

- RESEARCH REPORT 2024 -

## ANNEX 1-

# IMPACT EVALUATION OF THE “*STRENGTHENED SOCIO-ECONOMIC DEVELOPMENT AND BETTER EMPLOYMENT OPPORTUNITIES FOR REFUGEES AND HOST COMMUNITIES (STEDE) PROJECT*”

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This report documents the activities undertaken in the final impact evaluation for the Strengthened Socio-Economic Development and Better Employment Opportunities for Refugees and Host Communities (STEDE) Project in the Somali Regional State of Ethiopia. It includes descriptions of the fieldwork activities, the data collected, and presents the results of the evaluation.

Prepared for the European Union Emergency Trust Fund by the Center for Evaluation and Development.



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**ABBREVIATIONS**

ATT	Average Treatment Effect on the Treated
BOFED	Bureau of Finance and Economic Development
C4ED	Center for Evaluation and Development
CAPI	Computer-Assisted Personal Interviewing
CEA	Cost-effectiveness Analysis
CEM	Coarsened Exact Matching
CIE	Counterfactual Impact Evaluation
CRRF	Comprehensive Refugee Response Framework
DAC	Development Assistance Committee
EQ	Evaluation Question
ETH	Ethiopia
EUTF	European Union Emergency Trust Fund
FGD	Focus Group Discussion
FIES	Food Insecurity Experience Scale
FSP	Financial Service Provider
GPS	Global Positioning System
HESPI	The Horn Economic and Social Policy Institute
HHs	Households
ICC	Intra-cluster Correlation Coefficient
IDI	In-Depth Interview
IDP	Internally Displaced Person
IHS	Inverse Hyperbolic Sine
IPL	Immigration Policy Lab
IPWRA	Inverse Probability Weighting with Regression Adjustment
ITT	Intent-to-treat
IV	Instrumental Variable
KII	Key-Informant Interview
LATE	Local Average Treatment Effect
MDES	Minimum Detectable Effect Size
MFI	Micro-Finance Institution
MSD	Market Systems Development
NGO	Non-Governmental Organisation
OLS	Ordinary Least Squares
POM	Potential Outcome Means
PP	Percentage Points
PSPs	Private Service Providers
RCT	Randomised Control Trial
RR21	Research Report 2021
RR22	Research Report 2022
RRS	Refugees and Returnees Service
RuSACCOs	Rural Savings and Credit Cooperatives
STEDE	Strengthened Socio-Economic Development and Better Employment Opportunities for Refugees and Host Communities



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TOC  
VSLA

Theory of Change  
Village Savings and Loans Associations



## EXECUTIVE SUMMARY

### *Introduction*

The **Strengthened Socio-Economic Development and Better Employment Opportunities for Refugees and Host Communities (STEDE)** project, implemented by Mercy Corps and the Danish Refugee Council, aimed to improve the economic and social livelihoods of refugees and host communities in Ethiopia's Somali Region. By employing a **Market Systems Development approach**, the project focused on three components to address the needs of these vulnerable populations:

1. **Expanding access to business and financial services** through the formation of 266 Village Savings and Loan Associations (VSLAs). These VSLAs provided members with access to savings and small loans while linking them to formal financial institutions. Additionally, the project delivered financial literacy training to empower beneficiaries with essential money management skills.
2. **Developing job skills** to enhance employability and foster entrepreneurship, particularly among women and refugees. Through skills development initiatives, beneficiaries were better equipped to enter the labour market or start small businesses, thereby contributing to their financial independence.
3. **Fostering social integration and supporting rights** by promoting social cohesion between refugees and host communities. The project encouraged interactions and mutual support through financial and social activities, helping to strengthen ties between these groups.

The **VSLAs** served as the core intervention, facilitating access to savings opportunities, small loans, and financial management skills for **4,600 individual beneficiaries** across three districts (**Jijiga, Kebribeyah, and Awbare**). Field Agents were mobilised to guide communities in forming VSLAs and provide continuous training on financial literacy and business management. This helped beneficiaries invest in their livelihoods, enhance their financial resilience, and build social capital within their communities.

The evaluation of the VSLA component was conducted by the **Center for Evaluation and Development**, under a contract with the **European Union Emergency Trust Fund for Africa (EUTF)**. The evaluation aimed to assess the impact of the VSLAs on improving financial access, economic resilience, and social well-being among both refugees and host communities. Using a **mixed-methods approach** that combined quantitative and qualitative data collection, the evaluation provided insights into the **intervention's effectiveness, impact, and relevance**.

### *Findings*

While the VSLA **intervention significantly improved economic stability and saving behaviours**, it also showed persistent **barriers related to trust, business growth, and access to formal financial services**, especially for marginalised groups such as refugees and women. **In response to the first evaluation question (EQ, Contribution to employment, job creation, and skills)**, evaluation results show that VSLA membership **increased the likelihood of stable employment and participation in family businesses** (Finding 1), although it did not



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spur the creation of new businesses due to the limited loan sizes. The intervention **primarily stabilised existing family ventures. Financial management practices improved** significantly (Finding 3), with an increase in resource management scores and business practices. However, **financial literacy decreased** (Finding 4).

**Considering EQ7b (Saving and access to credit)**, the evaluation shows that while the intervention **slightly increased access to loans** (Finding 6), this effect was limited by the lack of financial institutions in the districts and delays in linking VSLAs to formal financial providers. **Savings behaviour improved significantly** (Finding 8), with VSLA members being more likely to save overall, and more likely to save through VSLAs. **Barriers** such as **the absence of legal cooperative status** and **financial institutions' reluctance** to lend to refugees hindered the creation of loan linkages between VSLAs and formal providers. However, integrating VSLAs into registered RuSACCOs and issuing residence permits for refugees have led to increased access to formal financial services.

In answer to **EQ2 (Changes in resilience and livelihoods of beneficiaries)**, the evaluation results show that intervention **improved economic well-being and resilience among beneficiaries**. VSLA membership led to **increased income**, particularly for self-employed individuals (Finding 9). While quantitative resilience measures, such as the Brief Resilience Score, showed limited change, **improvements** were observed **in well-being and food security**, with reduced food shortages and food insecurity (Finding 10). Qualitative findings show that **VSLA beneficiaries emphasised that the VSLA group** helped them **strengthen their social ties** (with fellow members of the VSLA group) and enabled them to withstand difficult life events such as drought, illness, or the death of family members (Finding 11).

However, the investigation of **intended and unintended outcomes (EQ4)** shows that the intervention had had mixed effects on **social capital and cohesion** (Finding 12). The intervention strengthened internal networks and relationships within the VSLAs but led to a significant decline in trust within the broader community. The decline in trust negatively impacted the overall social capital and cohesion scores. While there was **little change in migration intentions among refugees**, VSLA membership influenced migration patterns, with **members more likely to migrate within the Somali region and less likely to migrate outside Africa** (Finding 13).

**Gender differences** were observed (Finding 15) when investigating **EQ5 (Inclusion and promotion of vulnerable groups)**, with **women benefiting more in terms of employment, financial management, and savings access**, though **both genders saw improvements in well-being**. Trust and social cohesion declined for both men and women, although women reported improved relationships within their communities. **Gender-sensitive activities**, such as promoting female leadership in VSLAs and addressing gender inequalities, **helped empower women economically**. However, refugee women still face dual marginalisation due to their gender and migration status. The project **effectively addressed the needs of refugees and host communities**, although **challenges such as mobility restrictions and collateral requirements for loans remain**.



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The evaluation results also show **heterogeneous results between host and refugee communities**. **VSLA membership significantly increased stable employment and self-employment in refugee communities** but had a limited effect in host communities. While **business development improved in refugee communities** there was **no effect in host communities**. VSLA interventions **improved financial resource management practices in both refugee and host communities**. However, financial literacy significantly decreased in host communities. Refugee VSLA members were more likely to take loans and save in formal institutions, with savings being crucial for emergencies. In host communities, the effect on loans was limited, but savings improved modestly. VSLA membership significantly improved well-being, food security, and coping strategies, especially among refugees. Refugees experienced greater improvements in well-being, food security, and coping strategies, compared to host communities.

### *Conclusions*

**The VSLA intervention within the STEDE project was highly relevant** in addressing the financial exclusion of vulnerable groups, such as women and refugees. By promoting financial inclusion and economic resilience, the intervention effectively responded to beneficiaries' needs, with a focus on culturally appropriate financial services, such as Sharia-compliant products. The **intervention aligned well with Ethiopia's refugee policies**, such as the Comprehensive Refugee Response Framework (CRRF) and the revised Refugees Proclamation. The project contributed to the socio-economic integration of refugees by creating job opportunities and supporting broader financial inclusion efforts.

**VSLAs enabled beneficiaries to invest in their livelihoods** by expanding existing family businesses rather than creating new ones. Despite limited access to larger loans, the inclusion of financial literacy training helped beneficiaries improve their financial management skills and stabilise their economic activities. **The intervention had a generally positive impact on beneficiaries** by increasing stable employment. Many participants joined family businesses, but limited capital and skills hindered the creation of new income-generating activities.

**Women and refugees experienced notable improvements** in employment, income, and food security due to VSLA membership. While the **intervention fostered closer relationships within VSLA groups**, **overall social capital decreased** due to a decline in community trust. Additionally, the intervention did not significantly alter migration aspirations, as financial stability did not address deeper motivations related to safety and living conditions.

### *Recommendations*

The evaluation of the VSLA intervention has yielded several insights, resulting in actionable recommendations tailored for the project's stakeholders, including implementers, donors, and policymakers. These recommendations focus on enhancing financial inclusion, improving social cohesion, ensuring policy coherence, and strengthening the overall impact and sustainability of the project. They are particularly relevant for guiding stakeholders to build on successful practices and address challenges.

1. **Facilitate access to formal financial institutions:** Establish stronger linkages between VSLAs and formal financial institutions to enable VSLA members to access



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larger loans and a broader range of financial services, thus enhancing economic empowerment.

2. **Foster inclusion of vulnerable groups in leadership roles:** Ensure that vulnerable groups, such as women and refugees, reach leadership positions within VSLAs to promote inclusive decision-making. Implement trainings and leadership development projects for potential leaders from vulnerable groups.
3. **Implement conflict resolution and trust-building activities:** Introduce regular workshops and trust-building activities to address the decline in trust and social cohesion observed among VSLA members. These sessions, facilitated by trained mediators, will help mitigate competition and jealousy over resources.
4. **Strengthen financial literacy training for all VSLA members:** Expand the scope of financial literacy training to include all VSLA members, beyond the management groups. This will ensure overall financial understanding and management practices, which are critical for the long-term success of the intervention.
5. **Monitor and evaluate long-term impact:** Establish a robust monitoring and evaluation (M&E) framework to track the long-term impact of the VSLA intervention on economic well-being and social cohesion. Develop the framework within the next three months, with annual impact assessments and quarterly monitoring reports.

### *Lessons learned*

The evaluation of the VSLA intervention in Ethiopia offered several key lessons that can inform future financial inclusion and community-based projects:

1. **Comprehensive financial literacy training** for all VSLA members is essential to ensure effective financial management and economic empowerment, not just for leadership but across the broader membership.
2. **Establishing strong linkages with formal financial institutions** is crucial for long-term success, enabling access to larger loans and a broader range of financial services, which are necessary for sustainable financial inclusion.
3. **Addressing social dynamics and trust-building** within community-based interventions is vital for maintaining social cohesion. Trust-building activities should be integrated early to foster stronger relationships among group members.
4. **Effective stakeholder coordination** enhances project efficiency by ensuring alignment among all involved actors and preventing overlaps or inefficiencies. Structured communication channels and regular coordination meetings are critical to achieving this.
5. **Tailoring financial solutions to local cultural contexts** (e.g., Sharia-compliant services) increases the relevance and adoption of financial products. Future projects should prioritise culturally appropriate services to enhance their effectiveness.
6. **Robust monitoring and evaluation frameworks** are key to tracking long-term impacts and making necessary adjustments. These frameworks should include both quantitative and qualitative data collection to adapt projects in real time.



## **1. INTRODUCTION**

### **1.1. THE INTERVENTION**

The Strengthened Socio-Economic Development and Better Employment Opportunities for Refugees and Host Communities (STEDE) project, implemented by Mercy Corps and the Danish Refugee Council, aimed to improve the economic and social livelihoods of refugees and host communities via a Market Systems Development (MSD) approach, addressing both the demand and supply sides of the labour market. To improve economic inclusion and access to financial resources for both refugees and host communities, the STEDE project focused on three components: i) expansion of business and financial services, ii) job skills development, and iii) social integration and rights.

By working directly with financial service providers (FSPs) and Field Agents (FAs) to encourage the formation of Village Savings and Loans Associations (VSLAs), and by offering guidance and support to VSLA members, the intervention was expected to improve beneficiaries' access to financial resources. To this end, Mercy Corps started mobilising FAs in September 2021, recruiting and training them on digitalising VSLAs' saving and borrowing transactions using the Jamii.one application, a platform used for record keeping.<sup>1</sup> After being certified, FAs sensitised communities on VSLA formation. Following the sensitisation of the FAs, the formation of the VSLAs began, which took place in 2022. Once the VSLAs were formed, the members had access to loans from the VSLA and formal financial institutions, were able to begin saving regularly, and benefited from enhanced social capital due to the VSLA membership (see Appendix 5.1 displaying the project's theory of change and initial logical framework). FAs' responsibilities included reporting transactions in Jamii.one regularly and monitoring and advising the members on best practices, including training members on financial literacy, financial management and business practices.

The map presented in Figure 1 illustrates the geographic scope of the STEDE project within the Somali Region of Ethiopia, focusing on the intervention areas, Jijiga, Kebribeyah, and Awbare districts (woredas). The light blue shading represents the broader Somali Region, while the darker blue highlights the specific woredas where the project was implemented. The darkest blue section marks the key intervention zones, including both the refugee camps (Kebribeyah, Awbare, and Sheder) and the host communities.

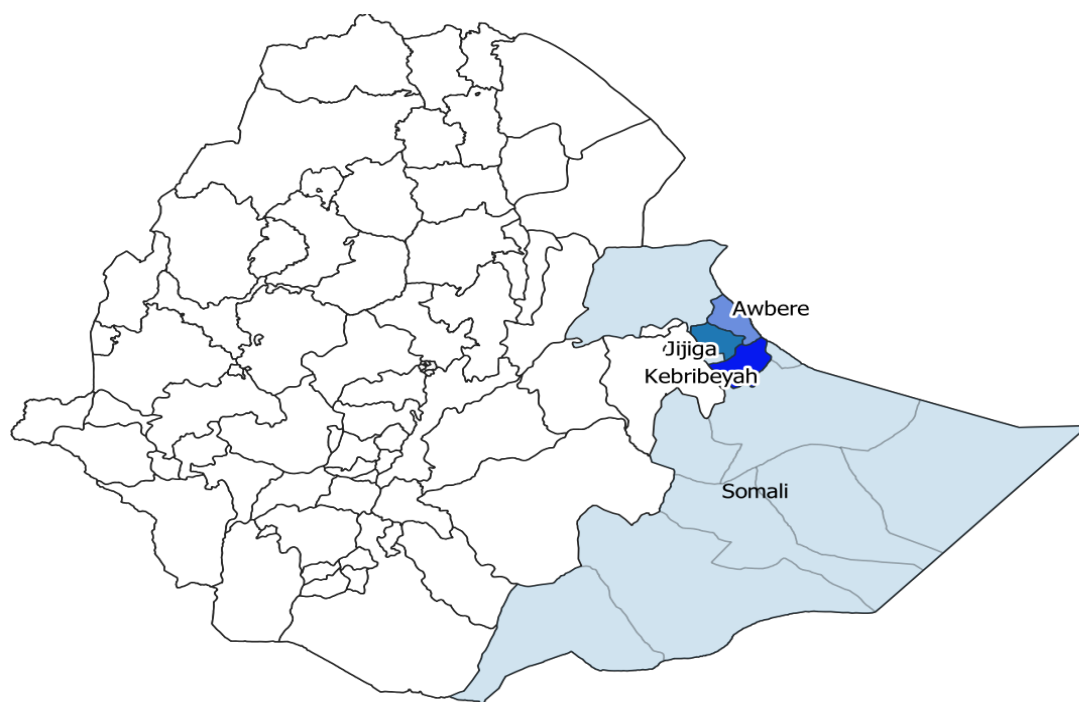
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<sup>1</sup> The FSPs have access to the database, with information on VSLAs' savings and borrowings expected to help VSLAs obtain a (positive) credit rating from FSPs.



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Figure 1: Map of implementation areas



Source: C4ED, using Geodata from ArcGIS Hub

As per communication with Mercy Corps, during the STEDE project's 44-month duration (initially planned from 2021-2023), a total of 266 VSLAs were formed (86 in refugee camps and 180 in host communities), and a total of 4,600 individual beneficiaries became VSLA members (3,546 in host communities and 1,054 in refugee camps). After forming VSLAs, the FAs continuously facilitated financial literacy and financial management training to VSLA members, using the VSLA establishment and capacity-building guidelines. The project was planned to end in February 2023, but a first non-cost extension was granted until November 2023, and a second one until May 2024.

### 1.2.DESCRPTION OF THE EVALUATION

The primary goal of this evaluation is to assess the impacts of the Village Savings and Loans Associations (VSLA) intervention on enhancing financial access, resilience, and the economic and social well-being of both refugees and host communities in the Somali Regional State of Ethiopia. This evaluation specifically focuses on the efficacy of VSLA formation, which was a critical activity within the STEDE project, and how it contributed to the broader objectives of improving financial resource management, fostering resilience, and promoting economic inclusion among vulnerable populations. This evaluation is part of a larger evaluation contract commissioned by the European Union Emergency Trust Fund (EUTF) for Africa, which aims to inform future economic development and employment programming across multiple regions, including West Africa and the Horn of Africa. Within this context, the STEDE evaluation contributes to the EUTF's broader strategic objectives of addressing economic fragility, promoting employment opportunities, and supporting social cohesion through evidence-based findings. By aligning with the overall goals of the EUTF's Strategic Objective 1—focused on



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employment and economic development—the evaluation sheds light on the successes and challenges of different implementation strategies, particularly in a humanitarian and development context involving both refugee and host community populations.

The evaluation addresses several key evaluation questions (EQs), including how the intervention contributed to employment and job creation, enhanced financial access and resilience, and supported the inclusion of vulnerable groups. These questions are discussed in detail, with references to specific indicators outlined in the evaluation matrix (EM) in Appendix 5.6. As described in detail in Annex 5.3, the evaluation uses a mixed-methods approach, combining quantitative and qualitative data to assess the intervention’s effectiveness, impact, and relevance. This methodology allows for a holistic understanding of the VSLA intervention’s outcomes and provides a robust analysis of a project funded under the EUTF. Through this approach, the evaluation offers a nuanced understanding of how the project has addressed the financial inclusion needs of refugees and host communities, while also providing a framework for evaluating long-term impacts on social cohesion and resilience. The findings from this evaluation will contribute to shaping future policy decisions and vocational training interventions in similarly vulnerable contexts.

As mentioned, this evaluation is part of a broader contract which encompasses evaluations of nine EUTF-funded projects, contributing to a comparative analysis to inform future economic development and employment programming across West Africa, the Horn of Africa, and beyond. The evaluation demonstrates how EU-funded projects like STEDE are advancing strategic EUTF objectives and provides critical insights into the effectiveness and long-term outcomes of various implementation approaches within the EUTF’s employment portfolio. The evaluation will **support the EU in refining its strategies for addressing economic challenges** and promoting employment in fragile and conflict-affected regions.

