Husband and wife business partners working in their tailor shop, in Kampala, Uganda. © International Rescue Committee. Photo Credit: Joseph Sozi

Re:BUiLD COST EFFECTIVENESS BRIEF

Uganda | 2023 | Cost Effectiveness of Microenterprise Development

Executive Summary

In partnership with the IKEA Foundation, the International Rescue Committee (IRC) launched the **Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (Re:BUiLD)** Program in 2021. The tests a variety of solutions to support refugees and Ugandans in Kampala to have a source of income, promoting economic self-reliance and social cohesion. From 2022-2023, a three-armed randomized controlled trial (RCT) tested the effectiveness of mentorship on economic well-being and social cohesion among 1,648 clients. All clients received a business grant to start or improve their small business. Of these clients, 73% were assigned to mentorship groups and an experienced entrepreneur who served as business mentors. 38% of the clients in these groups were assigned to a *shared fate* treatment, where lottery payouts were determined partially by their group members' success in operating their respective businesses.

The Best Use of Resources (BUR) team evaluated the cost per effect among economic outcomes assessed through the RCT. In terms of cost-efficiency, the **business grant-only treatment costs €842 ($884) per client, and the two mentorship arms cost €1,146 - €1,148 ($1,203 - $1,206) per client**. When evaluating the cost per effect on business profits as the primary outcome of interest, the research team finds business grants drove effects, and these effects were larger for men than for women. For every $1 of additional profit, it cost $3.34 for men, and $3.90 for women receiving the business grant only, while it cost $4.56 for men and $5.31 for women, for those receiving the grant in addition to mentorship. **While the grant-only treatment is the most cost-effective modality for increasing business profits, application of these RCT results in evidenced-based decision making requires that users consider range of other outcomes and diversity of effects on heterogeneous sub-groups.**

Program Description

Since the early 1990s, displacement across Africa has increased as individuals and families have fled conflict and other crises.[i] Uganda became one of several host countries for refugees from surrounding countries such as South Sudan, the Democratic Republic of Congo, Ethiopia, and Somalia.[ii] Given the protracted nature of many crises, refugees often stay in host countries for extended periods.

Host countries often have pre-existing economic challenges, such as high unemployment due to limited employment opportunities, serving as a barrier to refugees seeking work. Since a critical barrier to entrepreneurial success is access to capital, the program provided business grants to all clients. These clients often turn to microentrepreneurship as a means for livelihood, for this reason, the Re:BUiLD project was implemented to see how supporting these microentrepreneur endeavors would improve social cohesion and a sense of shared responsibility among group members.

Researchers from Georgetown University, University of Rochester, Economic and Policy Research Centre, Center for Global Development, and the IRC completed a randomized controlled trial (RCT) to evaluate the effectiveness of the program activities on desired economic and social cohesion outcomes. The RCT[iii] took place from April 2022 – May 2024 across Rubaga, Makindye and central divisions of Kampala. Throughout July 2022 – August 2023, the program launched concurrently in each location. The launch required a set-up period for recruitment, collecting participant bank transfer information, training mentors, and providing informational sessions for all participants. Clients participating in the program were 18-35 years old and either refugees or Ugandan nationals.

Box 1. Re:BUiLD Program Activities

- **Business (cash) grant (All Treatments)**

  The program gave business grants to 1,648 clients to start a micro-enterprise or improve a pre-existing business. The IRC distributed grants to these clients five weeks after an initial information session, during which clients received handbooks with information about the IRC, the program, and contact information. Clients in the business grant group were also eligible for a lottery disbursement.

- **Business grant-only (Treatment 1)**

  Of the 1,648 clients, 450 were assigned to treatment group 1, where they were provided with an introduction session, a business grant, and entered to win a lottery disbursement when their business was open and running.

- **Mentorship (Treatment 2)**

  Of the 1,648 clients, 748 were assigned to treatment group 2, where they received the business grant and were assigned to mentorship groups of 3 mentees to 1 mentor. These groups met weekly for 6 months, during which mentors shared business and economic knowledge from their experiences. Clients in this group were also entered to win a lottery disbursement when their business was open and running.

- **Mentorship with Shared Fate (Treatment 3)**

  The remaining 450 clients were assigned treatment group 3, where they also received the business grant and were assigned to mentorship groups of 3 mentees to 1 mentor. These clients (and mentors) were enrolled into the lottery system once their businesses were operational. Additionally, if one client won the lottery, all other members in their group would receive the payout.

