VALUE FOR MONEY DIGEST

Transition to livelihood opportunities in Kenya, Uganda and Nigeria

OCTOBER 2024

Introduction

This document presents an extract[1] of a Value for Money (VfM) analysis conducted for a transition to livelihood opportunities intervention in Kenya, Uganda and Nigeria, implemented from October 2020 and December 2023.

The intervention used a safe space model[2] and aimed to improve the wellbeing of adolescents and young people aged 10 to 24 years in Kenya, Uganda and Nigeria, by increasing access to educational, economic, and civic engagement opportunities. The intervention was implemented through a combination of activities including life skills, financial literacy, psychosocial support, access to business grants or in-kind support, vocational training, apprenticeship, business training and/or mentorship. The implementation followed a transition approach helping participants to move from a Learning phase, (e.g. life skills and financial literacy), to a Livelihood support phase which entailed access to grant/in-kind and business support.

Overview of the VfM Analysis

The VfM analysis used the 5Es (Economy, Efficiency, Effectiveness, Cost-Effectiveness[3], Equity) approach[4] with a mixed method approach. The Economy (i.e. cost per input and cost categorization) and Cost-Efficiency (i.e. cost per output) components were analyzed using Dioptra. Dioptra is a web-based cost analysis software that helps program teams to calculate the full cost per

1 A full Value for Money report was produced

2 A safe space model refers to a structured approach used in development and humanitarian programs—especially those targeting adolescents and marginalized groups—to create supportive, inclusive environments where participants can learn, grow, and build resilience

3 Cost-effectiveness was calculated using Difference-in-Difference (DiD) estimation

4 https://assets.publishing.service.gov.uk/media/5a78a9ee40f0b632476992f1/DFID-approach-value-money.pdf

output or intervention in a few hours, compare results to existing benchmarks, and review evidence-based strategies.

The analysis was conducted using the actual financial costs incurred between October 2020 and December 2023 and considered direct intervention, support, and indirect costs from the three countries and the coordinating PMU (Program Management Unit).

The VfM analysis was developed by Mercy Corps' Technical Support, Evidence & Program Quality (TEQ), MEL unit.

Value for Money results

Economy

The analysis revealed that pre-selection of preferred suppliers and learning from previously implemented programs contributed to cost savings, resulting in relatively low support costs and higher resources allocated for direct intervention costs.

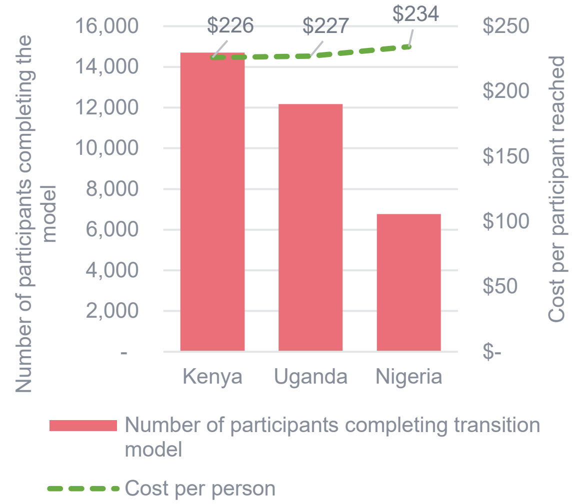
In the Learning and Livelihood phases, program costs were the largest expense across all countries: Kenya: 59% Uganda: 65% Nigeria: 78%. Kenya had higher shared costs due to hosting the PMU. Overall, the largest share of costs (between 33% and 48%) was assigned to material and activities costs, followed by staffing (between 28% and 17%), and indirect costs (15%).

In the Learning phase, Kenya's main cost driver was National Staff (36%) due to geographic spread and multiple local partners to coordinate. In Uganda and Nigeria, the main cost driver was Materials and Activities (44% and 42% respectively).

In the Livelihood phase, all three countries had Materials and Activities as the largest cost category (Kenya 42%, Uganda 46%, Nigeria 55%).

Efficiency and cost-efficiency

The intervention reached 75,647 participants through the Learning phase and 33,626 participants in the Livelihood phase. Overall, 44% of participants transitioned from the Learning phase to the Livelihood phase.



Despite the larger reach in Kenya and Uganda (above 12,000 participants) compared to Nigeria[6], the cost efficiency ratio, or cost to graduate a participant from the model, remained between a range of $220 to $240. This can be explained by

Cost efficiency was driven by reach and by program components details as training dosage[5] and mentor-to-participant ratios

few factors. For instance, the mentor-to-participant ratio in Nigeria (1:30), compared to in Uganda (1.20) and Kenya (1:10) and contributed to lower costs. Also, in Nigeria and Uganda, shorter training durations reduced costs. These two conditions didn't negatively influence effectiveness.