Thus, the evaluation serves as a tool for capacity building and operational learning, highlighting successful practices and areas for improvement. By evaluating the VSLA component, the assessment provides actionable insights that can inform future programme design and delivery, ensuring that interventions are more closely aligned with the economic realities and needs of refugee and host communities. The evaluation also **supports implementing organisations** such as Mercy Corps and the Danish Refugee Council in making evidence-based decisions for similar interventions in other regions.

Furthermore, the evaluation results provide valuable insights into how the STEDE project aligned with local development priorities, such as improving economic inclusion and fostering social cohesion. These findings will help **local governments refine their approaches to integrating refugees into local economies**, improving their access to financial services, and enhancing the overall economic resilience of host communities.

While **beneficiaries** such as VSLA members in refugee and host communities may not directly benefit from the evaluation process itself, the **findings have long-term implications** for the **design of future interventions** that aim to improve their livelihoods. The results offer evidence of the impact of the VSLAs on their financial inclusion and economic empowerment and will inform the development of programmes that better meet their needs, including those focused on employment, savings, and social cohesion.



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### 1.3.METHODOLOGY

The evaluation employed a mixed-methods approach described in detail in Annex 5.3.1, combining both quantitative and qualitative tools to assess the intervention's impact. For the quantitative component, structured questionnaires were administered to 1,480 households across the treatment and control groups, allowing us to capture detailed information on economic and social well-being indicators. This data was complemented by qualitative methods, including semi-structured interviews and focus group discussions, which provided deeper insights into beneficiaries' experiences and the contextual factors influencing the outcomes. This multi-layered approach ensured that C4ED not only measured the direct impacts of the intervention but also gained a comprehensive understanding of the broader environment where the programme was implemented. For further details on the methodology and sampling approach, see Appendix 5.3.

The field teams worked in two host community districts (Kebribeyah and Awbare woredas) and three refugee camps (Abware, Kebribeyah, and Sheder). Due to the geographic spread and the remoteness of certain areas, field activities were logistically complex, requiring substantial coordination with local authorities and FAs to ensure accurate respondent identification and classification. Each data collection round, including baseline and endline surveys, required multiple weeks to complete and involved teams of trained enumerators using digital tools for data capture. To ensure high-quality data, enumerators received comprehensive training on the survey instruments, which included both structured questionnaires and qualitative tools such as semi-structured interviews. In addition to the household surveys, a range of stakeholders was consulted during qualitative interviews, including local public authorities, private companies involved in the VSLA programme, implementing partners, and local community leaders, to gather context-specific insights. These qualitative tools complemented the quantitative data, capturing the underlying mechanisms behind the measurable outcomes.

Data collection involved households from host communities and from refugee camps, with the majority of participants being women. The baseline data was collected in late 2021 before the VSLAs were formed and used to ensure comparability between groups, while the endline data was gathered in mid-2023, 15 months after the intervention began (see Appendix 5.2 for the evaluation timeline). This timing ensured that participants had enough time to experience the potential impacts of the programme.

The sample was carefully divided into treatment (805 VSLA participants) and control (675 non-participants) groups, with a clear distinction between refugee and host communities. The sample primarily consists of individuals with an average age of approximately 37 years. A substantial proportion of the sample is female (71%). The household size is 7.4, with an average of 3.2 children. Educational attainment is generally low, with many individuals having only informal or incomplete primary education. For detailed information on the differences between the treatment and control groups, gender disparities and differences between host and refugee communities, see Appendix 5.4, which expands on the sample description.



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The evaluation results are based solely on a comparison at endline, using a statistical method that weights individuals based on their likelihood of receiving treatment. This approach effectively reduces biases in the comparison groups, which may differ from the treatment group in terms of demographics, education, and employment status. This process enhanced the robustness of the analysis.

#### *Impacts*

To measure the impacts of the intervention, the evaluation examines the effects of participation in the VSLA intervention. To assess the impacts of the VSLA intervention, a mixed-methods approach was used, combining quantitative and qualitative analyses. The evaluation focuses on assessing the direct and indirect effects of the intervention on various economic and social outcomes for both refugees and host communities. The impacts are measured through a detailed quasi-experimental design, supplemented by qualitative insights to capture the breadth and depth of the intervention's effects.

The quantitative impact evaluation compares the outcomes of individuals who participated in the VSLAs (beneficiaries) with those who did not (non-beneficiaries). This is done to ensure that any differences in results are due to the programme and not to other factors. To create comparable groups, matching techniques are used which pair people based on shared characteristics like age, income, or education. This helps reduce any pre-existing differences between the two groups. In the first step to measure the impact, the likelihood of receiving the intervention based on their background was estimated. In the second step, the average effect of the intervention on those who received it was calculated, weighted by the inverse of the likelihood of receiving treatment.

The qualitative component complements the quantitative analysis by providing in-depth insights into the mechanisms through which the VSLA intervention impacted beneficiaries. This includes understanding the contextual factors that influenced the outcomes and capturing the experiences of different stakeholder groups. The qualitative approach included Key Informant Interviews (KIIs) conducted with project staff, implementing partners, and other stakeholders to gather detailed information on the implementation process and perceived impacts, Focus Group Discussions (FGDs) with VSLA members and non-members to explore their experiences, challenges, and perceived benefits of the intervention, and In-Depth Interviews (IDIs) with selected beneficiaries to gain detailed personal accounts of the intervention's impact on their livelihoods and social well-being. Interview notes and transcripts were coded using MAXQDA software, following a structured codebook that was developed based on the evaluation questions and emerging themes. Thematic analysis identified key patterns, trends, and variations in the qualitative data. Findings were triangulated with quantitative results to ensure a comprehensive understanding of the intervention's impacts.

#### *Relevance*

The evaluation explored how well the programme's objectives and design aligned with the target beneficiaries' needs and priorities, including refugees and host communities in the Somali Regional State of Ethiopia. This section elaborates on the criteria and methods used to evaluate the intervention's relevance, with a particular emphasis on gender sensitivity and the specific needs of various beneficiary groups. The relevance criterion is evaluated by considering the extent to which the intervention was designed and implemented in a gender-sensitive



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manner, as well as how it met the specific needs of youths, females, refugees, Internally Displaced Persons (IDPs), returning migrants, and host communities regarding job creation, employability, and skills attainment. To assess relevance, qualitative data were collected and analysed, ensuring a comprehensive understanding of the beneficiaries' perspectives and the contextual appropriateness of the intervention.

#### *Coherence*

The assessment of the coherence of the VSLA intervention evaluates how well the project aligned with and supported existing governmental practices, plans, and policies. This assessment helped to determine the degree of integration and synergy between the intervention and the broader policy and practice environment in the Somali Regional State of Ethiopia. For assessing coherence, as for the evaluation of impacts, KIIs were conducted with project staff, local government officials, and representatives of implementing partners, FGDs were held with beneficiaries to capture their perspectives, and IDIs were conducted with selected beneficiaries to explore in detail how the intervention met their specific needs and expectations.

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#### 1.4.LIMITATIONS OR WEAKNESSES

The evaluation of the VSLA intervention within the STEDE project faced several challenges, which should be acknowledged to contextualise the findings and understand their implications for this reports' conclusions and recommendations. The challenges discussed were selected based on their impact on the integrity of the evaluation design, the intervention's implementation fidelity, and the implications for data quality and analysis reliability.

**Implementation variability:** One significant challenge was the variation in the VSLA intervention's implementation across different communities, particularly in the refugee camps and Kebribeyah host community. The VSLA formation occurred in both control and treatment areas, thus deviating from the original plan. This implementation variability compromised the random assignment of participants, leading to biased comparisons between treatment and control groups, which weakened the internal validity of the study and made it difficult to attribute outcomes directly to the intervention. To address this challenge, the evaluation team adapted the evaluation design, transitioning from a cluster-randomised control trial to a quasi-experimental matching approach using IPWRA. This method adjusts for selection bias, ensuring that the estimated impact of the intervention is more robust and less susceptible to biases introduced by the deviations. The data collection method was also adjusted to accurately identify respondents in the treatment or control group. This adjustment involved using a random walk procedure when the original randomisation procedure was not respected or the list of respondents was unavailable, as described in more detail in Appendix 5.2.2.

**Social dynamics and facilitator oversight:** Social dynamics and variations in facilitator oversight influenced both the implementation and evaluation process in several ways. In some communities, local power structures or interpersonal relationships between facilitators and participants may have affected the consistency of intervention delivery, with some groups receiving more guidance or support than others. Additionally, facilitators' varying levels of adherence to the intended implementation guidelines may have introduced discrepancies in how



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the VSLA intervention was understood and adopted by participants. These dynamics influenced the evaluation by introducing variability in the data collected, as some respondents may have been more or less willing to participate based on their relationship with facilitators or peers. In some cases, participants might have been reluctant to provide candid feedback due to social pressure or fears of upsetting local leaders or facilitators. By triangulating quantitative findings with qualitative insights, the evaluation team sought to contextualise these issues, offering a more comprehensive understanding of how social factors shaped both the intervention's effects and the accuracy of the evaluation results.

**Challenges in qualitative data collection:** During the qualitative data collection process, there were difficulties in securing participation from certain participants. Some of the selected project beneficiaries were unavailable at the time of data collection, and some key informants rescheduled the interview multiple times due to work-related commitments. When selected project beneficiaries were unavailable on the scheduled data collection days, the qualitative researchers conducted interviews in other data collection sites and revisited the area on the following days. To secure interviews with key informants, C4ED deployed two of the four qualitative researchers for an additional two data collection days a few weeks after the originally planned completion date.

**Methodological limitations for measuring efficiency:** The evaluation initially aimed to include an assessment of efficiency, specifically focusing on the cost-effectiveness of the interventions in terms of implementation costs per beneficiary, employment outcomes, and income gains. This component was designed to provide insights into the cost-efficiency of the VSLA intervention and measure resource use relative to the benefits achieved. As specific costs incurred for implementing the activities under evaluation were unavailable to C4ED, it could not undertake the analysis following the planned methodology. Despite the efforts made to request further implementation documentation, the necessary data to calculate the intervention's cost per beneficiary or assess cost-effectiveness for employment and income outcomes were unavailable.

## 2. COUNTRY AND SECTOR BACKGROUND

### 2.1. CONTEXTUAL BACKGROUND

Ethiopia is a low-income land-locked country located in the Horn of Africa. With a population of more than 120 million people, it is the second most populous country in Africa, surpassed only by Nigeria. However, Ethiopia is significantly less urbanised than many other African countries, with only 20% of its population residing in urban areas, although the urbanisation rate has been rapidly increasing over the last few years (Abebe, 2024). Ethiopia is also one of the fastest-growing economies in Africa and the world. Its real GDP was projected to grow by 6.2% in 2023/2024, twice as fast as the projected average of 3.7% for the continent (AfDB, 2024). However, the country's economic structure still reflects that of a low-income country. Given the urbanisation rate, more than 80% of the country's population still relies on agriculture to make a living (Abebe, 2024).



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Despite the rapid economic growth experienced by Ethiopia in recent years, multiple development challenges remain. Due to periodic conflict, insecurity, and climate events, economic growth has not always translated into poverty reduction and food security, particularly in rural areas and for female-headed households (Eyasu, 2020). In 2016, 29.6% of the national population lived below the national poverty line, which is ETB 7.184 per adult equivalent per year, while 27% lived below the international poverty line, defined as USD 1.9<sup>2</sup> per person per day in purchasing power parity (World Bank, 2020). Since 2020, the country has also faced various shocks, such as the COVID-19 pandemic, conflict in Northern Ethiopia, and drought, which are expected to exacerbate the number of households living below the poverty line (UNDP, 2022) as well as the number of refugees and forced displaced people. By the end of 2023, there were a total of 3.6 million internally displaced people in Ethiopia due to conflict, violence, or disasters. The number of people displaced by conflict and violence significantly dropped from 2 million in 2022 to 794 thousand in 2023 after a peace agreement between the government and the Tigray People's Liberation Front (TPLF) in November 2022 (GRID, 2024). In fact, simulations show that these successive crises have led to a rise in poverty from 2020 to 2023 (UNDP, 2022).

The challenges of poverty and youth unemployment (particularly in rural areas) persist partly because of the lack of financial access. A lack of access means that individuals are not able to save for crises or to start new businesses and invest in currently existing ones. Research has shown that increased access to finance can reduce households' poverty rates and vulnerability to poverty, particularly in rural areas (Koomson et al., 2020), through multiple channels, such as female empowerment and investment in education (Ashraf et al., 2010). Furthermore, increased access to finance is associated with a reduction in the unemployment rate across 35 developing countries (Mehry, 2020).

Despite these positive effects, financial inclusion rates in Ethiopia are lower than both the Sub-Saharan African and other developing countries overall. In particular, 46.4% of adults of over the age of 15 had an account in a financial institution by 2021, while the number is 71.38% and 55% in developing countries and Sub-Saharan Africa, respectively (World Bank, 2024a). Financial exclusion is prevalent among vulnerable populations, with excluded individuals tending to lack financial literacy, to be female, young, and living in rural areas (Bekele, 2023; Desalegn & Yemataw, 2023). Consequently, increasing access to financial services for vulnerable populations is an evidence-based pathway through which their lives can be improved.

VSLAs have been identified as a tool through which vulnerable populations can gain access to financial services, as a savings vehicle and as a source of credit. VSLAs refer to informal savings groups with a small number of members (often vulnerable population groups, such as females), where each member frequently contributes small amounts of money to a common fund. These savings are then pooled and can be loaned out to members or used as insurance. A meta-analysis of VSLA projects shows that VSLAs are extremely successful in increasing

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<sup>2</sup> While the international poverty line has since been updated to \$ 2.15, these numbers are based on data from 2016 that were published in 2020.



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members' savings rates, asset ownership, and average monthly income, particularly for female members (Krause, 2021). In Ethiopia, it has been found to lead to a reduction in poverty, more investment in children's education, and an increase in female empowerment (Beyene et al., 2019). Therefore, VSLAs are a promising tool in increasing access to financial services for vulnerable populations, such as females, youth, and those living in rural areas.

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#### 2.2. THE EUROPEAN UNION (EU) IN ETHIOPIA

Ethiopia has been a key partner for the EU in the region, due to economic, geostrategic, and security reasons. In October 2023, Ethiopian and EU delegations jointly launched the EU's Multiannual Indicative Programme (MIP) for the period 2024 -2027. The MIP aims to address the adverse impacts of climate change, particularly the effect of weather patterns, and economic recovery following the war and the pandemic, while responding to the short-term objective of post-conflict rebuilding in the northern region. As such, the MIP defined three priority areas for the period: Green Deal, Human Development, and Governance and Peacebuilding (European Commission, 2023).

The European Union Emergency Trust Fund (EUTF) for Africa has supported various projects in Ethiopia, focusing on resilience building, economic opportunities, and improving governance and migration management. EUTF projects in Ethiopia have addressed key challenges such as youth unemployment, displacement, and vulnerability due to natural disasters like floods and locust invasions. By mid-2020, significant outcomes were achieved, including the creation of thousands of jobs, improvements in food security, and strengthened basic services delivery in rural areas (Altai consulting, 2020).

As part of these efforts, the EU also launched a €14.5 million joint initiative in early 2021 to develop the digital finance industry across selected countries in Africa, the Caribbean, and the Pacific. Ethiopia was one of the selected countries, with the initiative aiming to reach women and youth. Under this joint initiative, the United Nations Capital Development Fund (UNCDF) is working with the National Bank of Ethiopia, the Ministry of Finance, the Ministry of Innovation and Technology, and private sector operators to support the government in expanding digital finance to vulnerable population groups (UNCDF, 2021). The EU, alongside the German Federal Ministry for Economic Cooperation and Development (BMZ), is also funding the German Agency for International Cooperation (GIZ) to implement the Ethio-German Sustainable Training and Education Programme, with EU funding amounting to €5.3 million. This project seeks to improve the skills and employability of technical and vocational education and training (TVET) students and graduates (GIZ, 2024). It is focused particularly on vulnerable populations, such as women and youth.

Alongside funding and supporting the STEDE project, the EU's backing of these recent initiatives demonstrates its commitment to developing skills, promoting entrepreneurship, and promoting financial inclusion in Ethiopia. The aim is to create stable and decent employment opportunities and thereby contribute to improved living standards. The current evaluation will thus inform how resources can efficiently be allocated for similar future projects.



### 3. FINDINGS

This section presents the results from the data collected at endline, comparing VSLA members with similar individuals who did not participate in the project. This comparison ensures that any differences observed are fairly adjusted for background characteristics. The results are organised by evaluation question and reference specific indicators from the evaluation matrix available in Appendix 5.6. While this section highlights the main evaluation findings, more detailed results for each evaluation question can be found in Appendix 5.5.

#### 3.1.EQ1 CONTRIBUTION TO EMPLOYMENT, JOB CREATION, AND SKILLS



**VSLA membership increased the likelihood of stable employment by 9 percentage points (pp), with a 4 pp increase in participation in family businesses.**

**The intervention did not significantly spur the creation of new businesses or diversify income sources, likely due to insufficient loan sizes. The focus was primarily on stabilising existing family ventures.**



**Financial management practices improved significantly, with a 50 pp increase in financial resource management scores and a 72 pp improvement in business practices.**

**Financial literacy scores decreased by 22 pp, possibly due to their misalignment with Sharia-compliant practices.**

*What impact does the VSLA intervention have on fostering self-employment of beneficiaries and starting new MSMEs? (1.1.ETH.a.)*

**Finding 1:** The project increased beneficiaries' likelihood of stable employment, particularly through participation in family businesses, despite facing challenges in accessing larger loans and limited opportunities for business diversification (Figure 7). The results show that VSLA members are more likely to have stable jobs than non-VSLA members. While descriptive statistics show that only 15% of respondents in the control group were in stable employment, on average, the likelihood of being in employment increased by almost 9 percentage points (pp) for the beneficiaries, thanks to the project (indicators 1.1.1 and 1.1.2). Specifically, project beneficiaries are about 4 pp more likely to work as regular family workers (indicator 1.1.3).<sup>3</sup> Beneficiaries might have joined family businesses, leveraging the capital influx from the project to support these ventures. Qualitative data supports the hypothesis that the project helped strengthen and expand existing businesses thanks to the VSLA groups' loans and the skills acquired by the beneficiaries who joined the income-generating activity (IGA). Nevertheless, it

<sup>3</sup> Although the International Labour Organization (ILO) defines “contributing family workers” as self-employment, it is possible that respondents did not perceive it as such. Descriptive statistics show that in the control group only 2% of respondents worked as regular family workers.



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is worth mentioning that the likelihood of having a work contract (verbal or written) has not significantly changed for VSLA members compared to non-members (indicator 1.1.4).

The qualitative discussions explored opportunities, barriers to, and the contribution of the intervention to livelihood diversification, mainly through business development. Participants mentioned the availability of several opportunities for livelihood diversification in their communities such as farming, livestock rearing, and retail businesses. Participants also had a basic understanding of the benefits of livelihood diversification. However, in alignment with the quantitative findings discussed above, the qualitative findings also indicated that, although respondents acknowledged that the project strengthened their small-scale businesses, the loans obtained from the VSLAs were insufficient for income diversification, as the project did not facilitate their linkages with formal financial institutions to secure larger loans (indicator 1.1.9).