After set-up, the mentors and groups of mentees were encouraged to meet once a week for six months to share business knowledge.

The study included 2,000 aspiring micro-entrepreneurial clients from refugee and host communities, split among three treatment arms and a control arm. Waitlisted clients serve as the control group who received the business grant 18 months after the treatment arms.[iv] Box 1 and Table 1 describe the activities associated with each treatment arm.

Table 1. Activities by Treatment Arm

Treatment Arm	Number of Clients	Activities			
		Business Grants	Mentorship	Individual Lottery	Shared Fate Lottery
T1: Grant only	450	X		X	
T2: Grant + Mentorship	750	X	X	X	
T3: Grant + Mentorship + Shared Fate	450	X	X		X
Control	350	X			

Business grants were given to clients to invest in a new or pre-existing microenterprise, these were given to clients 6 weeks after the program started. To evaluate the additional effect of mentorship on economic outcomes and social cohesion, groups of three mentees were assigned to one mentor in treatment groups 2 and 3. These groups met weekly for a period of 6 months to walk through an abbreviated Learn 2 Earn business training curriculum together, discuss business goals, challenges, and questions about running a business. The participant handbooks can be found here and accompanying videos can be found **here**.

Lotteries were also conducted every other month among clients whose businesses were open by the lottery's deadline. Approximately one-third of eligible clients won the lottery, receiving 75,000 UGX toward their business. For clients in treatment group 1 and 2, clients were selected individually from a pool of all eligible clients. However, clients in treatment group 3 were enrolled in a 'shared fate' model, whereby groups of mentors and client mentees were entered into the lottery pool. If one member of the group won the lottery, everyone in their group would receive the payout. Therefore, if everyone in the group won, client mentees would win 225,000 UGX total. The goal of this treatment arm was to incentivize groups to support each member.

Additional payouts were given to clients and mentors in treatment group 1 and 2, to equalize the distribution of capital disbursed through the program. More details on the design can be found in the **research paper**.[v]

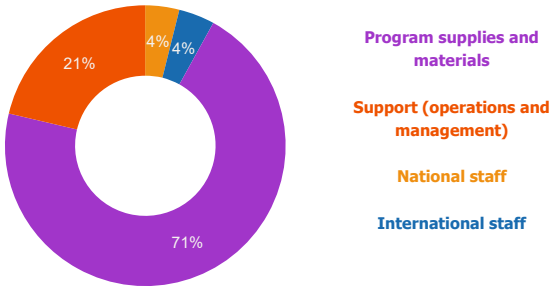
Program Costs

The IRC approach to cost analyses evaluates expenditures in the following categories to understand which cost categories serve as cost drivers of the program: national and international staff, non-staff personnel, capital assets, travel and transportation, office rent and expenses, program supplies and materials, and support. Among all cost categories, program supplies and materials comprise two-thirds of total program expenditure for both treatment arms, followed by support and staffing costs (see Figure 1).

Business grants drove program supplies and materials expenditure. All clients receive € 510 (2,000,000 UGX, or $534[vi]) in business grants, totaling € 840,214 across all three treatment arms (or € 845,718 with transfer fees), comprising 48% of total spending. Other cash disbursements were also made to clients in the form of transport stipends, unconditional payouts, and lottery payouts, as well as to mentors in the

form of transport stipends, mentor stipends, lottery payouts, and unconditional payouts. These cash disbursements comprise most of the program supplies and activities cost category. Across all three treatment arms, this encompasses over two-thirds of total costs, followed by support costs.

Figure 1. Composition of Total Cost



Costs associated with each activity are analyzed and summarized in Table 2. Support refers to operations and management support costs, or shared program costs, that are not directly associated with the program but necessary for implementation (i.e., human resource staff or office rent).[vii] Onboarding activities include one-time set-up costs incurred at the beginning of the program for recruitment, targeting activities, and screening of potential clients to ensure they meet IRC vulnerability criteria.[viii]

Table 2. Cost by Treatment Arm and Activity

Treatment Arm	Activities					
	Ops Support & Management	Onboarding	Business Grant	Lottery	Mentorship	Total Per Treatment Arm
T1: Grant only	€ 80,694	€ 12,379	€ 242,575	€ 43,205	€ -	€ 378,852
T2: Grant + Mentorship	€ 182,521	€ 20,577	€ 397,856	€ 71,816	€ 184,153	€ 856,922
T3: Grant + Mentorship + Shared Fate	€ 110,081	€ 12,379	€ 239,352	€ 56,679	€ 98,331	€ 516,821
TOTAL (EUR)	€ 373,295	€ 45,335	€ 879,782	€ 171,700	€ 282,483	€ 1,752,595
TOTAL (USD)	$391,960	$47,601	$923,772	$180,284	$296,608	$1,840,225

For comparability, **Annex 2** provides a summary of key cost metrics in both EUR and USD.

