cash Grant Activities

95% of participants completed the program.

- Unconditional one-time transfer of \$222

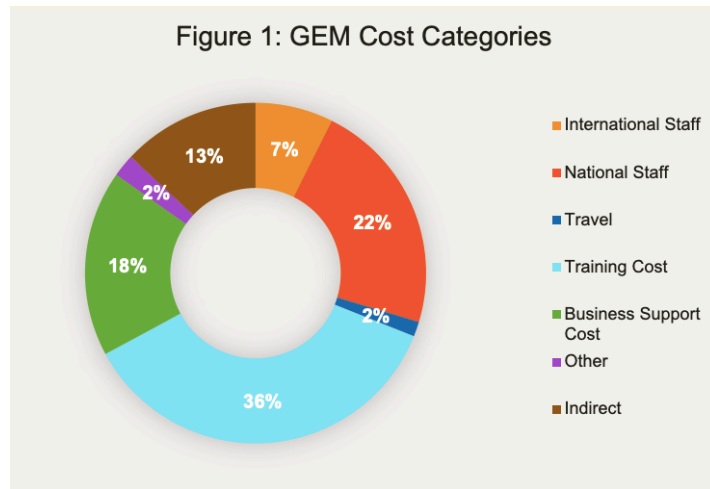
Project Costs

Girls Empowered by Micro-franchise (GEM) cost \$878 per client served.

Over the 2.5 years of project implementation, the IRC spent \$878 per girl reached with the GEM program, including shared costs. These cost estimates do not include the opportunity cost of beneficiary time to participate in GEM. While clients were provided food on training days, they were not paid a stipend to participate. The significant time commitment of the program may have been a contributing factor to the high attrition rate—only 39 percent of participants completed the program. The high attrition also contributes to the relatively high cost per girl, since the IRC had to incur training costs and distribute assets even for girls who did not complete the program.

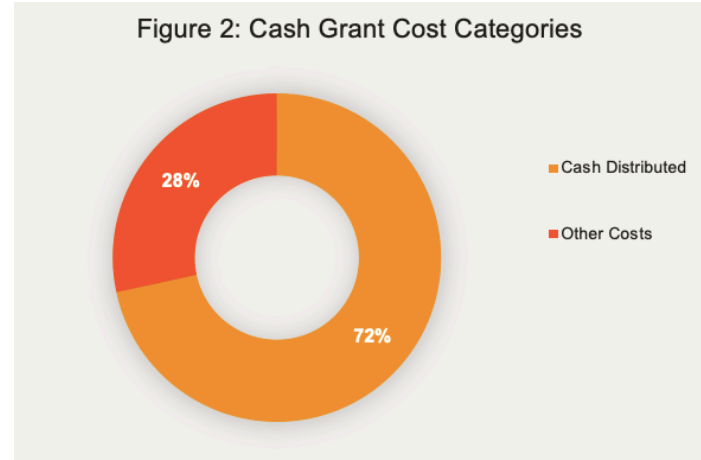
The training of program participants – inclusive of business, financial, and life skills trainings – was the largest cost driver of the GEM program.

Training accounted for 36 percent of all of the costs of GEM (Figure 1). The second largest program cost was national staff at 22 percent, followed by business support costs, including the start-up kits, at 18 percent. This suggests that any improvements to the efficiency of the program are likely to come about through adapting the training sessions. Cutting support for girls' business is unlikely to substantially lower the costs of GEM but could substantially reduce impact.



The cash grants program cost \$310 per client—including the \$222 transferred to clients-- achieving a cost transfer ratio (CTR) of 40 cents spending by the program per dollar transferred.

A major argument for an increase in cash programming in the humanitarian sector is the comparatively lower cost of program inputs needed to deliver assistance in this form. In addition to the value of cash that goes directly to clients, delivery requires targeting beneficiaries, communicating with intended recipients, delivering the grant, and monitoring the receipt and use of funds. In this cash grant program, the value of the grant given per adolescent girl was \$222, with an additional \$87 spent per client in service delivery costs. Compared to other IRC cash programs this is a low cost-transfer ratio, probably because of the relatively high amount of cash given in the Kenyan context.³



Results of the Impact Evaluation

The impacts of Girls Empowered by Micro-franchise and the cash grant programs were measured in a randomized evaluation. **Both programs had positive impacts on income and employment in the short term. However, neither program resulted in long-term gains.**

Short term (7 – 10 months)

- Likelihood of self-employment increased by 10 percentage points for both GEM and cash grant participants (baseline of 24.5 percent)
- Hours worked in last week increased for cash grant participants only (6.8 more hours; 38 percent increase in hours)
- Hours worked specifically in self-employment increased for both GEM (4.1 more hours; 87 percent increase) and cash grant (7.6 more hours; 162 percent increase) participants
- Income over the past week also increased for both groups: GEM \$1.60 more income, a 30 percent increase; Cash \$3.20 more income, a 56 percent increase

Long term (14 – 22 months)

All impacts disappeared one to two years after the project except:

- Likelihood of self-employment was higher for both GEM and cash participants: GEM 12 percentage point increase, Cash 13 percentage point increase over the control group.

Cost Effectiveness Findings

The cash grants are a more cost-effective intervention for achieving short-run increases in income and self-employment among young women. The effects were similar between the two programs, but cash grants cost substantially less than the micro-franchise program.