#### *What is the impact of the VSLA interventions on investing in business development? (1.1.ETH.b)*

**Finding 2:** The VSLA intervention did **not significantly increase new business development** (Figure 12), likely because the loan sizes, which helped to stabilise existing businesses, were insufficient for launching new ventures. Summary statistics show that, while both groups have similar levels of interest in starting their own businesses (87.5% for the control group and 90.1% for the treatment group), the share of individuals who started a business after 2021 is low in both (3.6% in the control groups vs. 6.1% in the treatment group). While descriptively the interest in investing in their businesses varies between the treatment group (11.5%) and the control group (6.3% ), the estimated **impact of the VSLA intervention on respondents starting a new business post-2021** (indicator 1.1.5), their **interest in starting a business** (indicator 1.1.6), **investing in an existing business** (indicator 1.1.7) among the self-employed, and the share of **beneficiaries with diversified sources of income** (indicator 1.1.8) is **statistically insignificant**. Several factors could explain the overall insignificant impact of VSLAs on business development:

- The intervention may have helped existing businesses survive rather than spur the creation of new ones. The capital provided might have been insufficient to start new businesses but could have been enough to stabilise and support existing family ventures. This aligns with Finding 1 and the insight of beneficiaries being more likely to work in family businesses.
- The size of loans provided by VSLAs may have been insufficient for starting new businesses<sup>4</sup>. While the loans might have been useful for minor expansions or maintaining current operations, they were likely insufficient for the significant investment required to launch new enterprises.

#### *What is the impact of the VSLA interventions on improved financial resource management practices and financial literacy? (1.1.ETH.c)*

An important feature of the initial intervention design was that the FAs would not only facilitate the link to FSPs, but also provide training to the VSLA members on basic financial skills,

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<sup>4</sup> More details in Chapter 3.2.1 Impact on loans.



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financial resource management, and business practices. This was expected to enable beneficiaries to better manage their finances and improve their business practices.

**Finding 3:** While the VSLA intervention improved financial resource and business management practices among members, financial literacy scores declined (figure 17), possibly due to poor dissemination of complex, interest-based financial concepts that were not fully aligned with Sharia-compliant practices. Descriptively, the treatment group shows slightly higher scores in **financial resource management practices** (0.770 vs. 0.687) and **financial literacy scores** (3.269 vs. 3.089) compared to the control group. Additionally, the **business practice scores** are notably higher in the treatment group (2.617) than in the control group (1.952). The **financial resource management score** (indicator 1.1.10) of **VSLA members increased by almost 50 pp** compared to non-beneficiaries. Similarly, the **business practices score** (indicator 1.1.11) of **beneficiaries increased** significantly by 72 pp. Yet, the **impact of the VSLA intervention on the financial literacy score** (indicator 1.1.9) is **significantly reduced** by more than 22 pp. Respondents were specifically struggling in their understanding of loan interests, calculating interest on savings for one year, and calculating compound interest over five years. This may be due to **only VSLA management groups** having **received the formal training**. If the broader VSLA membership did not receive direct training on these financial concepts, their literacy levels would naturally be lower. The **reduction in financial literacy** may be **attributed to poor or incomplete sharing of information** by VSLA management groups, who were the primary recipients of financial literacy training. It is also possible that the training content, such as the focus on interest-based financial concepts, was not fully relevant to the Sharia-compliant practices within the VSLAs, which might have further hindered effective dissemination. Despite the management's likely improvement in their own financial literacy, the **complexity of certain financial concepts** and the **lack of direct training for the wider group** may have **contributed to misunderstandings**, thus inadvertently worsening financial literacy outcomes for some members.

**Finding 4:** The **positive impact of the VLSA intervention on financial resource management and business practices is consistent with the qualitative findings**. Almost all VSLA beneficiaries stated they had acquired new knowledge and skills in financial management. In addition to the training, the group setting facilitated continuous support for each member to improve their financial resource management, by encouraging consistency in saving practices (indicators 1.1.13, 1.1.14 and 1.1.15). Some beneficiaries also mentioned how knowledge and skill attainment contributed to a positive self-perception (indicator 1.1.16). However, interviews with a few beneficiaries indicate a lack of knowledge of financial resource management, suggesting again the need for more training.



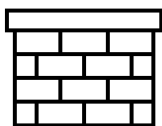
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3.2.EQ 7B SAVING AND ACCESS TO CREDIT

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While VSLA membership slightly increased access to loans from both formal institutions and VSLAs, the overall impact was limited due to the lack of financial institutions in the districts and the delayed implementation of systems linking VSLAs to formal financial providers. VSLA membership significantly improved saving behaviour, with members being 20 pp more likely to save overall and 4 pp more likely to save in a VSLA. Qualitative findings indicated that the intervention raised awareness and motivated beneficiaries to increase their savings.



Qualitative findings revealed that barriers such as the absence of legal cooperative status, lack of awareness about interest-free loans, and reluctance from formal financial institutions to lend to refugees hindered the creation of loan linkages between VSLAs and formal financial providers. To address barriers to formal loans, VSLAs were integrated into legally registered RuSACCOs, which are expected to improve access to loans from formal financial institutions. This development, along with the issuance of residence permits to refugees, has increased interest and motivation among beneficiaries to access formal financial services.

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*What is the impact of the interventions on access to (larger) loans? (7b.1.ETH)*

**Finding 5:** Although VSLA membership slightly increased access to loans from both formal institutions and VSLAs, the overall impact was limited, likely due to the lack of financial institutions in the targeted districts and the delayed implementation of systems linking VSLAs to formal financial providers (Figure 22). Before the intervention, hardly any individuals received loans from formal sources (less than 1% and none from VSLAs). Thus, **VSLA membership had a significant impact on** the share of beneficiaries receiving loans from formal institutions (indicator 7.1.3) and the share **of beneficiaries receiving loans from VSLAs** (indicator 7.1.4.); yet, the increases only amount to 2.6 pp and 1.6 pp, respectively. **Average loan size** (indicator 7.1.5.) **was not significantly affected**. This may be explained by the fact that the STEDE project had not yet established a link between VSLAs and formal financial institutions at the time of data collection. The FAs were only scheduled to start recording the transactions of selected VSLAs using the Jamii.one application in the next phase of the project. The information on VSLAs' savings and borrowings is expected to help VSLAs obtain a (positive) credit rating by FSPs and MFIs, who have access to the database. The impact of the VSLA intervention on access to loans is likely to change once these activities are implemented.



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**Finding 6:** Qualitative interviews revealed that, up to the time of data collection, no **linkages had been created between VSLAs and FSPs** that enabled VSLAs to access loans from formal institutions<sup>5</sup>. The following explanations were given for why this was the case:

- The VSLAs had not yet acquired legal cooperative status and licenses. During the end-line qualitative data collection, Mercy Corps organised several VSLAs to form RuSACCOs, which are legal entities able to amass a large amount of savings from their members, giving them the leverage to request larger loans from formal financial institutions (indicator 7.1.7.).
- According to many participants, the lack of awareness among the beneficiaries was also a factor that affected access to larger loans. Many beneficiaries did not have enough information about the availability of interest-free loans (according to Sharia Law) which is why they did not usually consider taking loans from formal MFIs (indicators 7.5.1. and 7.5.2).
- Another reason given was the lack of awareness about and commitment to the comprehensive refugee response framework (CRRF) policy. Formal financial institutions remained sceptical about allowing refugees access to loans. At the time of the endline data collection, the implementing partner was prioritising awareness creation and lobbying on behalf of refugee community beneficiaries so that formal financial institutions would consider options for allowing these groups to access loans (indicators 7.1.7.).

*What is the impact of the interventions on increased savings? (7b.2.ETH.)*

**Finding 7: VSLA membership significantly improved overall saving behaviour** (Figure 22), with qualitative findings indicating that the **intervention raised awareness** and motivation to save, thus positively influencing saving practices. Quantitative results show that VSLA membership had a positive and significant effect on saving behaviour in general, but also on the incidence of saving in formal institutions.<sup>6</sup> VSLA members are around 20 pp more likely to save (indicator 7.2.1) and 4 pp more likely to save money in a VSLA (indicator 7.2.2) compared to non-members, among whom only about 9.3% save in general, and none save in a VSLA. Furthermore, the VSLA intervention significantly influenced the amount of money saved in formal institutions compared to non-members.<sup>7</sup> This indicates that VSLA membership encourages putting money aside in a formal institution, even though the direct link with formal financial institutions that the VSLA intervention aimed to establish will only be implemented in the next project phase.

The qualitative findings support the significant quantitative results on improved savings. For VSLA participants who were already saving before the intervention, their understanding was enhanced, their income increased, and they became motivated to boost their savings. Project

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<sup>5</sup> One exception found were some VSLA members who were also members of cooperatives working on goat fattening, which is another STEDE component.

<sup>6</sup> Respondents are considered to save in a formal institution if they save in a village institution or saving group, commercial bank, credit association, or MFI.

<sup>7</sup> VSLA members saved about 4865 Birr on average compared to an average of 1218 Birr among non-members.



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activities reportedly helped to create awareness about saving and its benefits and changed attitudes and practices among beneficiaries. The lack of awareness about the benefits of saving had previously negatively affected saving behaviour (indicators 7.2.4.).

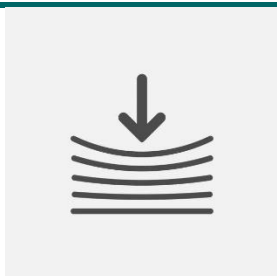
*To what extent do the activities match the demands and expectations of MFI? (7b.5.ETH.)*

**Finding 8: Qualitative interviews** show that, **through the training provided, the VSLA intervention has improved beneficiaries' awareness of the benefits of saving and loan practices** (indicators 7.2.4 and 7.5.2). It **provided** beneficiaries with the **opportunity and support to improve their saving and loan-related skills** (indicator 7.5.1.). Most beneficiaries expressed that they felt ready and eager to take advantage of the loan opportunities from MFI or banks, provided that these loans were Sharia-compliant (indicators 7.1.8, 7.5.1. and 7.5.2).

As part of the project's attempt to alleviate barriers related to accessing loans from formal financial institutions, RuSACCOs were formed by integrating VSLAs from both refugee and host communities. This was deemed necessary because formal financial institutions were more reluctant to provide loans for refugees due to their temporary residency status. The mixing of VSLAs from refugee and host communities to make up RuSACCOs, along with the recent issuance of residence permits to refugees, was creating conditions for making access to formal financial services more likely (indicators 7.5.1 and 7.1.7.).

As interviews with project implementers revealed, 24 RuSACCOs had been established at the time of data collection. These **RUSACCOs**, having been legally registered and with larger savings, **are expected to have a better chance of accessing loans from formal financial institutions** (indicators 7.1.7. and 7.5.1.). This **possibility enhanced the motivation and interest** of many VSLA members in both refugee and host communities to use formal financial institutions' services (indicator 7.5.2.). In addition to this promise of future linkages with MFIs and banks, VSLA members also encouraged each other and checked on their performance, making sure VSLA savings and loan repayments were taking place according to the groups' agreement (indicator 7.2.4.).

### 3.3.EQ2 CHANGES IN RESILIENCE AND LIVELIHOODS OF BENEFICIARIES



**While self-perceived resilience did not significantly change, VSLA members experienced notable improvements in well-being, reduced food insecurity, and fewer months of food shortage. However, reliance on coping mechanisms increased. VSLA membership strengthened social bonds among group members, helping them support each other during difficult life events like illness or drought. Regular meetings provided both financial and emotional support, improving members' confidence in overcoming challenges.**



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#### *What effects do the interventions have on livelihood in terms of the economic well-being of beneficiaries? (2.1.ETH.a.)*

Different income variables are considered to assess the impact of VSLAs on the economic well-being of beneficiaries. The income considered includes cash and in-kind payments received from self-employment, such as business profits (indicator 2.1.2), or from wage-employment (indicator 2.1.1). Monthly employment income is constructed as the average income respondents earned from employment, considering the mean income generated throughout the year.

**Finding 9:** The results show that **VSLA membership has a significant impact on income**, specifically on profit from self-employed work (Figure 27) Profits in a typical month have significantly increased by a little more than 78 pp. This indicates that the benefit of the VSLA intervention in terms of stable employment, specifically increased self-employment, has translated into higher profit rather than an increase in monthly income from wage employment.<sup>8</sup>

During **qualitative interviews**, many **participants confirmed** that the intervention helped them **access small loans that supported their farming**, livestock trade, or small businesses. This, according to respondents, helped them achieve a certain level of economic growth (as they defined it). Some beneficiaries reported that they were able to cover their family's expenses which, without the VSLA loans and the income increase, would have been difficult for them to do (indicators 2.1.3. and 2.1.4.).

#### *What effects do the interventions have on the resilience of beneficiaries? (2.1.ETH.b.)*

To quantitatively measure the effect of VSLA membership on respondents' resilience, we used the Brief Resilience Score (BRS, indicator 2.1.7) developed by Smith et al. (2008), a widely utilised six-item scale ranked from one to five. Additional resilience measures included well-being (indicator 2.1.10), assessed on a scale from zero to 10, and food security, measured via the Food Insecurity Experience Scale (FIES, indicator 2.1.9) and the number of months of household food shortage (indicator 2.1.11). The FIES, developed by the Food and Agriculture Organisation (FAO), consists of eight questions covering food access over the past month. The Coping Strategy Index (CSI, indicator 2.1.8), developed by the World Food Programme (WFP) and USAID, was also used to measure the reliance on coping mechanisms, with a higher score indicating greater vulnerability.

**Finding 10:** Despite the reported average experience of 1.2 shocks in the past year, particularly natural disasters, agricultural issues, personal issues and financial shocks, **VSLA members demonstrated notable improvements in well-being and food security** (Figure 32). The analysis of VSLA membership on resilience shows that, while self-perceived resilience (measured through the BRS, indicator 2.1.7) did not significantly change, there were notable improvements in perceived well-being and food security. Overall, VSLA members experienced a 25 pp increase in well-being (indicator 2.1.10) and a 26 pp decrease in the FIES (indicator 2.1.9), indicating better life satisfaction and reduced food insecurity. Additionally, the number of months households faced food shortages decreased by 18 pp (indicator 2.1.11).

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<sup>8</sup> Descriptive results further support this, showing that, while monthly employment income is similar between groups (5,971 Birr in the treatment group vs 5,675 Birr in the control group), the treatment group earned higher profits from self-employment (9,646.88 Birr) compared to the control group (7,727.27 Birr).



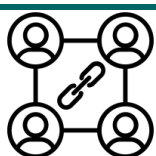
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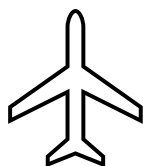
However, the CSI (indicator 2.1.8) increased significantly by 31 pp, suggesting a greater reliance on various coping mechanisms to manage food insecurity. The greater reliance on coping mechanisms may be considered negative because these strategies often involve short-term, unsustainable measures, such as reducing food intake, selling assets, or borrowing, which can undermine long-term resilience and lead to greater vulnerability in the future. A possible explanation for this is that, by using more coping mechanisms, beneficiaries were able to decrease the number of months of food shortage and improve their food security and overall resilience.

**Finding 11:** Aligned with the positive quantitative results on well-being and food security, qualitative findings show that **almost all VSLA beneficiaries emphasised that the VSLA group helped them strengthen their social ties** (with fellow members of the VSLA group) and enabled them to withstand difficult life events such as drought, illness, or the death of family members. Some members took loans from the group's savings or often used the VSLA groups' contributions (sometimes separate from their regular savings) to cover their expenses when faced with difficult life problems. The regular VSLA meetings were also described as a platform for information sharing and strengthening of the social bond between the members. As a result, beneficiaries argued that they were more confident in their abilities to withstand challenges (indicator 2.1.12).

#### 3.4.EQ4 INTENDED AND UNINTENDED OUTCOMES



**VSLA membership improved relationships among members but led to a decline in overall social capital and social cohesion, driven by a significant drop in community trust, possibly due to perceived competition for resources.**



**The VSLA intervention did not significantly impact refugees' intentions to migrate, though the number actively preparing to migrate decreased slightly since the first survey round.**

**Among those with migration intentions, VSLA members were more likely to migrate within the Somali region and less likely to migrate outside Africa.**

**Qualitative interviews suggest that significant financial support would be needed to alter migration aspirations.**

*What is the impact of the interventions on the integration and social cohesion of beneficiaries? (4.1.ETH.)*

The VSLA intervention aimed to foster integration and social cohesion by establishing direct connections among VSLA members or indirect connections through changes in members' economic and social activities. To examine the impact of the VSLA intervention on the social cohesion of the beneficiaries, social capital (indicator 4.1.1.a) and social cohesion (indicator 4.1.1.b) were measured using the social capital and social cohesion measurement (indicator



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4.1.1) toolkit from Kim et al., (2020), which considers several dimensions such as relationships, resources, trust, shared purpose, and civic engagement.<sup>9</sup>

**Finding 12:** VSLA membership **improved relationships** among members but led to a **decline in overall social capital and social cohesion**, largely due to a **significant drop in community trust** (Figure 42) VSLA members feel significantly closer to members of their community, indicated by a 23 pp increase in the relationship indicator. Yet, the overall social capital score (indicator 4.1.1.b) has decreased by 24 pp. This decrease is largely driven by a notable decline in trust among community members, with a significant drop of 38 pp in the trust dimension. Trust is crucial for maintaining strong, reliable networks and fostering a cohesive community, and its decline suggests that the dynamics introduced by VSLAs may disrupt established trust networks. The significant decrease in the social cohesion score (indicator 4.1.1.a) by close to 32 pp, alongside the decline in social capital, indicates broader community challenges. The reduced social cohesion score is primarily driven by the decline in trust, highlighting potential issues such as perceived competition for VSLA resources, which can erode trust among members. The decline in trust among VSLA members, contributing to reduced social capital and cohesion, may be influenced by factors such as mismanagement, unmet expectations, and competition for resources. While the data for this evaluation offer limited insight, the literature suggests that these dynamics, particularly under economic instability, can erode trust (Ksoll et al., 2016; Gassama et al., 2023; Kwarteng et al., 2019; Murekatete, 2022).

*How did the intervention change refugees' aspirations to migrate? (4.2.ETH.)*

**Finding 13:** Overall, the VSLA intervention did **not have a significant impact on refugees' intention or readiness to migrate** (Figure 47). Though the VSLA intervention **improved refugees' economic well-being significantly**, this has **not** (yet) translated into a **significant change in their migration intentions** (indicators 4.2.1.). Descriptive statistics show that the majority (74% across both VSLA members and non-members) of the refugee respondents have an intention to migrate, of whom 20% are prepared to migrate. Descriptive statistics also show that this share has decreased slightly since the first survey round, when about 78% of refugees were considering migration, and 30% were already taking steps towards it. Since these are descriptive statistics, they do not indicate a causal change over time but rather highlight shifts in data patterns between rounds.

**Finding 14:** Among refugees intending to migrate, VSLA membership also **did not significantly impact their level of preparedness for migration** compared to non-members (indicator 4.2.2).<sup>10</sup> Conditional on their intention to migrate, **refugee VSLA members appear more likely to migrate within the Somali region**<sup>11</sup> (about 6 pp, indicator 4.2.3.) and less

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<sup>9</sup> The toolkit defines social capital as “the quantity and quality of resources, trust, and norms inherent in individuals' relationships”, whereas social cohesion is defined as “a sense of shared purpose and trust among members of a given group or locality and the willingness of those group members to engage and cooperate to survive and prosper.”