The business grant activity includes the cost of the business grant itself, transfer fees[ix], and staff time and effort for distributing the grants. For this activity, staff gathered and processed the recipients' bank and mobile money information and set up the transfer process. The grant-only treatment arm also includes time, effort, and venue costs for the initial information meeting.

Lottery costs are largely driven by the cash distributed in the lottery, staff time and effort to distribute the lotteries, and time required to spot-check eligibility of clients (i.e., ensure their businesses were open) by the lottery deadline. The mentorship activity bucket includes stipends and payouts given to mentors. This activity bucket also includes the costs required to cover staff time and effort to collect and process mentor bank and mobile money information, as well as transfer costs. Training materials were also included here.

Cost-Efficiency Findings

The business grant-only treatment costs €842 ($884) per client, whereas business grants plus basic mentorship cost €1,146 ($1,203) per client and €1,148 ($1,206) per client for business grants plus mentorship with shared fate lottery (see Table 3). The business grant was a key cost driver across all treatment groups, comprising 48% of overall spending among the Program components analyzed. The grant comprises 61% of the total treatment cost (including support) for the business grant-only treatment arm. Since the business grant drove the cost of the business grant-only treatment arm, gains in cost-efficiency at scale will never be able to reach below the value of the grant itself. For example, treatment 1 exhibits a cost of €842 per client served, yet the cost per client served will not dip below €510 even at scale, as it cannot be lower than the total amount of the grant.

For all treatment arms, the cost-transfer ratio (CTR) was €0.34, which equates to $0.36. The CTR is a metric of how much it costs to transfer one euro or dollar. A low CTR is considered an efficient use of resources compared to cash-delivery programs undertaking business grant transfers,[x] in this case, for every euro given to a client through a cash transfer, it costs €0.34.

Table 3. Cost-Efficiency by Treatment Arm

Treatment Arm	Cost per client (EUR)	Cost per client (USD)
T1: Grant only	€ 842	$ 884
T2: Grant + Mentorship	€ 1,146	$ 1,203
T3: Grant + Mentorship + Shared Fate	€ 1,148	$ 1,206

The results confirm what was hypothesized, that costs between the two mentorship arms should not be substantially different. Mentee support costs were the main drivers of these two cost arms, making the cost higher than the business grant-only treatment. This mentee support consisted of time and effort spent by IRC staff responding to concerns or complaints by the mentees and transportation stipends for the twenty-four meetings with their mentors. Additionally, it should be noted that cost per effects on mentors, which were also studied by the research team and strongly positive, are not included in this analysis.

Box 2. Results of the Impact Evaluation

The impact of the Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (Re:BUiLD) program was measured using a randomized controlled trial (RCT). Details on the trial can be found on the **AEA RCT Registry**.[xi] The research team grouped all eligible clients by geographic location, stratified by gender and refugee status and then randomly assigned into the control and treatment arms.[xii] Key outcomes that the research team evaluated include the following:

- **Economic and household wellbeing outcomes:** The program sought to improve economic outcomes experienced by mentees including self-reported business profits, improved business capital, business ownership, and household earnings.
    - *Business profits:* all clients experienced an increase of $25 in average monthly business profits, this difference was driven primarily by the business grant-portion of the treatment, rather than mentorship. Male clients also experienced greater increase in monthly profits than women. The drivers of this cause are currently being further investigated.

- *Open business:* all clients experienced a 15% increase in probability of having an open business. This result was consistent across all treatment arms, however primarily driven by the business-grant treatment, rather than mentorship.
- *Change in business practices:* on average, the treatments did not have effects on productive management of businesses. However, some heterogeneous effects emerged among refugee groups.
- *Increase in business capital:* on average, clients among the three treatment groups experienced an increase in business capital by $362, however this result was primarily driven by the business grant, rather than mentorship.
- *Increase in household earnings:* on average, clients among the three treatment groups experienced an increase in household earnings over the past 30 days by $29, however this result too was also driven primarily by the business grant rather than mentorship.
- *Household well-being*: the business grant is associated with improvements in household wellbeing measures whereas no significant differences emerged the mentorship treatment.
- *Number of days household members skipped meals*: the business grant appears to reduce the number of days household members skip a meal, by 0.36 days in a week.