The cost per participant of the cash grant program (\$310) was lower than the cost per participant of the microenterprise program (\$878). GEM required more direct delivery staff, monitoring, and materials than the cash program. Being that it had slightly higher impact at substantially a lower cost, the cash program was more cost effective than micro-franchises for achieving short-term gains in income and employment.

This study is further evidence for cash programming to be adopted by humanitarian and development agencies as a programming model for improving short-term income and employment.

However, the absence of persisting long-term effects signals neither program, as they were delivered, is likely to be a solution to increasing long-term earnings or employment for women and girls.

Lessons Learned

Best Practice: Designing Research to Answer Key Conclusions

Cost-effectiveness analysis is inherently a comparative exercise. A key factor for the success of this research project in reaching conclusions about cost effectiveness was the head-to-head comparative design of the study. Knowing the programs were implemented in the same location and timeframe, and for similar populations, allows for a direct comparison of the programs, and attribution of differences to the programs themselves. Leveraging opportunities for head-to-head comparative studies will accelerate the learnings & quality of recommendations that come out of future research studies.

Analysis Method: Cost-Effectiveness at the IRC

The IRC is committed to maximizing the impact of each dollar spent to improve our clients' lives. Cost effectiveness analysis compares the costs of a program to the outcomes it achieved (e.g., cost per diarrheal incident avoided, cost per reduction in intra-family violence). Conducting cost effectiveness analysis of a program requires two types of information:

- 1) An impact evaluation on what a specific program achieved, in terms of outcomes
- 2) Data on how much it cost to produce that outcome

Teams across the IRC produce a wide range of outcomes, but cost effectiveness analysis requires that we know - based on impact research - exactly which outcomes were achieved and how much they changed, for a given program. For example, an impact evaluation might show a village that received IRC latrines and hygiene promotion had a 50 percent lower incidence of diarrhea than a village next to it which did not receive the IRC intervention. If so, we know the impact of our program: 50 percent decrease in diarrhea incidence. Cost effectiveness analysis becomes possible only when there is an impact study that quantifies the change in outcomes as a result of the IRC project.

At the same time IRC runs impact evaluations, we gather data on how much the evaluated program costs. First, IRC staff build a list of inputs that were necessary to implement the evaluated program. If one thinks of a program as a recipe, the inputs are all the 'ingredients' necessary to make that dish. Budgets contain a great deal of information about the ingredients used and in what quantities, so reviewing the program budget is the first place to start. However, many of the line items in grant budgets are shared costs, such as finance staff or office rent, which contribute to multiple programs, not just the one included in the impact evaluation. When costs are shared across multiple programs, it is necessary to further specify what proportion of the input was used for the particular program. Specifying such costs in detail, while time-consuming, is important because it provides lessons about the structure of a program's inputs. We can divide costs into categories and determine whether resources are being allocated to the most important functions of program management and enable us to model alternative program structures and quantify the cost implications of different decisions.

¹ World Bank (2006): World Development Report 2007: Development and the Next Generation. World Bank: the International Bank for Reconstruction and Development.

² United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Volume II: Demographic Profiles (ST/ESA/SER.A/427).

³ Tulloch, Caitlin. 2016. "Cost-Efficiency Analysis: Unconditional Cash Transfer Programs." International Rescue Committee. <https://www.rescue.org/sites/default/files/document/954/20151113cashcefficreportfinal.pdf>

This work was conducted by the Best Use of Resources Initiative at the IRC. For questions or more information please contact us at airbel@rescue.org.

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Annex: Ingredients List

Kenya | 2013 | USD

Program Costs	GEM in \$	Cash Grant in \$
International Staff	40,718	-
Technical Advisor	40,718	-
National Staff	201,938	9,408
Program Staff: Coordinator, Officer, Assistant	193,890	-
Program Volunteers	4,669	-
Volunteers & Temporary Staff	1,563	-
Recruitment Costs	1,816	-
Field Officer		3,488
Data Manager		465
Research Assistant ¹		5,455
Travel	12,810	1,536
Local Travel	9,591	-
Domestic Travel	3,219	-
Field Officer(s) Travel	-	727
Respondents	-	809
Supplies & Activities	162,999	42,078
Franchiser Business Development Services	27,484	-
Micro Franchise Start-up Costs	124,484	-
Monitoring Activities	1,645	-
Project Publicity & Awareness	6,795	755
Community Recruitment Events	2,320	258
Data & Airtime	-	113
Thumb Print Reader & License Fee	-	263
Miscellaneous Supply Costs	-	224
Cash Transfers	-	40,465

Trainings	191,566	-
Training of Trainers: Business, Financial & Life Skills	3,115	-
Training of Franchisees: Business, Financial & Life Skills	108,473	-
Franchisee Refresher Training	75,360	-
Micro-Franchisee Training – Child Care Services	3,320	-
Training of Trainers Refresher	1,297	-
Capital Assets	6,902	-
Laptops & Mobile Phones	6,902	-
Sub-Grantees	142,461	-
Community Based Organizations	134,192	-
Gender Based Violence Organizations	8,269	-
Support Costs (including ICR)	148,151	3,328
TOTAL	907,544	56,350
Cost per Girl (GEM n=1,034; Cash Grant n=183)	878	310

¹ Within impact evaluations, research staff may sometimes contribute to program implementation—for instance, assembling beneficiary lists or analyzing monitoring data for supervision. In such cases, where the activities of research staff were integral for implementation, we have included only the relevant portion of research staff time on the assumption that equivalent capacity would be needed on a non-research project.