<sup>10</sup> An individual is said to be prepared to migrate if he/she has applied for residency or visa, purchased tickets, etc.

<sup>11</sup> Descriptive Statistics show that migration intention within the Somali region remains low with about 7.5% among refugee VSLA members conditional on their intention to migrate.



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**likely to migrate abroad outside Africa**<sup>12</sup> (about 8 pp, indicator 4.2.6). During the qualitative interviews, VSLA participants from the refugee community also explained that there was no significant change in their desire or plan to migrate since participating in the intervention (indicator 4.2.3.). Some refugee's scepticism towards the project -specifically, its attempt to integrate them with the host community, linked to their fear of losing their opportunity to migrate to a third nation-, indicates refugees' strong desire to migrate despite the efforts being undertaken. Even though a few implementing partner staff suggested that the VSLA intervention helped to lower refugees' aspiration to migrate, most interviewees agreed with what the majority of refugee participants stated. Job opportunities were one of the major factors that drove the desire to migrate. Another implementing partner staff member explained that there needs to be a significant amount of financial support provided to be able to change migration intentions and that this was not provided by the project (indicators 4.2.2. and 4.2.3.).

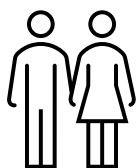
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#### 3.5.EQ 5 INCLUSION AND PROMOTION OF VULNERABLE GROUPS

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##### *What are the differentiated effects of the intervention by gender? (5.1.ETH.)*

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**VSLA membership increased stable employment for both men and women and boosted participation in family businesses, having a greater impact on female participants. However, the intervention did not significantly influence business development for either gender.**

**VSLA membership significantly improved financial resource management for both women and men, though financial literacy decreased notably among men. Women's business practices scores also saw a substantial increase.**

**Female VSLA members were more likely to receive loans and save in formal institutions, while men saw no significant impact in these areas but received larger loans. Both genders experienced an increase in overall likelihood of saving, with a stronger effect on women.**

**Women reported significant increases in income, well-being and food security, while men experienced improvements in well-being and an increase in coping strategies.**

**Trust and social cohesion decreased for both genders. However, women experienced improvements in relationships and attitudes towards out-groups, while competitive tensions and reduced mutual support were more prominent among men.**

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##### *Impact on fostering self-employment (1.1.ETH.a.)*

**Finding 15: Among female respondents, VSLA beneficiaries are about 9 pp more likely to be in stable employment** compared to non-members (indicators 1.1.1 and 1.1.2). They are also **more likely to work as a regular family worker** (4 pp, indicator 1.1.3), indicating that

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<sup>12</sup> Descriptive Statistics show that migration intention abroad to a country outside Africa is high, with about 89% among refugee VSLA members and 95% among refugee non-members, conditional on their respective intention to migrate.



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the intervention was particularly successful for women. Among **male respondents, VSLA beneficiaries** are about 7 pp **more likely to be in stable employment** compared to non-members (indicators 1.1.1 and 1.1.2). They are **also more likely to work as a regular family worker** (3.7 pp, indicator 1.1.3). The results indicate that the intervention's impact is more pronounced among female participants, suggesting its success in empowering women economically, possibly by providing them with financial tools and community support that reduce barriers to IGAs.

#### Impact on investing in business development (1.1.ETH.b.)

**Finding 16:** The intervention had **no significant effect on business development for female beneficiaries** (indicators 1.1.5-1.1.8.), **nor for male beneficiaries** (indicators 1.1.5-1.1.8.).

#### Impact on improved financial resource management practices and financial literacy (1.1.ETH.c)

**Finding 17:** Results among female respondents show that **VSLA members use significantly more financial resource management practices** compared to non-members, with the financial resource management score significantly increased by 48 pp (indicator 1.1.10). The **business practices score increased** by around 70 pp (indicator 1.1.11) for female VSLA members compared to female non-members. Similarly, **for male VSLA members, the financial resource management practices score significantly increased** by 29 pp compared to male non-members (indicator 1.1.10). Nevertheless, **the financial literacy score decreased significantly among male VSLA members** compared to male non-members by 48 pp (indicator 1.1.9.).

#### Impact on access to (larger) loans (7b.1.ETH)

**Finding 18:** **Female VSLA members** are 2.71 pp **more likely to have received a loan** from a formal institution (indicator 7.1.3) compared to non-members and 1.87 pp more likely to have taken out a loan from a VSLA (indicator 7.1.4). This indicates a marginal improvement in access to formal loans. While **male VSLA members are not significantly more likely to have received a formal loan from an institution** or a VSLA, in particular (indicators 7.1.3 and 7.1.4.), they received significantly larger loans compared to non-beneficiaries (indicator 7.1.5).

#### Impact on increased savings (7b.2.ETH.)

**Finding 19:** Among female respondents, the VSLA intervention increases the likelihood of saving by 22 pp (indicator 7.2.1.), and specifically of saving in a formal institution (indicator 7.2.2., 20 pp). Also, in the female sub-sample, the amount saved in formal institutions is significantly higher among VSLA members compared to non-members (indicator 7.2.3.). VSLAs also significantly increased the likelihood of saving money among male respondents (14 pp, indicator 7.2.1.) but did not affect the likelihood or amount of money saved in a formal institution (indicator 7.2., indicator 7.2.3.). While VSLAs generally promote savings among their members, the impact on women can be particularly visible due to traditionally lower access to financial services. Women participants often report having started to save or enhancing their existing savings behaviour through VSLA membership. However, the motivations and outcomes for savings can differ, with men often focusing on immediate business opportunities and women on long-term security and family welfare. Social norms and cultural



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attitudes towards saving and credit also play a critical role in the heterogeneous outcomes of VSLAs.

#### Impact on livelihood in terms of economic well-being (2.1.ETH.a.)

**Finding 20:** Within the female sub-sample, monthly employment income (indicator 2.1.1.) and profits in a typical month (indicator 2.1.2.) have significantly increased with VSLA membership. The significant positive impact on female respondents suggests that the intervention is particularly empowering for women, possibly due to pre-existing gender disparities in economic opportunities. VSLAs might provide women with the tools and support needed to overcome barriers to economic participation. Among male respondents, on the other hand, VSLA membership did not significantly impact income.

#### Impact on the resilience (2.1.ETH.b.)

**Finding 21:** Women reported a 39 pp increase in well-being (indicator 2.1.10) and a 30 pp reduction in the FIES (indicator 2.1.9), with a substantial decrease in months with food shortages by 29 pp (indicator 2.1.11). The CSI for women increased by 30 pp (indicator 2.1.8), indicating a more diverse use of coping strategies. This proactive management of resources reflects women's central role in household food security and economic stability. Male VSLA members also showed positive changes, with a 31 pp increase in well-being (indicator 2.1.10) and a significant rise in the CSI by nearly 24 pp (indicator 2.1.8). The frequency of using coping practices by men increased by almost 18 pp.

#### Impact on integration and social cohesion (4.1.ETH.)

**Finding 22:** Trust among female members has significantly decreased by 38.5 pp, driving strong negative impacts on the social cohesion score (indicator 4.1.1a., -32 pp) and the social capital score (indicator 4.1.1b., -19 pp). Still, among female VSLA members, significant improvements in relationships and attitudes towards out-groups (29 pp and 14 pp, respectively) are observable. These results suggest that, while VSLAs successfully integrated women and reduced prejudices, the competition for resources may be undermining broader community trust and cohesion. For male respondents, there is a significant decrease in trust among VSLA members compared to non-members (-33 pp), along with a decrease in their ability to rely on other community members, as indicated by the 26 pp decrease in the resource indicator. These aspects explain the strong reduction in the social capital score (indicator 4.1.1b., -34 pp). The significant decrease in the social cohesion score (indicator 4.1.1a., -25 pp) is mainly driven by the reduction in trust. These findings suggest that VSLAs may exacerbate competitive tensions and reduce mutual support among men, although their attitudes towards out-groups have improved by 22 pp.



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*What are the differentiated effects of the intervention by refugee status? (5.1.ETH.)*

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**VSLA membership significantly increased stable employment and self-employment in refugee communities, but had a limited effect in host communities. While business development improved in refugee communities there was no effect in host communities. VSLA interventions improved financial resource management practices in both refugee and host communities, with stronger effects in refugee communities. However, financial literacy significantly decreased in host communities.**

**Refugee VSLA members were more likely to take loans and save in formal institutions, with savings being crucial for emergency situations. In host communities, the effect on loans was limited, but savings improved modestly.**

**VSLA membership significantly improved well-being, food security, and coping strategies, especially among refugees. Refugees experienced greater improvements in well-being, food security, and coping strategies, compared to host communities.**

**In refugee communities, relationships improved, but trust decreased. Social cohesion remained unchanged. In host communities, both social capital and social cohesion declined significantly due to reduced trust and weakened networks.**

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#### Impact on fostering self-employment (1.1.ETH.a.)

**Finding 23: In refugee communities, VSLA beneficiaries are 15 pp more likely to be in stable employment** (indicators 1.1.1 and 1.1.2) and 8 pp **more likely to be self-employed** than non-beneficiaries (indicator 1.1.3). Among respondents in the **host communities**, the patterns slightly deviate. While project beneficiaries **are not** significantly more likely to have worked in **stable employment** (indicators 1.1.1 and 1.1.2), they **are more likely to work** as regular **family workers** (4 pp, indicator 1.1.3), compared to host non-beneficiaries. Yet, none of the other employment indicators, except those related to refugee communities, are statistically significant.

#### Impact on investing in business development (1.1.ETH.b.)

**Finding 24: In refugee communities, the VSLA interventions had a significant positive impact on business development.** Refugee beneficiaries were more likely to have started a new business post-2021 (by 5 percentage points) (indicator 1.1.6) and showed a higher interest in investing in their businesses (by 7 percentage points, indicator 1.1.7). In contrast, the VSLA intervention had no significant effect on business development in host communities (indicators 1.1.5-1.1.8.).

#### Impact on improved financial resource management practices and financial literacy (1.1.ETH.c)

**Finding 25: VSLA membership had mixed results on financial resource management and financial literacy in refugee and host communities.** In both, the **VSLA intervention significantly increased the use of financial resource management practices** (the score increased by 54 and 37 pp, respectively; indicator 1.1.10.). For VSLA members **in refugee communities, business practices used increased** by 112 pp (indicator 1.1.11) but did not significantly change within host communities compared to their respective comparison groups. Among respondents **in host communities, the financial literacy score significantly decreased** by around 27 pp (indicator 1.1.9.).



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#### Impact on access to (larger) loans (7b.1.ETH)

**Finding 26:** The intervention **significantly increased the likelihood of refugees taking loans from formal institutions and VSLAs**, while **barriers such as movement restrictions and lack of residence permits limited their economic participation**. Despite these challenges, **the project is facilitating greater financial access and mobility for refugees**. The intervention had **significant positive effects** on beneficiaries taking out **loans from formal institutions** (4.8pp) and **VSLAs specifically** (3.5 pp) in **refugee communities** (indicators 7.1.3 and 7.1.4). **In host communities, none of the indicators** related to loans were **significantly affected**. Many interviewed refugees and implementing partner staff identified barriers that were specific to refugees. Staff recounted that the STEDE project is contributing to the issuance of residence permits to refugees so that they are able to actively participate in economic activities and improve their well-being. Additionally, the implementing partner's staff mentioned that some refugee camps had movement restrictions in place, affecting refugees' ability to work in businesses that required travel outside their immediate environment. However, according to these participants, STEDE, along with other stakeholders, has had a significant influence in facilitating the provision of residential permits and allowing the movement of refugees. Even though beneficiaries were yet to receive (larger) loans from formal financial institutions, the project was reportedly facilitating this already (indicator 1.1.7).

#### Impact on increased savings (7b.2.ETH.)

**Finding 27:** **VSLA membership significantly increases the likelihood of saving money and using formal institutions in both refugee and host communities, with more pronounced effects among refugees**. In **refugee communities, VSLA members** are almost 34 pp **more likely to save money** (indicator 7.2.1) and 26 pp **more likely to save in a formal institution** (indicator 7.2.2) compared to non-members in refugee communities. The **amount** that VSLA members in refugee communities **save in formal institutions** is also **significantly higher compared to non-members** (indicator 7.2.3). **In host communities, VSLA members** are only about 11 pp **more likely to save money** compared to non-members (indicator 7.2.1) and 10 pp **more likely to save in a formal institution** (indicator 7.2.2). In communities where there is a strong social support system and a cultural inclination towards collective financial practices, VSLAs tend to have more pronounced positive impacts. Unique to refugee VSLA members, there were instances where the VSLA-reported savings became crucial to the well-being of every member and their family during emergencies, such as the discontinuation of rations. Even in VSLA groups which could not save enough to establish or strengthen businesses, they were still beneficial by providing support to members facing difficulties (indicator 1.1.9.).

#### Impact on livelihood in terms of the economic well-being of refugee and host communities (2.1.ETH.a.)

**Finding 28:** **VSLA membership has differing effects on refugee and host communities**. In **refugee communities, VSLA membership significantly increased profits** (indicator 2.1.2.) compared to non-members in these communities. **In host communities**, on the other hand, VSLA membership did **not significantly affect income indicators**.



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#### Effects on the resilience of refugees and host communities (2.1.ETH.b.)

**Finding 29: VSLA membership significantly improved well-being, food security, and coping strategies in both refugee and host communities, with more pronounced resilience and adaptation improvements among refugees.** In refugee communities, VSLA membership led to **significant improvements in well-being** (indicator 2.1.10), with a 29 pp increase, and a notable **reduction in food insecurity**, reflected by a 30 pp decrease in the **FIES** (indicator 2.1.9) and a 48 pp **reduction in months of food shortages** (indicator 2.1.11.). The **CSI in refugee communities increased** by 44 pp (indicator 2.1.9), demonstrating a robust adoption of coping strategies. **Refugee members** used a greater **variety of coping practices more frequently** compared to non-members in the same communities, with the number of strategies used increasing by 39 pp and their usage frequency being 33 pp higher as well. **Host community members** experienced **positive impacts** from VSLA membership **in terms of resilience**. Their **well-being improved** by about 29 pp (indicator 2.1.10), and **food security increased** with a 24 pp reduction in the FIES (indicator 2.1.9). The **CSI for host community VSLA members increased** by 16 pp (indicator 2.1.8), showing a substantial use of coping mechanisms, although the diversity and frequency of these strategies were less pronounced compared to refugees. This suggests that while VSLAs benefitted both communities, the initial higher vulnerability of refugees leads to more significant improvements in their resilience and coping capacities.

#### Impact on the integration and social cohesion of refugees and host communities (4.1.ETH.)

**Finding 30: Effects of the VSLAs on social capital and social cohesion differ across refugee and host communities.** In refugee communities, the overall **social capital score** (indicator 4.1.1b.) **is not significantly affected** by the intervention, but specific aspects have changed. **Trust among refugee VSLA members has decreased** by 27 pp, while **relationships have improved** (49 pp). The **social cohesion score** (indicator 4.1.1a.) **remains unaffected among the refugee communities**. These mixed results suggest that VSLAs help build stronger internal networks and improve inclusivity, but also reduce trust in the community overall. There is **supportive qualitative evidence** for why social cohesion has not improved. A few interviews with implementing staff revealed that **refugees were sceptical about the project's attempt to fully integrate them with the host community**. According to these participants, this was because some refugees feared that they would eventually be considered within the same status as the host community, and subsequently lose their chance to migrate to third-countries (indicator 4.2.3.). **In host communities**, the **social capital score** (indicator 4.1.1b.) and the **social cohesion score** (indicator 4.1.1a.) have **decreased significantly** (-39 pp and -36 pp, respectively). These declines are influenced by a significant **drop in trust among VSLA members** compared to non-members (-36 pp) and weaker networks, as indicated by a 25 pp decrease in the resource indicator.



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*To what extent was the intervention designed and implemented in a gender-sensitive way? (5.2.ETH.)*



Mercy Corps demonstrated gender sensitivity by conducting gender analysis to inform project planning and implementation of gender-specific activities, such as promoting female leadership in VSLAs and conducting community dialogues on gender equality and harmful practices.

The project contributed to positive shifts in gender roles and community attitudes, with increased female participation in financial management and economic activities. VSLA interventions particularly benefited women by providing them with opportunities to save and access small loans, which empowered them in household decision-making.

Despite these efforts, gender inequality still affects female beneficiaries' economic well-being, with refugee women facing double marginalisation due to both gender and migration status.

The project effectively addressed the needs of women, refugees, and host communities through tailored interventions, such as promoting small-scale businesses for refugees. However, refugees still face challenges accessing financial services due to mobility restrictions and collateral requirements, and some struggle to save money regularly due to low income.

The project helped refugees gain access to work permits and financial services, benefiting their economic situation through small-scale businesses, although equal employment opportunities remain limited compared to host communities.

Gender sensitivity involves considering the unique needs and experiences of individuals of different genders in all aspects of a project, including planning, execution, and evaluation. To evaluate the extent to which the project was gender-sensitive, C4ED reviewed project documents to complement findings from interviews and discussions with research participants.

**Finding 31: Mercy Corps demonstrated gender sensitivity during the planning and implementation of the project.** Using qualitative methods to gather information from participants in the project's areas of operation, Mercy Corps conducted a gender analysis which was used to inform project planning and implementation (indicator 5.2.1.).

**Finding 32:** According to Mercy Corps' STEDE project gender analysis report (2019), there were **several key areas for action**: increasing male involvement in household chores, educating youth on gender equality principles, enhancing livelihood opportunities in refugee settings (such as access to finance), advocating for refugee law reforms to improve resource access and freedom of movement, ensuring job creation for both young males and females in diverse contexts, improving loan opportunities outside refugee settings, and supporting female leadership within STEDE-organised groups (indicator 5.2.1.).



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**Finding 33:** Using the findings of the gender analysis, **Mercy Corps designed its project activities to address the identified needs.** According to the STEDE Progress Markers Report (2023), Mercy Corps also tracked the changes around gender and social norms using outcome mapping as a monitoring and evaluation tool. Mercy Corps reported that changes were observed in all four domains of analysis, i.e., roles and responsibilities; access to and control over resources and household decision-making; meaningful participation in the public sphere and decision-making and influence; as well as mobility and gender violence (indicator 5.2.1.). The VSLA intervention was gender transformative, as it used gender analysis to understand existing gender inequalities and geared the intervention toward achieving gender equality (indicator 5.2.1.). It contributed to gender equality by addressing the factors that put women at a relative disadvantage through community gender dialogues and promotion of female leadership. Gender-specific activities and staffing practices ensured equal participation of women, with job announcements and recruitment processes structured to maintain gender balance.

**Finding 34:** Interviews with project implementers and field agents revealed that, while VSLAs were open to all community members, **females were actively encouraged not only to join but also to assume leadership roles.** However, **in some cases, males were elected as leaders based on their experience and motivation.** Challenges arose in promoting female participation and leadership, particularly due to their lower levels of education and literacy, which hindered their involvement in activities requiring these skills. Additionally, females faced time constraints due to household responsibilities. Despite these obstacles, implementing partners remained committed to prioritising female participation in project activities as members, leaders, or field assistants. Males were selected for leadership roles only when qualified female candidates were unavailable (indicator 5.2.1.).