- **Psychological and social wellbeing:** The program sought to improve primary social outcomes such as psychological well-being and social cohesion.
  - *Psychological well-being:* client's wellbeing improved by 0.28 standard deviations as a result of the program. This result was consistent across all three treatment arms, however was driven by the business grant rather than mentorship.
  - *Social cohesion:* improvements in social cohesion were measured by a social cohesion index, inter-nationality contact index, inter-gender business contact index, women's bargaining power index, social proximity index, among all clients, as well as beliefs about refugees' economic effects index and support for inclusive refugee hosting index among host clients. Notable effects on social cohesion were driven by the business grant among women in the host community. Other small results emerge among the other indices which are still being finalized at this time. However substantial changes were observed among host community members in terms of improved beliefs about the economic effect of refugees (0.14 sd) and support of hosting refugees (0.25 sd). These effects appear driven by the business grant and with heterogenous results from the mentorship arms.

Cost-Effectiveness Findings

According to McKenzie (2020), evidence from East Africa suggests that mentorship has a high potential for impacting business profitability over time.[xiii] While evidence on the impacts of mentorship is limited, some longitudinal data is beginning to emerge. For example, Anderson (2020) found that Ugandan entrepreneurs increased profits over a two-year period. Brooks et al. (2018) also showed that mentorship improved business profits during the mentorship period, and validated that mentorship provided greatest benefits when providing localized information about the market rather than general business practice information.[xiv]

Results[xv] from the RCT conducted by **Baesler, Ginn, Kasirye, Muya, and Zeitlin (2025)** support the above evidence on the effects of mentorship on business profitability, as the primary outcome of interest, whereby mentorship plus business grants induces greater business profits compared to no assistance. However, the RCT results show there was no substantial difference observed between treatment arms. **For clients receiving business grant-only, it cost on average $3.62 for every additional $1 of profit earned during the 12-month Program, whereas it cost $4.94 for every additional $1 of**

profit earned for clients receiving mentorship in addition to the business grant.[xvi] It should be noted as well that women in the shared-fate mentorship group experienced lower business profits than the average of all treated participants. The driver of this outcome is under investigation.

How does this help practitioners make programmatic decisions? If the primary aim of a program is to increase business profits, the business grant-only treatment in the Kampala context is more cost-effective when compared to the business grant plus mentorship treatments. Among all **economic and household wellbeing outcomes** evaluated (see Box 2) the three treatment arms induced a positive effect compared to pure control. However, effects observed on business profits, probability of having an open business, increase in productive assets, an increase in household earnings and wellbeing, is believed to be driven by the business grant rather than mentorship. relative the additional effect of mentorship.

Below, Table 4 summarizes what it costs to see a $1 change in business profits and business capital, for men and women.[xvii] Users seeking incremental cost-effectiveness ratios (ICERs) for cost-effectiveness comparisons across all outcomes should reference **Annex 3**.

Table 4. Cost per $1 of value gained[xviii]

Outcome	Business grant-only	Any mentorship	Interpretation
Business profits: how much does it cost to induce a $1 increase in business profits over the 12-month program?	$ 3.34 for men $3.90 for women	$ 4.56 for men $5.31 for women	To induce a $1 increase in business profits over the 12-month program, it costs $3.34 for men and $3.90 for women in the business grant-only treatment, and it costs $4.56 for men and $5.31 for women among those receiving the additional treatment of mentorship. This means that it costs nearly 31% more for mentees to achieve the same business profit outcome as those in the business grant-only group.
Productive assets: how much does it cost to induce a $1 change in average value of productive assets?	$ 0.16 for men $0.22 for women	$ 0.23 for men $0.31 for women	To induce a $1 increase in average productive assets held by clients, it costs $0.16 for men and $0.22 for women in the business grant-only treatment, and $0.23 for men and $0.31 for women for those receiving mentorship. Similar to business profits, this means that it costs nearly 31% more for mentees to increase their average value of productive assets by $1 by the end of the 12-month program.

The business grant drove most of the changes observed in business profits, increased business assets, and business openness for all groups regardless of treatment.