Effectiveness and cost-effectiveness

Positive gains in implementation were reported around self-targeting, participation and enrollment, and use of safe spaces. Positive spillover effects were possible due to the influence of peers in the communities; in some cases, parents influenced siblings of participants

[5] Dosage refers to the amount, intensity, frequency, or duration of training delivered.

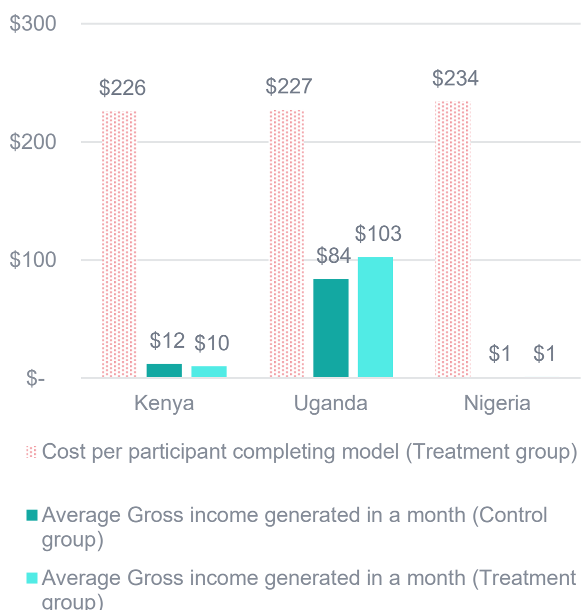
[6] Nigeria experienced a reduced reach compared to Uganda and Kenya as the intervention was delivered for 17 months instead of 39 months as in Kenya and Uganda.

to join the safe spaces and ripple effects of the safe spaces functioning in the community

Safe spaces have been perceived as a place of respect, sharing and knowledge. Boys, girls and youths were put at the center. Dialogues within communities and openness among community and religious leaders could be seen as a strong basis to eradicate non-inclusive cultural barriers and shape social norms.

The intervention effectively improved general life skills and literacy scores of participants across different countries, demonstrating its adaptability to different contexts. Overall, the life skills module improved the life skills of its participants in all three countries, accounting for an average increase of life skills index points by the treatment group participants of 1.9 points in Kenya, 5.09 points in Uganda, and 3.1 points in Nigeria.

The targeting of participants from previous programming and the possibility to deliver refresher training to most participants in Uganda and the reduction in the training duration compressing the six-month training into three in Nigeria, influenced the life skills index scores, together with other cultural factors.



Looking at income generation, the analysis focused on the Return on Investment (RoI). The treatment group increased their income by almost the same amount from baseline to endline as the comparison group who did not receive the treatment. In Kenya, the treatment had no effect on income and was therefore not cost-effective. In Uganda, the treatment had some effect on income generation, with participants earning a net 28% additional income ($19) in a month. However, the treatment cost in Uganda ($227 per participant) was 12 times higher than the additional income attributable to the intervention. In Nigeria, the treatment had no effect on income and was therefore not cost-effective.

For every $100 invested, a participant in Uganda would learn additional $8 income in a month

These results need to be carefully considered as outcome data points on income generation were collected one-to-two months after the end of the intervention, and the income effects might not have been fully captured and reflected an immediate income increase.

Equity and Inclusion

The analysis highlighted that over 99% of participants were youth. Across the three countries, an average of 72% of women were reached, of which between 6% pregnant and 38% lactating, and individuals with disabilities (2%).

The safe space model was positively welcomed by participants. Participants had a say on the location of the safe space based on their preferences, the time of meetings, accessibility, etc. The curriculum was translated into traditional languages, and the mentor was from the same community.

Recommendations

In future interventions, having shorter delivery times, as in Nigeria, may improve cost-efficiency without sacrificing reach and effectiveness.

In interventions that measure income generation, it is essential to plan for data collection follow up periods. In fact, interventions results are limited by short follow-up periods as data was collected only two months after intervention, possibly missing longer-term impacts.

In conclusion, despite limited access to impact data, the intervention demonstrated positive value for money in the use of resources and the generation of positive outcomes for participants. Strong ownership and engagement of participants in supporting the design of the model, through the safe spaces, and community linkages benefiting from interaction of community leaders, local mentors, and communities were fundamental to ensure creation of value.

About Mercy Corps
Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within.
Now, and for the future.

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