**Finding 35:** The STEDE project also demonstrated gender sensitivity by identifying and using two main forms of community dialogue: (i) male engagement promotion training, where males learned skills like childcare and household chores, and (ii) community gender dialogues involving both male and female participants, including VSLA members and beneficiaries of other STEDE projects. These sessions, conducted at the community level and led by trained community and religious leaders, focused on topics such as gender equality, harmful traditional practices, women's right to education, and gender-based violence. Participants noted a positive shift in community attitudes toward gender roles and equality due to these dialogues, citing increased support from males for their daughters' education and wives' economic activities. Staff and participants alike acknowledged these changes, in part, to be a result of the project's interventions (indicator 5.2.1.).

Many beneficiary participants mentioned the growing trend of females taking over financial responsibilities for their families, including males. This, in part, was attributed to the growing Khat<sup>13</sup> addiction among males. The VSLA interventions' support for female community members matched the need to equip them with the knowledge and skills needed to improve their businesses through the trainings, which created better awareness (indicators 5.3.1. and

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<sup>13</sup> A plant whose leaves and stem are commonly consumed as a recreational drug in eastern Africa.



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5.3.2.). In addition, the VSLA groups provided female members with opportunities to save and access small social loans from the VSLAs.

**Finding 36:** During interviews and discussions, some beneficiaries and community leaders reported **gender inequality as one of the barriers still affecting** female beneficiaries' economic well-being. A few female refugees also stated that females suffer from double marginalisation because of their gender and migration status, suggesting that the project did not overcome all gender-related issues. The STEDE project's incorporation of a gender component in its design and its focus on creating gender awareness is likely to contribute to the fight against gender inequality, as evidenced by the project documents and discussions and interviews with participants (indicators 5.2.1. and 5.3.2.). It is important to note here that, because achieving gender equality is a gradual and resource-intensive endeavour, it cannot be dependent on a single project alone; it requires sustained commitment to policy and institutional reforms across various societal levels.

*To what extent do the interventions meet the specific needs of beneficiaries? (5.3.ETH.)*

**Finding 37:** Respondents indicated that **women have been taking more financial responsibility for their families**, creating a need for women to engage in available IGAs and build their financial management skills. The research highlighted that STEDE's beneficiary selection process prioritised gender diversification, with women often benefiting more, particularly in VSLA initiatives. Participants argued that the VSLA activities helped women build upon their existing interests and financial management skills, as evidenced by their effective management of household finances. This was acknowledged by financial institutions, which favoured women applicants for loans. Focus group discussions underscored women's aspirations for economic independence, indicating alignment with STEDE's interventions tailored to their needs and priorities (indicators 5.3.1. and 5.3.2.).

**Finding 38:** The STEDE project also addressed the specific needs of refugees, who faced **limited job opportunities due to mobility restrictions**. The project supported them by promoting small-scale businesses within their camps, significantly benefiting their economic situation (indicators 5.3.1. and 5.3.2.). Key informants noted that the project also facilitated discussions with stakeholders to obtain work permits for refugees to work in nearby urban centres like Jijiga. Recent legal amendments have enabled refugees to access financial services, including loans, over the past two years, potentially enhancing their job prospects. Refugees also indicated that they were not provided with equal employment opportunities compared to the host community. However, they found the project advantageous as it provided them with an alternative income source, i.e., through small businesses (indicators 5.3.1. and 5.3.2.).

Yet, participants noted that refugees continue to face challenges in meeting criteria such as collateral requirements to access these financial services. In addition, some refugees stated that they could not afford to save money in their VSLAs regularly because they lacked sufficient income (indicators 5.3.1. and 5.3.2.).



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#### 3.6.EQ 7 CONNECTION TO EXISTING PRACTICES, PLANS AND POLICIES



VSLA intervention aligns with Ethiopia's refugee policies, such as the Comprehensive Refugee Response Framework (CRRF) and Refugees Proclamation No. 1110/2019, which grant refugees the right to work, access to financial services, and residence outside of camps. The project's activities, such as supporting VSLAs and RuSACCOs, contribute to government goals.

Despite the alignment with government policies, the full integration of refugees and their access to financial services is still constrained by a lack of awareness and reform in financial institutions. Key pledges, such as access to land and employment in industrial parks for refugees, remain unfulfilled.

Mercy Corps collaborated with various government stakeholders to support the VSLA intervention. However, coordination challenges and insufficient involvement of local officials were noted, along with suggestions for cross-border trade and livestock collateral to further support economic development.

While the refugee proclamation allows refugees to use financial services, implementation is slow. Cultural barriers (e.g., preferences for Sharia-compliant services) and reluctance from financial institutions to offer small loans remain key issues. Mercy Corps is working with financial service providers to accommodate these needs and offer alternative loan options, such as group loans.

#### *How well is the intervention embedded in, and in line with existing/planned governmental policies? (7a.1.ETH.)*

The Government of Ethiopia, in collaboration with UNHCR Ethiopia, has been working on a range of initiatives to address the socio-economic needs of refugees and host communities. In February 2017, Ethiopia accepted to be considered as a CRRF-focused country. A roadmap for implementation was finalised and the CRRF was officially launched in Ethiopia on 28 November 2017. To comprehensively respond to refugee needs, Ethiopia formulated the National Comprehensive Refugee Response Strategy (NCRRS). At the Leaders' Summit on Refugees, which Ethiopia co-hosted on 20 September 2016 in New York, Ethiopia made nine pledges<sup>14</sup> which serve as a vehicle for implementing the Comprehensive Refugee Response Framework (CRRF) in the country (indicator 7.1.1.).

**Finding 39:** Following these developments, Ethiopia's **parliament approved revisions to its national refugee law** on January 17, 2019, establishing one of the most progressive refugee policies in Africa. This **law grants refugees the right to work and reside outside of camps**, access to social and financial services, and registration of life events such as births and marriages. Ethiopia's Refugees Proclamation No. 1110/2019, specifically in Part Four, Articles

<sup>14</sup> <https://data.unhcr.org/en/documents/download/65916>






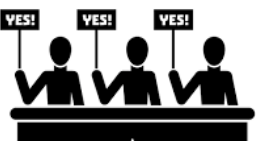

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22-26, outlines these rights and privileges, including the right to stay, access to education, healthcare services, financial services, and the right to seek employment (indicator 7.1.1.).

**Finding 40:** The STEDE project was strongly aligned with the Government of Ethiopia (GoE)’s plan and policies mentioned above (indicator 7.1.1.). Key informants noted that **STEDE interventions**, such as supporting VSLAs and strengthening the businesses of both refugees and host communities, **are coherent with government objectives** (indicator 7.1.1.). Participants highlighted that the various components of STEDE contributed to further facilitating the process of obtaining residence permits for refugees, which is believed to help make financial services more accessible and remove movement restrictions (indicators 7.1.1. and 7.1.7.). The following figure summarises the timeline of these refugee response initiatives.

Figure 2: Timeline of Ethiopia's recent refugee response initiatives

September 20, 2016		Ethiopia co-hosts the Leaders’ Summit on Refugees in New York, making nine pledges to support refugee integration.
February 2017		Ethiopia commits to becoming a CRRF-focused country, initiating a comprehensive approach to refugee response.
November 28, 2017		The Comprehensive Refugee Response Framework (CRRF) is officially launched in Ethiopia.
January 17, 2019		Ethiopian parliament approves revisions to national refugee law, establishing progressive rights for refugees.
May 2019		STEDE was established in alignment with government policies, supporting livelihoods and financial access for refugees and host communities.

Source: C4ED elaboration

**Finding 41:** Key informants also noted, however, that the rights granted to refugees by the proclamation have not yet been effectively instrumentalised to enable their full integration into the community. Even though most of the proclamation’s pledges have started taking effect, a few still remain unimplemented, such as making land and employment in industrial parks accessible for refugees. Despite the positive intentions and the alignment of the STEDE project with government policies, its impact has been constrained by challenges such as insufficient awareness and the need for necessary reforms within financial institutions to fully implement the new Refugees Proclamation. This proclamation requires supportive changes in banking practices and policies to effectively empower refugees. The observations underscored



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the importance of advocacy and policy alignment to bridge these gaps, ensuring that refugees can fully benefit from the legal protections and opportunities provided by Ethiopia's progressive refugee policies (indicator 7.1.1.).

*To which degree do governmental practices support or undermine the intervention and vice versa? (7a.2.ETH.)*

**Finding 42:** Several governmental and non-governmental stakeholders had been involved in the VSLA intervention, supporting the implementation of the project. Mercy Corps implemented its activities in close cooperation with the main stakeholder of the CRRF, the BOFED. This bureau, with the support of the RRS, formerly known as the Agency for Refugee and Returnee Affairs (ARRA) and UNHCR, is the office that overlooks the CRRF's implementation in the region. Mercy Corps also collaborated with woredas, zonal, and camp-level RRS offices. The regional cooperative promotion agency, in close collaboration with Mercy Corps, was responsible for the registration and follow-up of the newly established RuSACCOs (indicator 7.1.2.).

**Finding 43:** Some FAs, however, stated that they did not work closely with the government's office and contacted officials only for minor procedural requirements. Similarly, according to another interview with a government stakeholder, there were instances where Woreda officials were not as involved in project implementation as they would have liked to be. Initially, there were also coordination issues due to an overlap of beneficiaries between implementing partners. Despite these challenges, Mercy Corps collaborated with the government to resolve the coordination problems and run the implementation smoothly. Participants offered suggestions on what needed to be addressed from the government's side to improve the performance of similar projects in the future. One key informant suggested the government should consider allowing cross-border trade of livestock to help improve the economic situation of the pastoralist community, while another key informant mentioned the need to fully implement the CRRF in due time. Another key informant also stated that collaboration with the government can create a condition where livestock can be considered as an asset to be used as collateral (indicator 7.1.2.).

**Finding 44:** Key informants explained that even though the issuance of the new Refugee Proclamation (Proclamation No. 1110/2019)<sup>15</sup> granted refugees the right to use the services of financial institutions, because the change had been made recently, implementation was expected to take time. Despite FSPs working in collaboration with both government and NGOs, some issues still hindered VSLA beneficiaries' access to these institutions. Since most of the beneficiary community were Islam followers, they preferred not to use financial services that involve interest payments. In addition, banks reportedly lacked interest in providing small-scale loans because they are used to working with larger investments. It was also mentioned that MFIs lack awareness about the CRRF.

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<sup>15</sup> Refugees Proclamation No. 1110/2019 published in the Federal Negarit Gazette No. 38 on February 27, 2019: <https://faolex.fao.org/docs/pdf/eth216792.pdf>



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**Finding 45:** Through engagement with governmental stakeholders, Mercy Corps was working on facilitating Sharia-compliant services and looking for ways in which financial institutions, such as Shaballe Bank and Rays Microfinance, could accommodate the needs of the project beneficiaries by allowing alternative collateral types such as group loans (indicator 7.1.2.). Mercy Corps, in cooperation with the government's cooperative promotion agency, also took the refugee beneficiaries a step further by assisting them in receiving the necessary documents, such as residential IDs, to process loans in the future. Even though this was achieved as part of a different component of the STEDE project, it was considered the next step for the refugee VSLAs that had transitioned into RuSACCOs (indicators 7.1.2. and 7.1.7.).

## 4. CONCLUSIONS, RECOMMENDATIONS AND LESSONS LEARNT

### 4.1. CONCLUSIONS

The project activities were largely implemented as planned, but there were some inconsistencies in implementation across different communities, particularly between refugee camps and host communities. This variability required adjustments to the evaluation methodology but did not significantly compromise the overall findings.

#### Relevance

**Conclusion 1:** The VSLA intervention within the STEDE project demonstrated high relevance by addressing financial exclusion.

*This conclusion is based on EQ1.1.ETH.a, EQ1.1.ETH.b, EQ1.1.ETH.c*

The VSLA intervention within the STEDE project demonstrated high relevance by addressing the financial exclusion of vulnerable groups and promoting economic resilience through entrepreneurship. The intervention was designed to respond directly to the beneficiaries' needs, ensuring cultural appropriateness of financial services. This included the use of Sharia-compliant services and alternative collateral types such as group loans, which increased accessibility for the target populations. By targeting vulnerable groups, including women and refugees, the VSLA component ensured that the benefits reached those most in need.

#### Coherence

**Conclusion 2:** Ethiopia has advanced progressive refugee policies through initiatives such as the Comprehensive Refugee Response Framework (CRRF) and the revised Refugees' Proclamation.

*This conclusion is based on EQ7*

These efforts demonstrate a commitment to enhancing the socio-economic integration of refugees, granting them rights to work, access to services, and residence outside of camps. The STEDE project was strongly aligned with these initiatives, providing opportunities for establishing VSLAs and job opportunities for both refugee and host community beneficiar-



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ies and contributing to broader economic development and financial inclusion goals. Despite some challenges in coordination and policy implementation, the intervention's collaborative approach with various stakeholders ensured that it complemented other efforts and avoided duplication.

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### *Impact*

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#### **Conclusion 3: VSLAs enabled beneficiaries to invest in their livelihoods**

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*This conclusion is based on EQ1*

VSLAs enabled beneficiaries to invest in their livelihoods by facilitating access to savings and credit, primarily for expanding existing family businesses rather than starting new ones. The inclusion of financial literacy and management training equipped beneficiaries with essential skills to manage their finances more effectively. However, the insufficient loan sizes limited the intervention's ability to spur new business creation. Nonetheless, the intervention remained relevant and impactful by addressing the community's financial needs and helping stabilise ongoing family ventures.

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#### **Conclusion 4: The VSLA intervention had a generally positive impact on beneficiaries.**

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*This conclusion is based on EQ2*

The VSLA intervention had a generally positive impact on beneficiaries, particularly by increasing stable employment. Many beneficiaries joined family businesses and became family workers. This was likely due to insufficient capital to start their own businesses and a lack of necessary skills. While the intervention improved income levels for some, it was not sufficient to enable beneficiaries to open their own income-generating activities (IGAs).

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#### **Conclusion 5: The VSLA intervention had a generally positive impact on women and refugees specifically.**

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*This conclusion is based on EQ2*

The intervention had a significant positive impact on women, increasing their likelihood of stable employment and self-employment. Women and refugees experienced notable improvements in monthly income, revenue, and profits. VSLA membership also significantly enhanced coping strategies and food security among female members, highlighting the intervention's role in promoting economic resilience and stability. However, trust within the broader community declined, particularly among female VSLA members, due to perceived competition for resources.

Refugees experienced notable improvements in stable employment and self-employment. The intervention significantly increased monthly income, revenue, and business profits among refugees. However, the project did not significantly alter migration aspirations, as economic improvements did not outweigh deeper motivations for migration, such as safety and better living conditions.

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**Conclusion 6: The intervention introduced new social dynamics**

*This conclusion is based on EQ1 and EQ2*

While VSLA members reported feeling closer to community members and exhibited improved attitudes towards out-groups, the overall social capital score decreased due to a significant decline in trust. This decline was attributed to perceived competition for resources and jealousy, leading to conflicts and diminished trust within both the VSLA and the broader community. These issues were more pronounced in host communities. Qualitative data revealed that the intervention provided financial stability but did not address the deeper aspirations for migration, indicating that ongoing instability and the desire for better opportunities elsewhere continued to influence migration decisions.

**4.2.RECOMMENDATIONS**

The evaluation of the VSLA intervention has provided several insights, leading to the formulation of actionable recommendations to enhance financial inclusion, improve social cohesion, ensure policy coherence, and strengthen the overall impact and sustainability of the STEDE project. These recommendations are tailored to enhance the effectiveness, coherence, and sustainability of VSLA interventions. By implementing these actionable steps, stakeholders can ensure that future projects build on successful practices and address identified challenges. The recommendations are prioritised based on their importance, feasibility, and potential impact, ensuring a systematic approach to addressing the evaluation findings.

**Recommendation 1: Facilitate access to formal financial institutions**

*Priority: High*

*Linked to Conclusion 1 (Relevance)*

*Main relevant stakeholders: European Commission (EC) Operational managers, financial institutions, government agencies, and implementers*

*What worked and should continue:* The integration of VSLAs into RuSACCOs and other formal financial systems has successfully improved access to financial services for refugees and host communities. The EC's continued support in strengthening these partnerships is critical to furthering financial inclusion in underserved areas. These efforts should continue to expand access to financial services.

*What should be strengthened and how:* The linkage between VSLAs and formal financial providers needs to be further strengthened to enable access to larger loans with the EC's support in fostering strategic partnerships. This can be done by improving the legal and operational status of VSLAs, facilitating legal registration, and providing support for group loans or alternative forms of collateral.

*Sub-recommendations:*

- Expand formal partnerships with local banks and MFIs to create more robust financial linkages for VSLAs.



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- Continue integrating VSLAs into RuSACCOs and ensure legal support for registration.
- Provide capacity-building workshops to train beneficiaries on navigating formal financial institutions and applying for loans.

#### Recommendation 2: Foster inclusion of vulnerable groups in leadership roles

*Priority: Medium*

*Linked to Conclusion 5 (Impact on Women and Refugees)*

**Relevant Stakeholders:** EC operational managers, project managers, VSLA facilitators

What worked and should continue: The project has successfully increased women's and refugees' participation in financial management and economic activities. The EC's involvement in supporting female leadership initiatives can strengthen these efforts. Promoting female leadership in VSLAs has led to economic empowerment and improved decision-making in the household.

What should be strengthened and how: Leadership roles for women and refugees within VSLAs should be further supported through targeted training and mentorship programmes. This can be achieved by providing regular leadership development initiatives focused on vulnerable groups, facilitated by EC-backed programmes, which can ensure sustainable impact.

**Sub-recommendations:**

- Implement a mentorship programme pairing experienced VSLA leaders with aspiring leaders from vulnerable groups.
- Ensure continuous training on leadership and decision-making skills, specifically targeting women and refugees.
- Foster community dialogues around gender equality and leadership to further enhance inclusion.

#### Recommendation 3: Implement conflict resolution and trust-building activities

*Priority: High*

*Linked to Conclusion 6 (New Social Dynamics)*

**Relevant Stakeholders:** VSLA facilitators, Mercy Corps

What worked and should continue: Social support within VSLAs has helped foster stronger relationships between group members, particularly in times of crisis. This support system should be maintained and further developed to address group-level cohesion.

What should be strengthened and how: Trust and cohesion between VSLA members have decreased, particularly due to competition for resources. Conflict resolution and trust-building workshops are needed to address these dynamics and mitigate tension. These workshops should focus on transparent decision-making processes, resource allocation, and group communication.

**Sub-recommendations:**

- Organise regular trust-building and conflict-resolution workshops facilitated by trained mediators.



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- Establish clear communication channels within VSLAs to resolve conflicts over resource distribution.
- Promote open forums for VSLA members to express concerns and share solutions to strengthen group cohesion.

#### Recommendation 4: Strengthen financial literacy training for all VSLA members

*Priority: High*

*Linked to Conclusion 3 (Investment in Livelihoods) and Conclusion 4 (General Impact)*

**Relevant Stakeholders:** Project managers, EC operational managers, financial literacy specialists, VSLA facilitators

**What worked and should continue:** The financial literacy and management training for VSLA management groups has significantly improved their financial resource management and business practices. This training should continue to target management groups. The EC's support in expanding this programme could help enhance its reach and impact.

**What should be strengthened and how:** There is a need to expand financial literacy training to all VSLA members, not just the management. Simplifying complex financial concepts (e.g., interest calculations) and ensuring relevance to local practices, including Sharia compliance, will enhance overall financial understanding. The EC could support this by promoting accessible financial education materials that align with local practices.