The researchers used several standardized indices to evaluate **psychological and social cohesion.** The business grant drove positive impacts on psychological outcomes observed on all clients, however, women who participated in some of the shared fate mentorship groups experienced lower psychological wellbeing outcomes. The researchers are currently exploring the reason for this, as it is not yet understood.

For social cohesion, notable effects are observed among host communities in terms of improved beliefs of refugee economic effects and support for hosting refugees. The business grant primarily drives these differences while mentorship influences are marginal and not statistically significant. This may be because

all clients receiving the business grant also received a script at the beginning of the program which explains that the IRC and donors chose to support people, including hosts, in Kampala because many refugees live there. Women's bargaining power improved among women in mentorship groups with different genders (mentorship and shared fate).

The RCT also detected several heterogeneous effects that are not discussed in detail here, meaning men, women, Ugandan national or refugee clients, experience different outcomes. At the time of writing this report, these results are not yet final, however the average values of aggregate groups of clients begin to help us understand the cost per client and effect sought by the program. Box 3 summarizes the methodology used for cost-effectiveness analysis at the IRC.

Conclusion

This analysis provides a cost evidence base for microenterprise development program design in the Kampala context among host communities and refugees. Program designers can use this analysis to inform which program modality is more cost-effective to achieve their goals or assess the additional costs that will be incurred to achieve an additional set of outcomes that the intervention aims to achieve.

For programs aiming primarily to improve business profits or productive assets for clients on average, as their key outcome of interest, a business grant-only business modality is the most cost-effective approach to achieve increase in business profits, compared to business grants plus mentorship.

However, if a program desires to still retain a mentorship component, they will want to consider the heterogenous effects observed on men vs. women: various combinations of mentorship alignment (by gender or nationality) may induce lower effects on women than on men, making some modalities less cost-effective than others. Alternatively, if a program seeks to improve other outcomes such as women's bargaining power, they may consider the additional effects induced by various mentorship group pairings.

Program designers should first return to their theory of change and identify which outcomes they aim to influence with their intervention. Users are encouraged to identify the populations they endeavor to serve and outcomes they are attempting to achieve to identify the most cost-effective approach to achieving those outcomes. For programs aiming to achieve myriad outcomes such as social cohesion outcomes *and* improved business outcomes such as business profits, the program designers should take into consideration that, depending on the population served mentorship plus business grants may induce the desired change while at a higher cost per client and higher cost per change in business profits. This data aims to equip program designers with the knowledge and evidence basis to justify their program design and budget, cognizant of the additional costs incurred to achieve their primary outcomes. Justification for prioritizing among outcomes is up to the program team.

[i] UNHCR. 2021. UNHCR Refugee Statistics. September 19, 2023, from: **https://www.unhcr.org/refugee-statistics/**

[ii] Khan, S., Paluck, E., Zeitlin, A. 2022. "The role of identity and the impact of perspective sharing in refugee-host business mentorship pairs." Draft publication, May 2022.

[iii] Baseler, T., Ginn, T., Graham, J., Han, G., Kasirye, I., Manley, C., Muya, B., Resstack, R., Zeitlin, A. (2024). "Designing a Randomized Control Trial on Livelihoods for Refugees and Hosts: The Case of Re:BUiLD in Kampala". Center for Global Development. Note 356. **https://www.cgdev.org/sites/default/files/designing-randomized-controlled-trial-livelihoods-refugees-and-hosts-case-rebuild.pdf**

[iv] Costs associated with the pure control group are not included in this analysis given that pure control arms are considered fully-research related costs which do not inform the cost of repeating the program. Refer to **BUR's costing methodology** for more details.

[v] Baseler, T., Ginn, T., Graham, J., Han, G., Kasirye, I., Manley, C., Muya, B., Resstack, R., Zeitlin, A. (2024). Ibid.

[vi] Currency conversion from UGX to EUR is 3922.81 UGX to 1 EUR, and from EUR to USD used was 1.05 USD to 1 EUR. These rates were used as an average rate during the analyzed period from May 2022 – April 2023.

[vii] Support costs are split across treatment arms according to the proportion of direct program expenditure per treatment arm.

[viii] Onboarding, or set-up costs, are split across treatment arms according to the proportion of clients served per treatment arm.

[ix] Transfer fees amounted to less than 1% each lump of cash transfers, driven by a 0.5% government tax, 12,500 UGX onetime withdraw fee, 250UGX service provider fee, and an average 345UGX telecom fee.

[x] Evidence from IRC livelihood datasets forthcoming.

[xi] AEA registry, accessed here: **https://www.socialscienceregistry.org/trials/9212**

[xii] AEA registry, accessed here: **https://www.socialscienceregistry.org/trials/9212**

[xiii] McKenzie, D. (2020). "Small Business Training to Improve Management Practices in Developing Countries: Reassessing the evidence for 'training doesn't work'." Policy Research Working Paper – 9408. World Bank Group. 10 November 2023. **https://documents1.worldbank.org/curated/en/593081600709463800/pdf/Small-Business-Training-to-Improve-Management-Practices-in-Developing-Countries-Reassessing-the-Evidence-for-39-Training-Doesn-t-Work-39.pdf**

[xiv]Brooks, Wyatt, Kevin Donovan, and Terence R. Johnson. (2018). "Mentors or Teachers? Microenterprise Training in Kenya." American Economic Journal: Applied Economics, 10 (4): 196-221. DOI: 10.1257/app.20170042.

[xv] The impact evaluation measured outcomes at four points in time throughout the 12-month intervention period (at month 3, 6, 9, and 12). Given the Re:BUiLD team's interest in understanding where the program makes impacts that are sustained through the end of the program, the CEA uses results from the final time-period analyzed.

[xvii] At the time of writing this report, these were the only two monetary outcomes which were provided to the IRC broken down over time. The observations captured at months 3, 6, 9, and 12 were used to linearly extrapolate across the full 12-month implementation period to estimate total monetary increase, and then divide by the cost of the program to estimate cost per additional dollar gained.

[xviii] For these monetary outcomes, we took the four observation points (at month 3, 6, 9, and 12), and linearly extrapolated across these months to estimate what profit gains would be during unobserved months. The sum of the total additional profit across the 12-month period was then divided by the cost per client for the given treatment arm to determine the cost per additional dollar in value gained by the client. This process was repeated for all outcomes in this table.

Box 3. 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 Program.

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.

A full explanation of the IRC's cost analysis methodology can be found here:
www.rescue.org/report/cost-analysis-methodology-irc

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

Preferred Citation

Cochran-George, Mikaela and Martin Karanja. 2024. "Economic Livelihoods Cost Effectiveness Brief – Re:BUiLD Uganda Wave 1." The International Rescue Committee.

Airbel Impact Lab
Research & Innovation at the IRC

Annex 1: Ingredients List

Uganda | 2022 EUR

PROGRAM COSTS	T1: Grant	T2: Grant + Mentorship	T3: Shared Fate	TOTAL
Staff	**€ 28,514**	**€ 71,632**	**€ 43,094**	**€ 143,239**
Program supplies and Activities	**€ 269,645**	**€ 602,722**	**€ 363,694**	**€ 1,236,060**
Mentees				
Cash grant	€ 230,930	€ 383,857	€ 230,930	€ 845,718
Transport stipend	€ 3,223	€ -	€ -	€ 3,223
Transport stipend	€ -	€ 40,633	€ 24,445	€ 65,078
Lottery payouts	€ 10,106	€ 16,798	€ -	€ 26,904
Lottery payouts	€ -	€ -	€ 30,317	€ 30,317
Unconditional payout	€ 18,709	€ 31,099	€ -	€ 49,808
Mentors				
Mentor stipend	€ -	€ 64,307	€ 38,739	€ 103,046
Transport stipend	€ -	€ 16,065	€ 9,678	€ 25,743
Lottery payouts	€ -	€ -	€ 11,972	€ 11,972
Mentor fixed payout	€ -	€ 10,353	€ -	€ 10,353
Unconditional payout	€ -	€ 10,353	€ -	€ 10,353
Completion payout	€ -	€ 13,526	€ 8,148	€ 21,675
Additional program supplies and materials	€ 6,677	€ 15,731	€ 9,464	€ 31,871
Direct Program Costs	**€ 298,158**	**€ 674,354**	**€ 406,788**	**€ 1,379,300**
Shared Program Costs	**€ 80,694**	**€ 182,521**	**€ 110,081**	**€ 373,295**
Total Program Costs	**€ 378,852**	**€ 856,874**	**€ 516,868**	**€ 1,752,595**
Cost per client	**€ 842**	**€ 1,146**	**€ 1,149**	

Staffing includes national and international staff, covering positions including: Project Director, Deputy Project Director, Grants and Partnerships Manager, Research Coordinator, M&E (Coordinator, Manager and Officer), Advocacy and Communications Officer, Senior research officer, ERD Coordinator, Senior ERD Officer for Livelihoods, Senior Project Manager, Business and Enterprise Development Managers, Community and Client Engagement Officer, VSLA and Bank Linkage Officer, Cash Officer, Project Partnership and Finance Officer, Driver and Administrative Assistant. This line also includes staff benefits.