**Sub-recommendations:**

- Expand financial literacy workshops to include all VSLA members, focusing on simplified explanations of key financial concepts.
- Tailor financial literacy programmes to align with cultural and religious practices, such as Sharia-compliant financial systems.
- Develop easy-to-understand financial education materials and distribute them during VSLA meetings.

#### Recommendation 5: Monitor and evaluate long-term impact

*Priority: High*

*Linked to Conclusion 4 (General Impact on Beneficiaries)*

**Relevant Stakeholders:** Project managers, EC operational managers, M&E specialists, implementers

**What worked and should continue:** The existing monitoring systems have allowed for periodic assessments of the VSLA's immediate impact. This system should continue to measure short-term outcomes such as employment and savings behaviour. Continued EC support in refining these systems will ensure the programme's sustained effectiveness.

**What should be strengthened and how:** A more comprehensive long-term Monitoring and Evaluation (M&E) framework is needed to assess the ongoing impact of the intervention, particularly on economic stability and social cohesion, with the EC backing for resources and tool development. The framework should include long-term tracking of beneficiaries and periodic assessments of both financial and social impacts.

**Sub-recommendations:**



- Develop a three-year M&E plan to track the long-term economic and social impacts of VSLA participation.
  - Implement annual impact assessments, focusing on savings, employment, and social cohesion.
- Encourage the use of digital tools to collect real-time data from VSLA participants.
- 

#### 4.3. LESSONS LEARNT

The evaluation of the VSLA intervention in Ethiopia offers several valuable lessons that can inform future projects and policies aimed at enhancing financial inclusion, social cohesion, and sustainability. These insights reflect general principles that can be applied across similar interventions to increase their impact and relevance.

##### **1. Comprehensive financial literacy training is crucial for success**

Providing comprehensive financial literacy training to all VSLA members, rather than focusing solely on management groups, ensures that beneficiaries across the board are better equipped to manage their finances. This principle is essential for any project aiming to improve financial management among vulnerable groups. Future financial inclusion projects should design inclusive training programmes and consider the varying levels of financial literacy among beneficiaries, ensuring that all members, regardless of their role, gain meaningful skills.

##### **2. Strong linkages to formal financial institutions ensure long-term sustainability**

While VSLAs offer a starting point for financial inclusion, linking beneficiaries to formal financial institutions is necessary for scaling up efforts and enabling access to larger loans and broader financial services. Projects aiming to improve financial inclusion should prioritise building strong, sustainable connections between informal savings groups and formal financial institutions to ensure long-term impact.

##### **3. Addressing social dynamics and building trust is essential for success in community-based interventions**

The success of community-based financial interventions like VSLAs depends on addressing underlying social dynamics. Trust-building activities, such as regular workshops, are essential to maintaining social cohesion and preventing conflict over resources. Future projects should incorporate structured trust-building and conflict-resolution mechanisms from the start to ensure that social capital is strengthened and sustained throughout the intervention.

##### **4. Effective stakeholder coordination enhances project efficiency**

Establishing formal coordination mechanisms among stakeholders, including implementing partners and local authorities, is essential to prevent overlaps and inefficiencies. In future projects, early and continuous stakeholder engagement, regular communication, and structured



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coordination processes are crucial for maintaining project alignment and ensuring efficient implementation.

#### **5. Consider contextual and cultural appropriateness in financial solutions**

Financial solutions need to be tailored to the local context, including cultural and religious considerations, to enhance their relevance and adoption. For example, Sharia-compliant financial services were highly appreciated in the context of this project. In any financial inclusion initiative, it is vital to design products and services that align with the target population's cultural, religious, and socio-economic realities to increase effectiveness and uptake.

#### **6. Robust monitoring and evaluation frameworks are key to long-term impact**

Developing comprehensive M&E frameworks that track the long-term economic and social impacts of interventions is critical. This allows for continuous learning and adaptation based on real-time data and feedback. Future interventions should include detailed M&E plans that incorporate both quantitative and qualitative data, ensuring that projects can respond to emerging challenges and opportunities.

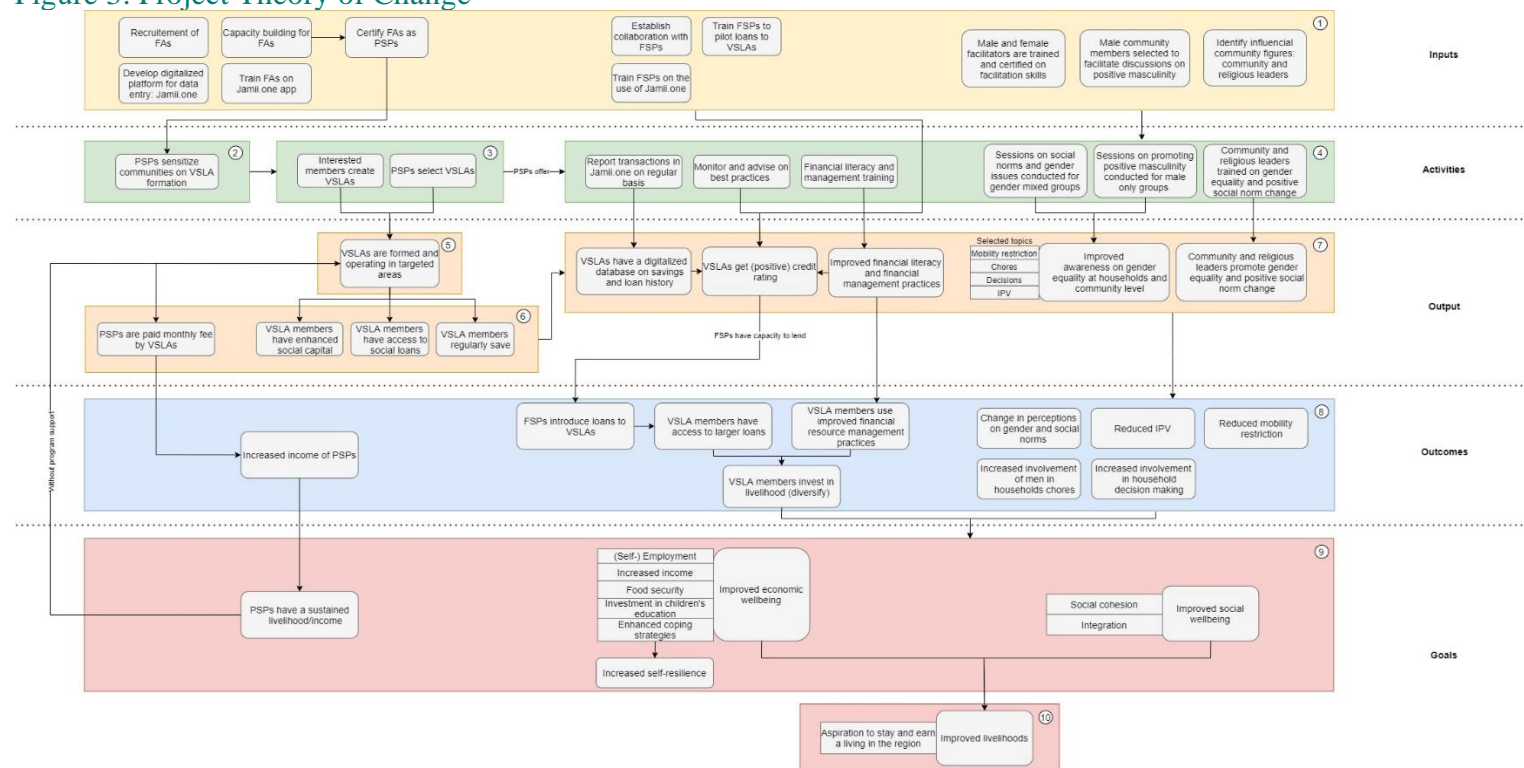


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### 5. APPENDICES

#### 5.1. PROJECT THEORY OF CHANGE AND LOGICAL FRAMEWORK

Figure 3: Project Theory of Change



Source: C4ED elaboration



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Table 1: Project Log-frame

	RESULTS CHAIN	INDICATORS	SOURCES AND MEANS OF VERIFICATION	ASSUMPTIONS
<b>OVERALL OBJECTIVE: IMPACT</b>	Strengthened socio-economic development and better employment opportunities for target groups in the Jigjiga area (Somali Regional State)	<ol style="list-style-type: none"> <li>1. # of individuals benefiting from improved economic opportunities and services as a result of the programme.</li> <li>2. # of households experiencing a positive 'net attributable income change'</li> <li>3. % of target groups with an improved outlook on their socio-economic situation (measured through perceptions reported by beneficiaries)</li> </ol>	<p>Project Management Data (PMD)</p> <p>Baseline and endline survey on a random sample of target groups</p>	By working with the labour demand and supply side, the consortium will be able to create employment opportunities for the refugees and host communities
<b>SPECIFIC OBJECTIVES: OUTCOMES</b>	<b>OC 1.</b> Increase ability of the local/regional economy to create jobs for various skills as per existing and/or potential economic value chains	<ol style="list-style-type: none"> <li>1. # of new enterprises created or existing enterprises expanded as a result of the programme</li> <li>2. Net additional, full time/part time/short term/seasonal equivalent jobs created in target enterprises as a result of the programme</li> <li>3. # of enterprises that have adopted improved 'decent jobs' practices, including gender-friendly practices</li> <li>4. % of beneficiaries reporting 'satisfaction' with the quality of their job</li> </ol>	<p>Project Management Data (PMD)</p> <p>Baseline and endline survey on a random sample of target groups</p>	<p>Political stability and security within the region are maintained</p> <p>The consortium is able to attain required permissions and signed MOUs from the Administration for Refugee and Returnee Affairs (ARRA) and regional governmental authorities</p> <p>The Government of Ethiopia (GoE) remains committed to progressive</p>



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	<b>OC 2.</b> Increase demand-driven skills of the labour force in the area of intervention	<ol style="list-style-type: none"> <li>1. # of individuals accessing new or improved labour market services</li> <li>2. % of beneficiaries accessing labour market services reporting ‘satisfaction’ with the services</li> <li>3. % of individuals accessing new or improved labour market services being employed or starting a new enterprise</li> </ol>	<p>PMD. Quarterly reports, after starting implementation</p> <p>Baseline and endline survey on a random sample of target groups</p>	<p>reform of policies and laws that allow for the expansion of rights and entitlements of refugees</p> <p>Harmonious relations between host and refugee communities are maintained</p> <p>Humanitarian events, such as significant displacements within the region, do not require the realignment of priorities by the regional government and humanitarian actors</p>
	<b>OC 3.</b> Refugee and host communities experience improved social integration and access legal rights	<ol style="list-style-type: none"> <li>1. # of individuals accessing improved integration services (documentation, legal services etc)</li> <li>2. % of beneficiaries reporting improved social integration</li> </ol>	<p>PMD. Quarterly report after starting implementation</p> <p>Baseline and endline survey on a random sample of target groups</p>	
<b>OUTPUTS</b>	<b>OP 1.1.</b> <i>(Related to OC 1)</i> Businesses are supported to boost <u>employment</u> for target groups	<ol style="list-style-type: none"> <li>1. # of employer businesses supported to improve or expand operations</li> <li>2. # of businesses trained on the ‘decent jobs’ agenda and on improved attitude and practices to recruiting target groups</li> </ol>	Quarterly PMD and data from One-stop Centres (OSC)	Businesses are interested in partnering with the action to expand operations and recruit target groups
	<b>OP 1.2.</b> <i>(Related to OC 1)</i> Markets are strengthened to support <u>self-employment</u> for target groups	<ol style="list-style-type: none"> <li>1. # of businesses that offer new technologies, products or services that support target group enterprises</li> <li>2. % of businesses that adopt gender-sensitive approaches in products and marketing</li> <li>3. # of target group enterprises who have applied new technologies or management practices</li> </ol>	<p>Project Management Data (PMD)</p> <p>Baseline and endline survey on a random sample of target groups</p>	Severe drought or conflict does not result in large-scale displacement away from target areas



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	<b>OP 1.3. (Related to OC 1)</b> Refugees and host communities have improved access to semi-formal and formal financial services	<ol style="list-style-type: none"> <li>1. # of individuals with improved access to financial services</li> <li>2. Number of new and existing businesses accessing loans to start or expand their business</li> <li>3. # of individuals receiving financial literacy training from market actors</li> </ol>	PMD. Quarterly	Financial institutions will enable refugees to access their products and services.
	<b>OP 2.1. (Related to OC 2)</b> Target groups have improved access to public and private training services	<ol style="list-style-type: none"> <li>1. Number of businesses or institutions introducing improved training services for target groups</li> <li>2. Number of people trained by type of training</li> </ol>	PMD. Attendance sheets and data obtained from TVETs, OSC. Quarterly report after starting implementation.	TVET institutions and other actors offer courses appropriate and accessible to target groups
	<b>OP 2.2. (Related to OC 2)</b> Information and job-matching services are strengthened to reach refugees and host communities	<ol style="list-style-type: none"> <li>1. Number of business or institutions introducing improved information or job-matching services</li> <li>2. Number of refugees and host communities using improved information and/or job-matching services</li> </ol>	<p>PMD. Quarterly reports after starting implementation</p> <p>Baseline and endline survey on a random sample of target groups</p>	Target groups are interested in accessing new job opportunities, and therefore motivated to use available information services
	<b>OP 3.1. (Related to OC 3)</b> Refugee and host communities benefit from social integration	<ol style="list-style-type: none"> <li>1. Number of local integration committees established</li> <li>2. Number of community-driven initiatives implemented</li> </ol>	PMD. Quarterly reports after starting implementation	Relationships between refugees and host communities do not deteriorate rapidly due to an unforeseen external event
	<b>OP 3.2. (Related to OC 3)</b> Refugees and host communities access justice and relevant documents	<ol style="list-style-type: none"> <li>1. Number of refugees and host community members using access to justice services</li> <li>2. Number of refugees accessing permits and licenses to operate livelihood-oriented activities</li> </ol>	Annual PMD	The regional government continues to support the CRRF process

Source: C4ED elaboration



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**5.2.EVALUATION TIMELINE**

Table 2: Work plan for 2021-2024

Task	2021				2022				2023				2024				
	Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Inception Phase																	
Literature review and scoping mission																	
Development of ToC and Evaluation Matrix																	
Development of Field Implementation Plan																	
Inception Report																	
Revision of inception report following comments																	
Baseline Data Collection																	
Obtain National Authorisation																	
Tool development (questionnaire)																	
CAPI Programming and Translation																	
Training, Pilot																	
Data Collection																	



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Research Report #1																	
<b>Baseline Analysis &amp; Reporting</b>																	
Data Cleaning																	
Randomisation of Treatment Assignment																	
Monitoring of field implementation																	
Baseline data analysis																	
<b>Research Report #2</b>																	
<b>Endline Data Collection</b>																	
Exploratory qualitative research on social cohesion																	
Qualitative sampling																	
Tool updates (quantitative) & development (qualitative)																	
CAPI programming and translation updates																	
Training, Pilot																	
Data Collection																	
<b>Endline Analysis &amp; Reporting</b>																	
Data Cleaning / Transcription																	
Data Analysis																	
<b>Research Report #3</b>																	



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Legend	
	Performed as planned in the inception report
	Performed and postponed
	To be performed as planned

Note: Grey cells are completed tasks; green cells are tasks to be realised; cells filled with diagonal shading have been delayed based on the previous report. It should be noted that there were no activities planned to be performed in 2024 as reported in RR21 and RR22. The continuous follow-up with implementation, further analysis of quantitative and quality data as well as final report writing are now included.  
Source: C4ED elaboration



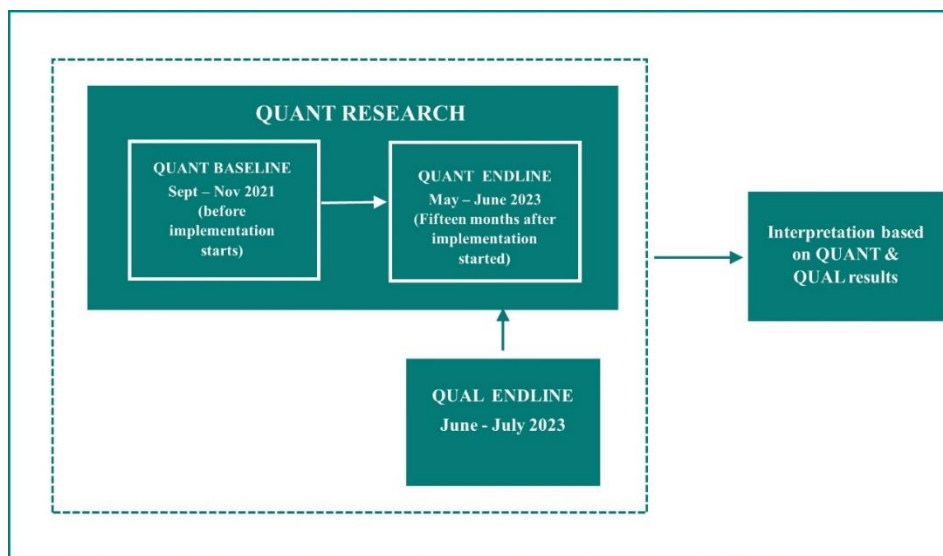
### 5.3.EVALUATION METHODOLOGY

#### *Mixed methods approach*

The mixed method approach used for the study followed an **embedded (quasi-)experimental design**, which incorporated qualitative data into a (quasi-)experimental quantitative evaluation design. Within this framework, the qualitative data set provides a supportive and secondary role to results based primarily on the quantitative data. The premise of this design is that a single data set is not sufficient and that different types of questions require different types of data to be answered (Creswell et al., 2006). Accordingly, this research design poses EQs which are exclusively addressed by either qualitative or quantitative means, and EQs which are jointly addressed and explored from different angles using both types of data.

For the evaluation of the STEDE project, a one-phase model was used, in which qualitative and quantitative data were collected simultaneously. The exception here is EQ 4.1, where a two-phase model was used. In this case, exploratory qualitative research was conducted before the quantitative research intervention to inform the quantitative survey design.

Figure 4: Embedded (quasi-)experimental evaluation design



Source: C4ED elaboration

#### *Quantitative methods*

The quantitative method relied on a CIE approach. CIE is a method of comparing the outcomes of interest of project beneficiaries (also called the treated group) with those who are similar to the beneficiaries but did not receive the intervention (also called comparison or control group). Measuring the impact of the VSLA intervention on outcomes of interest by simply comparing the average outcomes of beneficiaries with non-beneficiaries would not be valid, as beneficiaries self-select into the project. This self-selection implies that the groups might differ in important ways that also led them to participate in the project. Hence, in CIE, the identification of a valid comparison or control group is crucial. The best comparison group



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is identified by experimental designs, where equally eligible units (which can be individuals, households, firms, or communities) are randomly assigned to either the treated or comparison group. Where randomisation is not feasible, quasi-experimental designs are applied by using statistical techniques to find comparable non-beneficiary groups.

#### CIE design

During the inception stage, C4ED agreed with Mercy Corps to conduct a cluster-randomised design, whereby communities would be randomly assigned to treatment and control groups to rigorously estimate the effects of the VSLA intervention on host and refugee communities. Cluster randomisation involves a random assignment at levels higher than the household or individual (e.g., geographic units, enterprises, farms, etc.). Randomisation at a higher level reduces the threat of spillovers and social unrest resulting from discrepancies in who receives the intervention among individuals residing in close proximity. Social unrest may offset any positive impact that the intervention could have on social and economic well-being.