Additional program supplies and materials include costs associated with communications and visibility, learn to earn business training, training of trainers for mentors, promotional assets for the program, costs associated with community sensitization and engagement, design and printing of materials, and costs associated with routine M&E for baseline, midline and endline, including client feedback.

Annex 2: Currency Conversion

All costs summarized below are converted using an average conversion rate during the analyzed Program period.

Average exchange rate during Program period (July 2022 – August 2023)	
Ugandan UGX to Euro (EUR)	1 EUR = 3922.81 UGX
Euro (EUR) to United States Dollar (USD)	1 USD = 0.96 EUR

Costs per client across all treatment groups		
	EUR	**USD**
Business grant per client	€ 510	$ 534
Cost-transfer ratio	€ 0.34	$ 0.36

Cost per client per treatment arm		
	EUR	**USD**
T1: Business grant only	€ 842	$ 884
T2: Business grant + Mentorship	€ 1,146	$ 1,148
T3: Business grant + Mentorship + Shared Fate	€ 1,203	$ 1,206

Annex 3: Incremental Cost-Effectiveness Ratios

Comparative cost-effectiveness analysis uses effect sizes[xix] to determine the cost per change in standard deviation as a standard metric for comparing across interventions, known as incremental cost-effectiveness ratios (ICERs). In this table treatment arms including a mentorship component (treatment 2 and 3) are clumped in these results as "any mentorship" given that most mentorship outcomes and costs were similar with negligible differences that did not infer any substantial meaning. Finally, all comparisons in this table are made between the treatment and pure control, and only those with a statistically significant difference at the end of the program (12-months) are provided. Results which are not statistically significant are labeled not significant, "NS", indicating that we do not have enough evidence to reject the null hypothesis which states that pure control has the same effect on clients as the intervention.

It should be noted that the effect sizes for this research are still under review. For this reason, the below numbers may be updated in future iterations.

ICERs for Economic and household wellbeing outcomes

Outcome	Business grant-only	Any Mentorship
Business Profit	To induce a change in standard deviation, it will cost €1,427 or $1,498 per client	To induce a change in standard deviation, it will cost €1,1944 or $2,041 per client
Business Openness	To induce a change in standard deviation, it will cost €5,262 or $5,525 per client	To induce a change in standard deviation, it will cost €7,169 or $7,528 per client
Business Practice	No effects were observed.	No effects were observed.
Business Capital	Effect size needed	Null, will reflect effect of business grant compared to cost of mentorship.
Household wellbeing index	To induce a change in standard deviation, it will cost €2,053 or $2,156 per client	To induce a change in standard deviation, it will cost €2,798 or $2,938 per client
Household earnings	Effect size needed	Null, will reflect effect of business grant compared to cost of mentorship.
Days HH members skipped meals	Effect size needed	Null, will reflect effect of business grant compared to cost of mentorship.
Psychological wellbeing index	To induce a change in standard deviation, it will cost €2,903, or $3,048 per client	To induce a change in standard deviation, it will cost €3,955, or $4,153 per client
Social cohesion index	No effects were observed on aggregate (effects on host women, by 0.21 sd).	No effects were observed.
Beliefs about refugee's economic effect index	To induce a change in standard deviation, it will cost €6,014, or $6,314 per client	To induce a change in standard deviation, it will cost €8,193, or $8,603 per client
Support for inclusive refugee hosting index	To induce a change in standard deviation, it will cost €3,238, or $3,400 per client	To induce a change in standard deviation, it will cost €4,412, or $4,632 per client

[xix] Effect sizes are reported in standard deviations, which help us understand how many standard deviations exist between the mean (average) of the samples compared. Since effect size in the impact evaluations were reported in terms of intention to treat estimates, we convert these to treatment on the treated, as is consistent with BUR's costing methodology. This ensures that we are comparing costs to the actual number of clients treated rather than just those who were intended to be treated.