The formation of VSLAs was randomised at the community level, and communities in the treatment group were to receive the support and services from the FAs to form VSLAs. To implement this, C4ED first randomly selected clusters<sup>16</sup> from a list of target areas provided by Mercy Corps, which was used to identify the sampling frame and collect the baseline data. In the second step, based on the analysis of the baseline data, eligible clusters were randomly assigned to a treatment and a control group.<sup>17</sup> Within the communities in the treatment group, the FAs would specifically encourage randomly selected respondents from the baseline sample to form VSLAs (but these individuals were free to decide for themselves whether to participate in a VSLA or not), resulting in a cluster-randomised encouragement design. The encouragement aspect of the design aimed to ensure a high enough overlap between the baseline sample and households that would choose to form a VSLA, hence resulting in a high enough take-up of the VSLA intervention in the sample targeted at baseline.

The way the VSLA intervention was implemented in the refugee camps and in the Ke-brebeyah host community had implications for the originally planned impact evaluation design. Contrary to the original cluster randomised encouragement design, the FAs conducted the VLSA mobilisation activities and formed VSLA groups everywhere in the refugee camps, including areas assigned to control. This required a change of the impact evaluation design to a quasi-experimental matching design, to account for the possible self-selection into the VSLA intervention, as reported in RR22.

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<sup>16</sup> A cluster is defined as a village in host communities and as a block or a section in refugee camps. See RR21 and RR22 for details on the definition of clusters and the challenges C4ED encountered when measuring clusters, particularly in refugee camps.

<sup>17</sup> Within Kebribeyah and Awbare districts, the targeted areas comprise 19 and 18 kebeles, respectively. Each kebele has two to ten villages (on average about six villages per kebele), hence making a total of 99 villages in Kebribeyah and 80 villages in Awbare. From this, C4ED randomly selected two villages (two clusters) per kebele for baseline. These villages were randomised following baseline to serve as a proximate pair of treatment and control villages for the impact evaluation. In total, 70 villages (38 and 32 for Awbare and Kebribeyah, respectively) were randomly selected; hence 35 villages were targeted to receive treatment, and the other 35 villages were assigned to the control group.



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Furthermore, Mercy Corps assured C4ED that, in the host communities, the FAs formed VSLAs only in villages assigned to treatment and that the control villages remained untouched. However, after the endline quantitative data collection (May and June 2023), C4ED observed that the take-up of the VSLA intervention in the Kebrebeayah host community was relatively higher in control villages than in treated ones.<sup>18</sup> According to communication with Mercy Corps, this occurred due to negligence from some FAs, who ignored the orientation and guidance given by Mercy Corps to only encourage villages assigned to the treatment group.<sup>19</sup> In Abware host communities, the implementation of the VSLA intervention followed the original assignment, with VSLAs being mostly formed in villages assigned to the treatment group. As a result, C4ED applied a quasi-experimental matching design as the main quantitative evaluation approach to measure the impact of the VSLA intervention in the refugee camps and the host communities.

The matching method is a quasi-experimental statistical technique that identifies the causal effect of VSLA membership on outcomes of interest by controlling for selection into the VSLA intervention based on individuals' observable characteristics. Under this approach, for each beneficiary, C4ED finds comparison individuals who are similar in all relevant pre-intervention characteristics, thereby accounting for all observable differences at baseline. Then, the differences in key outcomes between the treated and matched non-treated individuals at the endline are attributable solely to the VSLA intervention.

Methodologically, the matching method relies on the assumption that selection into the VSLA intervention is based solely on observable characteristics. Any systematic difference in unobservable characteristics between the treatment and control groups would bias the estimated impact of the VSLA intervention using this approach. Although this possibility cannot be eliminated, C4ED minimised the bias by collecting data on variables likely to drive individual participation in the VSLA intervention. It did so by utilising information on the STEDE projects' target group for the VSLA intervention as matching variables to find a comparable match to the beneficiaries.

Since the randomisation of villages into treatment and control groups in the Awbare host communities was followed through, the original clustered randomisation design is still valid for measuring the impact of the VSLA intervention in the Awbare host communities. Hence, C4ED applied both the matching design and cluster RCT design in the sample from the Abware host community to check the results' robustness against the evaluation methods applied.

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<sup>18</sup> In Kebribeyah host communities, 33% of the respondents in areas assigned to control are VSLA members, while the share is 27% in treatment areas. On the other hand, in the Abware host community, 96% of the respondents in areas assigned to treatment are VSLA members, whereas the share is 15% in control areas.

<sup>19</sup> Other reasons given were i) migration of agro-pastoralists to search for better water and pasture resources in nearby villages/kebeles due to the 2021/2022 drought, and ii) movement of people to visit relatives. These are likely to lead to spillover effects where individuals in control areas join a VSLA upon hearing about the intervention from those who moved from treated villages. However, given the relatively equal take-up of the VSLA intervention in treated and control villages, the direct VSLA mobilisation by some FAs in the control villages is likely to be the main reason.



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#### Sampling strategy

For the endline data collection, C4ED used the baseline survey as the sampling frame and re-visited the same areas and households. Hence, this section elaborates on the sampling strategy used for the baseline data collection, on which formed the endline data collection was based.

#### Selection of survey areas (clusters)

The evaluation covered all five targeted areas of the VSLA intervention (two districts in host communities - Kebribeyah and Awbare woredas - and three refugee camps - Awbare, Kebrebeayah, and Sheder). In host communities, from the list of targeted areas provided by Mercy Corps (a total of 99 villages in Kebribeyah and 80 villages in Awbare, all of which are rural areas), 70 villages (38 and 32 for Awbare and Kebribeyah, respectively) were randomly selected for the evaluation after a power calculation was used to determine the sample size required for the impact evaluation. Of the 70 villages, 35 villages were assigned to receive the VSLA intervention (treated group) and the other 35 villages were designated as non-intervention areas (the control group).

In the refugee camps, Mercy Corps planned to implement the VSLA intervention throughout the camps, without identifying specific targeted areas. After discussions were held with Mercy Corps, C4ED selected specific target areas following the baseline data collection. Since the administrative structure of the refugee camps is different from the host communities, a different approach was required to define survey areas (clusters) and determine their sizes (see Research Report 2021 [RR21] and Research Report 2022 [RR22] for details). C4ED first grouped houses by block borders in Awbare and Sheder refugee camps and by roadways visible from geospatial imagery in Kebrebeayah refugee camp. Second, C4ED defined study areas, keeping a minimum geographic distance between each to mitigate the risk of spillovers and/or contamination.<sup>20</sup> Finally, C4ED randomly selected six clusters for each camp as the targeted areas for the VSLA intervention, which gave a total of 18 clusters across the three camps.

#### Sampling individual (from households)<sup>21</sup>

After selecting host community villages from kebeles and study areas from refugee camps, C4ED undertook the selection of individuals (from households). Households within host community villages were identified with the help of FAs. The FAs identified a list of 30 households per village who expressed interest in forming a VSLA. From those lists, C4ED randomly selected 15 to 18 households for the baseline interview, aiming for a total sample size of 1,050. Similarly, for refugee camps, individuals were to be identified using a similar process; the FAs would generate lists of 300 individuals per camp (evenly allocated as 50 per study area), from which C4ED would randomly select 240 individuals in each camp (i.e., 40 per study area) for the baseline, aiming for a baseline sample of 720 individuals (and their respective households) in the three refugee camps.

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<sup>20</sup> Such effects arise when the intervention helps or provides support to the control group as well as to the treated participants, thereby confounding the estimates of programme impact. This makes it hard to estimate the difference between treatment and control units and, therefore distorting the detection of a significant effect of the intervention.

<sup>21</sup> Given the culture of villages composed of large families within a single household, C4ED needed to reach out to individuals, although C4ED's questions addressed household socioeconomic conditions.



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However, there were challenges in the completeness and quality of the FAs' listings for ten host community villages and all three refugee camp study areas. In response, a random walk procedure was introduced to identify and screen individuals based on the eligibility criteria that at least one individual in the household would show interest in forming a VSLA. Under this approach, enumerators gathered at a central location in the ten host community villages and the study areas in the refugee camps and walked in random directions (by way of spinning a bottle). From there, enumerators stopped at every third household, whereby they introduced themselves and began the screening process to determine the household's eligibility. If an individual in the household expressed interest in the VSLA, they asked for consent to participate in the baseline survey.

Finally, although the main target group of the VSLA intervention are females (more than 90%), Mercy Corps did not want to restrict males from participating and were comfortable with some proportion of males taking part in the baseline sample. Therefore, interested male heads were included in the sample from households where females were either not available or not interested in participating in VSLAs. The share of males made up 10% of the baseline sample in refugee camps and 36% in host communities.

#### Concerns with the baseline sample

C4ED had two major concerns with the outcomes of the baseline sample, which have implications on the sampling strategy of the endline data collection. These concerns, along with the mitigation strategies applied, are discussed below.

##### *i) The take-up of the VSLA intervention*

As reported in RR22, the FAs did not encourage enough individuals from the baseline sample to take part in VSLAs. Hence, there was uncertainty over whether the baseline households could form a sizeable treatment group. Therefore, C4ED proposed to extend the sample during the endline data collection (through recall data on baseline characteristics) to have sufficient individuals in the treatment group. However, upon verifying the uptake of the VSLA intervention at endline, C4ED found that the VSLA intervention's take-up in the sample targeted at baseline was sufficient to undertake the impact evaluation. Hence, C4ED collected follow up endline data from the same baseline respondents. No additional interviews were conducted to extend the sample in the treatment group. More specifically, the endline data shows that 67% of respondents in the refugee camps reported to have been approached by the FAs to join a VSLA group, and 47% reported being a VSLA member supported by the FAs. In the host communities, 78% of respondents in the treatment villages reported that they were approached by the FAs to be a VSLA member, whereas 64% stated being a member of a VSLA. Therefore, follow-up endline data was collected from the same baseline respondents and there was no need to extend the sample during the endline data collection to obtain sufficient observations in the treatment group.



ii) *Attrition in the refugee camps*

Because refugees are likely to be more mobile than host communities, C4ED was concerned that the attrition rate would be high in the refugee sample, making it challenging to track some respondents for the endline data collection. To mitigate this, C4ED first requested the list of VSLA beneficiaries in refugee camps from Mercy Corps, on the basis of which it developed a sample replacement strategy. Non-reachable baseline respondents originally assigned to the treatment group were replaced with randomly selected VSLA members from Mercy Corps' beneficiaries list, while those assigned to the control group were replaced using the random walk procedure.

*Analysis*

*Quasi-experimental Matching method*

C4ED first measured the impact of the VSLA intervention on key outcomes of interest using an Inverse Probability Weighting with Regression Adjustment (IPWRA) model for the whole sample (i.e., samples from the refugee camps and host communities). IPWRA is a double-robust method that models both the likelihood of receiving the VSLA intervention (treatment model) and estimates the impacts of the VSLA intervention (outcome model). It is called a double-robust method since it gives a consistent estimate of the treatment effect, even if one of the models (treatment or outcome) is mis-specified (Wooldridge, 2010), and it allows for a more flexible and robust specification than with other matching estimators such as propensity score matching. In the context of statistical modelling, "mis-specified" refers to a situation where the assumed model does not accurately represent the true underlying data-generating process. Being "double-robust" means that the method remains consistent in estimating treatment effects even if either the treatment model (the model predicting the likelihood of receiving the intervention) or the outcome model (the model estimating the impact of the intervention) is not perfectly specified or misspecified. Using this methodology, C4ED measured the average treatment effects of the intervention on the treated (ATT).

The causal effects of the intervention on outcomes of interest based on IPWRA are estimated following three steps. The **first step** involves the specification of the propensity score, which is the probability of individuals receiving the VSLA intervention conditional on observable characteristics. Two decisions need to be made to estimate the propensity score: the first one is the model to be used for the estimation of the propensity score, and the second is the variables to include in the model. C4ED used a probit model to estimate the probability of receiving the intervention. The variables to be included in the outcome model include demographic and pre-treatment socio-economic characteristics at the individual level, in addition to the baseline values of the outcome variables.

As a **second step**, C4ED checked the overlap or balance of covariates and the region of common support between individuals in the treatment and comparison groups to ensure sufficient overlap. The region of common support in statistics refers to the range of values where both the treatment group and the control group overlap or have shared observations. It ensures that there is sufficient overlap in the covariate values between the treated and untreated groups, making valid comparisons possible in impact evaluations or observational studies. This was done by using a visual analysis of the density distribution of the propensity score in both



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groups. This is an iterative process repeated until the most suitable matching variables are identified.

In a **third step**, C4ED used the IPWRA to estimate the impact of the VSLA intervention on key outcomes of interest. For continuous and categorical outcomes, a linear regression model was estimated. In the case of a binary outcome variable, a probit model was used. To reduce the sensitivity of the IPWRA to extreme values of the propensity scores, C4ED excluded propensity scores below 0.1 and above 0.9.

### Matching Results

Table 3 presents the results of the propensity score model used to estimate the likelihood of receiving the treatment based on various baseline characteristics. The covariates included the baseline values for age, household size, gender of the respondent, educational status, loan receipt, participation in saving groups, number of children, employment status, and electricity access in September 2021. The table shows the estimated coefficients, standard errors, and significance levels for each covariate. For example, the coefficient for age is -0.00347 with a standard error of 0.002, significant at the 10% level. The model includes interaction terms and reports the pseudo-R-squared and Chi-squared statistics to assess model fit. Observations are based on 1,480 data points. Significance levels are denoted by \*\*\*, \*\*, and \* for p-values less than 0.01, 0.05, and 0.1, respectively.

**Table 3: PS estimations**

VARIABLES	(1) Margins
Age at baseline	0.00863 (0.00611)
Household Size at baseline	0.0303** (0.0146)
Female Household Head	-0.0100 (0.0826)
Level of education at baseline – Never enrolled	-0.0365 (0.0714)
# of children at baseline	0.108** (0.0459)
Never received a loan (baseline)	-0.0251 (0.105)
Has a stable job (baseline)	0.446** (0.199)
Access to electricity (baseline)	0.0671 (0.0834)
Observations	1,475
Pseudo R-squared from probit	0.0142
Chi-squared from probit	28.85

Notes: Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Source: C4ED elaboration

The matching variables presented above were also used as covariates in the regression adjustment specification. For investigating the impact of the intervention on resilience indicators



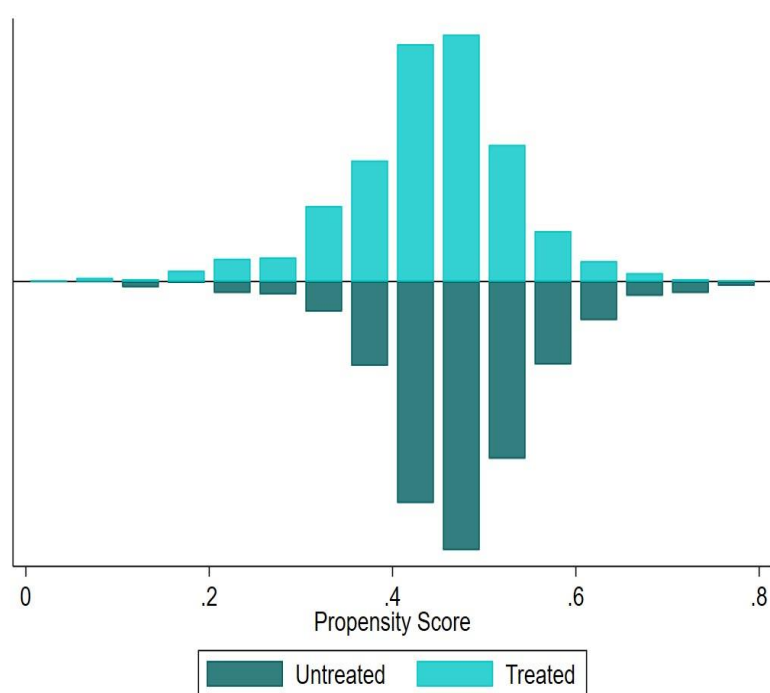
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specifically, the covariates were amended by the number of shocks experienced by the respondents to control for the effect of shock exposure on household resilience.

The histogram in Figure 5 shows the distribution of propensity scores for treated and untreated groups. The propensity score represents the probability of receiving the treatment given the covariates. The dark teal bars represent the untreated group, while the light teal bars represent the treated group. The horizontal axis shows the propensity score ranging from 0 to 0.8, and the vertical axis represents the frequency of observations. The graph demonstrates that the propensity scores for the treated and untreated groups overlap significantly, which is crucial for the validity of propensity score matching. This overlap indicates that there is a common support region where the treatment and control groups have comparable covariate distributions, allowing for a more accurate estimation of treatment effects.

Figure 5: Distribution of the common support



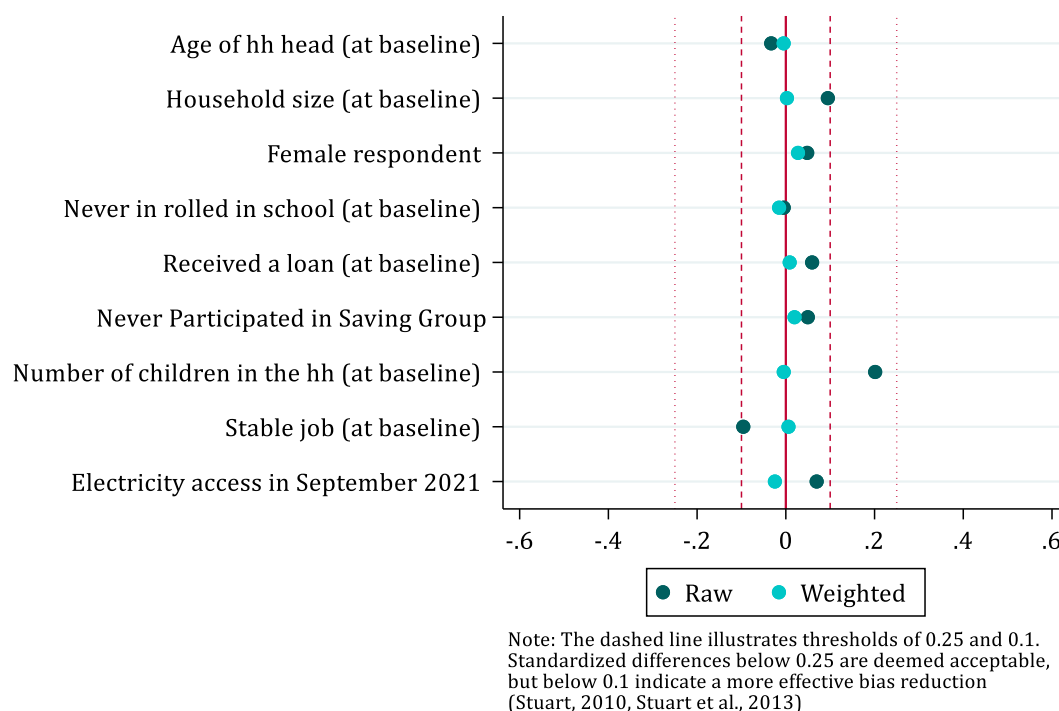
Source: C4ED elaboration

Figure 6 illustrates the standardised differences in covariates before and after using IPWRA. The matching variables include age, household size, gender, educational status, loan receipt, participation in saving groups, number of children, employment status, and electricity access. The raw differences are represented by dark teal dots, and the weighted differences are shown by light teal dots. The dashed lines at 0.1 and 0.25 indicate the acceptable thresholds for bias reduction. The graph demonstrates that IPWRA effectively reduces the biases for most covariates, with many falling below the 0.1 threshold, indicating a more effective bias reduction compared to the raw differences.



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Figure 6: Standardised differences before and after the matching procedure



Source: C4ED elaboration

### Qualitative methods

The overall qualitative research methodology remains the same as described in the inception phase as well as in RR21 and RR22. The qualitative methodology follows the mixed methods approach, where for different EQs, qualitative research was used to either explore, triangulate, or complement quantitative research and results. The primary sources of data used were key informant interviews (KIIs), in-depth interviews (IDIs), and focus group discussions (FGDs). Other sources of data collection were nonreactive documents grounded in the study (e.g., project planning/monitoring documents, public records), and qualitative researchers' observations during fieldwork. The following chapters provide a summary of the sampling strategy and analysis.

### Sampling strategy

As depicted in previous reports, the qualitative sampling strategy for interviews involved **purposive sampling** of information-rich cases, from the quantitative sample where possible, to triangulate and complement results from household surveys. Two forms of purposive sampling were used for different respondent types: stratified heterogeneous or maximum variation sampling based on certain selection criteria was primarily used to identify project beneficiaries, while typical and snowball sampling were primarily used to identify key informants among stakeholders affected by or affecting the project.

C4ED's sampling procedures focused on **several levels**. On the **first level**, C4ED selected the research area. C4ED adopted a typical sampling method for the selection of the two kebeles



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(Lafa Issie and Danaba) for the VSLA intervention (with the main criterion being the maximum representation of project participants), and maximum variation sampling for communities within the kebeles (with selection criteria including diversity of beneficiary sub-groups and variety of project activities). On a **second level**, C4ED purposively identified three categories of respondents: (i) beneficiaries of the intervention; (ii) implementers of the intervention; (iii) other stakeholders affected by or affecting the intervention. On a **third level**, C4ED used purposive and snowball sampling methods to select the intended respondents from these categories as follows:

**STEDE project beneficiaries:** C4ED applied maximum variation sampling to better understand the unique needs, capacities, challenges, and opportunities of the diverse group of project beneficiaries. Sample selection criteria included gender (female/male), age (adolescents/adults), and status (refugee/host community). The primary selection criteria were applied to two groups of beneficiaries who participated in different project activities: (former) members of VSLAs and (former) participants of gender awareness training.

**Implementers of the intervention** were identified based on snowball and chain sampling in cooperation with Mercy Corps' focal points. KIIs were conducted with both management and field staff, with a focus on project and monitoring and evaluation /accountability staff (including, PSP/FA and gender focal person).

**Other stakeholders affecting, or being affected by, the project** functioned as key informants for the evaluation. These were selected using snowball and chain sampling. Selection criteria included: 1) representatives of FSP / commercial banks; 2) government officials/ representatives of public and international institutions such as woreda officials and UNHCR camp management; 3) community and religious leaders participating in gender awareness sessions.<sup>22</sup>

Table 4: List of qualitative study participants

Respondent category	Organisation	Position	No. of respondents
Implementers	Mercy Corps staff	Programme manager M&E adviser MSD specialists (2) Agricultural and financial adviser Labour Market adviser Gender focal Person	7
	Field Agents (FAs)	Field Agents in the host community of each woreda (2) Field Agents in the refugee community of each woreda (2)	4
Other stakeholders	MFIs/banks	Loan officer in Ray's microfinance	2

<sup>22</sup> As planned and described in previous reports, C4ED examined the utility of including non-beneficiaries in the qualitative sample and decided against their inclusion prior to data collection. No concrete cases of the project showing positive or negative effects on non-beneficiaries could be found in other data sets like project reports and quantitative evaluation findings.



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		Head of microfinance cooperatives division in Shabelle Bank	
	Government and UN	UNHCR livelihood and economic inclusion officer Woreda cooperatives official Regional expert in rural finance	3
	Community	Religious and community leaders from both the refugee and host communities	3
Project beneficiaries	VSLA	Female VSLA members Male VSLA members Female participants of gender awareness sessions Male participants of gender awareness sessions	32 11 12 4
<b>Total</b>			<b>78</b>

Source: C4ED elaboration

The above table provides an overview of the qualitative sample, which included 78 respondents consisting of 59 beneficiaries, 11 implementing organisations' staff and eight other stakeholders. Since the establishment of the original sampling frame, certain project components had been excluded from the evaluation (see RR21 and RR22). As a result, some IDIs, KIIs, and FGDs have been shifted to study the impact of the VSLA intervention more rigorously. The overall sample size detailed in the inception report was slightly reduced following the exclusion of certain project components, while the overall sample size remained higher than in the original proposal. As qualitative research is by nature inductive, C4ED monitored project progress before making the final adjustment of the sampling frame for data collection in 2023.

### Analysis

Data analysis for the qualitative component consisted of two primary tasks: 1) analysis of secondary data provided by the project and the quantitative research component; and 2) analysis of data collected through KIIs, IDIs, and FGDs. All interviews and discussions were audio recorded, transcribed, and translated into English. C4ED used MAXQDA software to support the systematisation and analysis of the information within the transcripts. C4ED adopted an inductive and comparative method to first develop and later employ a robust thematic coding method and coding 'tree'. This allowed C4ED to systematically code for drivers of change, project outcomes, and to whom or to what C4ED could attribute the change, if any. The process involved developing conceptual links and grouping and expanding the codes as needed. The resulting descriptive and interpretive data have been integrated and triangulated with the quantitative findings to ensure breadth and depth in the study report.

#### 5.4. DESCRIPTION OF THE SAMPLE

The descriptive statistics in Table 5 provide an overview of various demographic and household characteristics for the full sample, including both the treatment and the control groups. The average age across the full sample is approximately 36.7 years, with negligible differences between the treatment and control groups. The gender distribution shows that 71% of the sample are female, with a slight, non-significant increase in the treatment group compared



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to the control group. The proportion of female-headed households is significantly higher in the treatment group by 4 percentage points, with a p-value of 0.07, indicating a marginally significant difference.

Household composition and refugee status also exhibit significant differences. The average number of household members is slightly higher in the treatment group, with a p-value of 0.07. The number of children in the household is significantly greater in the treatment group by 0.6 children, with a highly significant p-value of 0.00. Additionally, there is a higher proportion of refugees in the treatment group, showing a significant difference of 7 percentage points (p-value of 0.01). Educational attainment varies notably between groups; a higher proportion of individuals in the treatment group have incomplete or informal primary education, and fewer individuals have never enrolled in education compared to the control group.

**Table 5: Descriptive statistics**

	(1) Full sample	(2) Treatment	(3) Control	(4) (2)-(3) (p-value)
Age	36.7 (11.2)	36.5 (11.0)	36.9 (11.6)	-0.4 (0.51)
Female	0.71 (0.45)	0.72 (0.45)	0.70 (0.46)	0.02 (0.33)
Female HH head	0.28 (0.45)	0.30 (0.46)	0.25 (0.44)	0.04* (0.07)
Married	0.95 (0.56)	0.95 (0.60)	0.96 (0.51)	-0.01 (0.82)
# of HH Members	7.6 (3.1)	7.7 (3.2)	7.4 (2.9)	0.3* (0.07)
# of Children in the HH	3.6 (3.1)	3.9 (3.3)	3.2 (2.9)	0.6*** (0.00)
Refugees	0.39 (0.49)	0.42 (0.49)	0.35 (0.48)	0.07*** (0.01)
Education Status				
Never enrolled	0.65 (0.48)	0.60 (0.49)	0.70 (0.46)	-0.10*** (0.00)
Informal education or incomplete primary education	0.26 (0.44)	0.29 (0.46)	0.22 (0.41)	0.08*** (0.00)
At least completed primary education	0.10 (0.30)	0.11 (0.31)	0.08 (0.27)	0.03* (0.07)
Observations	1,480	805	675	

Note: Columns (1), (2) and (3) present the sample means (proportions when % is shown in the variable name or in the table) of selected variables for the full sample, the treatment and the control group, respectively. Standard deviations are shown in parentheses. Column (4) presents the mean difference between the treatment and control group. P-value of the corresponding t-test in parentheses.

Significance stars: \*  $p \leq 0.1$ , \*\*  $p \leq 0.05$ , \*\*\*  $p \leq 0.01$ .

Source: C4ED elaboration



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#### *Gender Differences*

Table 6 delineates the differences in descriptive statistics between females and males, segmented further into treatment and control groups. For females, the average age is similar across groups, hovering around 36.4 years. Interestingly, all females in both groups are household heads, as indicated by the constant value of 1.0. The number of children in female-headed households is significantly higher in the treatment group by 0.6 children (p-value of 0.00), and a higher proportion of female respondents are refugees in the treatment group, with a significant difference of 0.9 (p-value of 0.00). Educational attainment shows significant disparities, with a greater proportion of females in the treatment group having informal or incomplete primary education and fewer never having enrolled in education compared to the control group.

For males, there are notable differences in age and household composition. The average age in the treatment group is significantly lower by 3.2 years (p-value of 0.00) compared to the control group. Household composition also varies, with males in the treatment group having significantly fewer household members and children compared to the control group. The difference in household members is 0.08 (p-value of 0.03), and in the number of children, it is 0.5 (p-value of 0.07). Educational attainment shows that a lower proportion of males in the treatment group have informal or incomplete primary education compared to the control group, with a significant difference of 0.15 (p-value of 0.00), while more have completed at least primary education.

**Table 6: Descriptive statistics for females and males**

	Full sample	Treatment	Control	(2)-(3) (p-value)
<b>Panel A. Females</b>				
Age	36.4 (11.2)	36.8 (10.9)	36.0 (11.6)	0.8 (0.25)
Female HH head	1.0 (0.0)	1.0 (0.0)	1.0 (0.0)	0.0 (.)
Married	0.37 (0.48)	0.39 (0.49)	0.34 (0.48)	0.04 (0.14)
# of HH Members	0.97 (0.62)	0.98 (0.66)	0.96 (0.56)	0.02 (0.58)
# of Children in the HH	7.7 (3.2)	7.9 (3.3)	7.3 (2.9)	0.6*** (0.00)
Refugee	3.6 (3.2)	4.0 (3.4)	3.1 (2.9)	0.9*** (0.00)
Education Status	0.48 (0.50)	0.53 (0.50)	0.42 (0.49)	0.11*** (0.00)
Never enrolled				
Informal or incomplete primary education	0.71 (0.46)	0.66 (0.47)	0.76 (0.43)	-0.09*** (0.00)
At least completed primary education	0.22 (0.41)	0.25 (0.43)	0.17 (0.38)	0.07*** (0.00)
Observations	0.08 (0.27)	0.09 (0.28)	0.07 (0.25)	0.02 (0.27)
<b>Panel B. Males</b>				
Age	37.4 (11.3)	35.8 (11.3)	39.0 (11.2)	-3.2*** (0.00)



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Female HH head	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (.)
Married	0.05 (0.22)	0.06 (0.23)	0.04 (0.21)	0.01 (0.52)
# of HH Members	0.90 (0.38)	0.87 (0.39)	0.95 (0.37)	-0.08** (0.03)
# of Children in the HH	7.3 (2.8)	7.0 (2.9)	7.5 (2.7)	-0.5* (0.07)
Refugee	3.5 (2.9)	3.4 (2.9)	3.5 (2.9)	-0.1 (0.82)
Education Status	0.17 (0.37)	0.15 (0.35)	0.19 (0.39)	-0.04 (0.22)
Never enrolled				
Informal or incomplete primary education	0.50 (0.50)	0.42 (0.49)	0.58 (0.50)	-0.15*** (0.00)
At least completed primary education	0.36 (0.48)	0.41 (0.49)	0.31 (0.46)	0.10** (0.04)
Observations	0.14 (0.35)	0.17 (0.38)	0.11 (0.32)	0.06* (0.08)

Note: Columns (1), (2) and (3) present the sample means (proportions when % is shown in the variable name or in the table) of selected variables for the full sample, the treatment group and the comparison group, respectively. Standard deviations are shown in parentheses. Column (4) presents the mean difference between the treatment and comparison groups. P-value of the corresponding t-test in parentheses. Significance stars: \*  $p \leq 0.1$ , \*\*  $p \leq 0.05$ , \*\*\*  $p \leq 0.01$ .

Source: C4ED elaboration

### *Differences between refugees and host communities*

Table 7 compares the descriptive statistics between refugees and host communities. In refugee camps (Panel A), the average age and the proportion of married individuals are similar across groups. However, the treatment group has a significantly higher proportion of females (0.07, p-value of 0.02) and larger households, with the number of household members being 1.1 more in the treatment group (p-value of 0.00). The number of children in households is also significantly higher by 1.1 (p-value of 0.00). Educational attainment shows that fewer individuals in the treatment group have never enrolled in education (0.07, p-value of 0.10), and more have informal or incomplete primary education compared to the control group.

In host communities (Panel B), age and marital status show no significant differences between treatment and control groups. The number of household members is slightly lower in the treatment group, with a marginally significant difference of 0.3 (p-value of 0.08). Educational attainment reveals significant differences, with fewer individuals in the treatment group never having enrolled in education (0.11, p-value of 0.00), and more having informal or incomplete primary education (0.05, p-value of 0.00). These differences indicate significant variations in household composition and education levels between refugees and host community members in the treatment and control groups.



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**Table 7: Descriptive statistics for refugees and host communities**

	Full sample	Treatment	Control	(2)-(3) (p-value)
<b>Panel A Refugee camp</b>				
Age	37.6 (11.5)	37.8 (10.7)	37.4 (12.6)	0.4 (0.72)
Female	0.87 (0.33)	0.90 (0.30)	0.83 (0.37)	0.07** (0.02)
Female HH head	0.42 (0.49)	0.44 (0.50)	0.39 (0.49)	0.05 (0.25)
Married	1.1 (0.8)	1.1 (0.8)	1.1 (0.7)	-0.0 (0.90)
# of HH Members	8.0 (3.6)	8.4 (3.7)	7.3 (3.2)	1.1*** (0.00)
# of Children in the HH	4.2 (3.4)	4.6 (3.6)	3.5 (3.1)	1.1*** (0.00)
Education Status				
Never enrolled	0.58 (0.49)	0.55 (0.50)	0.62 (0.49)	-0.07* (0.10)
Informal or incomplete primary education	0.25 (0.43)	0.29 (0.45)	0.19 (0.39)	0.10*** (0.01)
At least completed primary education	0.17 (0.38)	0.16 (0.37)	0.19 (0.39)	-0.03 (0.34)
Observations	573	337	236	
<b>Panel B Host Community</b>				
Age	36.1 (11.1)	35.6 (11.1)	36.6 (11.0)	-1.0 (0.17)
Married	0.60 (0.49)	0.59 (0.49)	0.62 (0.49)	-0.03 (0.29)
Female HH head	0.18 (0.39)	0.19 (0.39)	0.18 (0.38)	0.01 (0.63)
Married	0.88 (0.32)	0.87 (0.33)	0.90 (0.30)	-0.03 (0.23)
# of HH Members	7.3 (2.7)	7.1 (2.7)	7.4 (2.7)	-0.3* (0.08)
# of Children in the HH	3.2 (2.9)	3.3 (2.9)	3.1 (2.8)	0.2 (0.20)
Education Status				
Never enrolled	0.69 (0.46)	0.63 (0.48)	0.75 (0.44)	-0.11*** (0.00)
Informal or incomplete primary education	0.26 (0.44)	0.29 (0.46)	0.23 (0.42)	0.06** (0.03)
At least completed primary education	0.05 (0.22)	0.07 (0.26)	0.02 (0.15)	0.05*** (0.00)
Observations	36.1 (11.1)	35.6 (11.1)	36.6 (11.0)	-1.0 (0.17)

Note: Columns (1), (2) and (3) present the sample means (proportions when % is shown in the variable name or in the table) of selected variables for the full sample, the treatment group and the comparison group, respectively. Standard deviations are shown in parentheses. Column (4) presents the mean difference between the treatment and comparison groups. P-value of the corresponding t-test in parentheses. Significance stars: \*  $p \leq 0.1$ , \*\*  $p \leq 0.05$ , \*\*\*  $p \leq 0.01$ .

Source: C4ED elaboration



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5.5.DETAILED ANSWER BY JUDGEMENT CRITERIA

This chapter presents a detailed description of the evaluation by judgement criteria (evaluation question). Throughout the section, graphs are used to visualise the percentage-point change in the outcome variables. The corresponding outcome tables are presented in Appendix 5.9.

*Contribution to employment, job creation and skills*

The following section presents the evaluation findings on the extent to which the intervention contributed to employment, job creation, and skills. Specifically, it discusses how the intervention a) has fostered self-employment, b) investments in business development, and c) improved financial resource management practices, business practices and financial literacy. Furthermore, it sheds light on d) the projects' impact on increased savings and access to loans, and e) considers the extent to which the activities matched the demands and expectations of microfinance institutions (MFI). The chapter also considers EQ 5.1, by discussing the differentiated effects of the interventions by gender, and refugee/host communities for the EQ mentioned above.<sup>23</sup>

In this chapter, all monetary variables, including income, savings, and loans, are modified using the inverse hyperbolic sine (IHS) transformation. This transformation is particularly useful for handling skewed data and extreme values, which are common in financial datasets. Unlike a standard logarithmic transformation, IHS allows for the inclusion of zero and negative values without the need for additional adjustments, making it more suitable for variables where some individuals may report zero income or savings. By using IHS, we aim to reduce the influence of outliers and provide more stable and interpretable estimates.

*Impact on fostering self-employment*

One of the objectives of the VSLA intervention was to foster employment and self-employment, more specifically via enhanced access to financial resources. Employment is measured via a dummy variable, indicating if the respondent has worked in any activity to produce goods or services for pay or profit for more than one month in the twelve months prior to data collection. Summary statistics show modest rates of stable employment in the sample (22% in the treatment vs 15% in the control group). Self-employment rates are even (16% treatment vs. 9% control). The percentages of regular family workers and individuals with formal jobs are nearly the same between the two groups at around 2%.

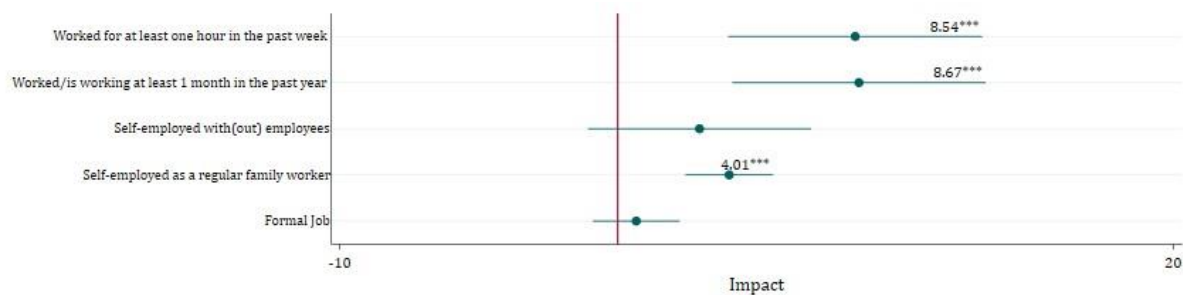
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<sup>23</sup> Assessing the differential effect of the VSLA intervention in urban and rural areas was initially considered. However, as all the areas covered under the evaluation are rural host communities, and a distinction between urban and rural is not applicable in the refugee camps, this was not feasible.



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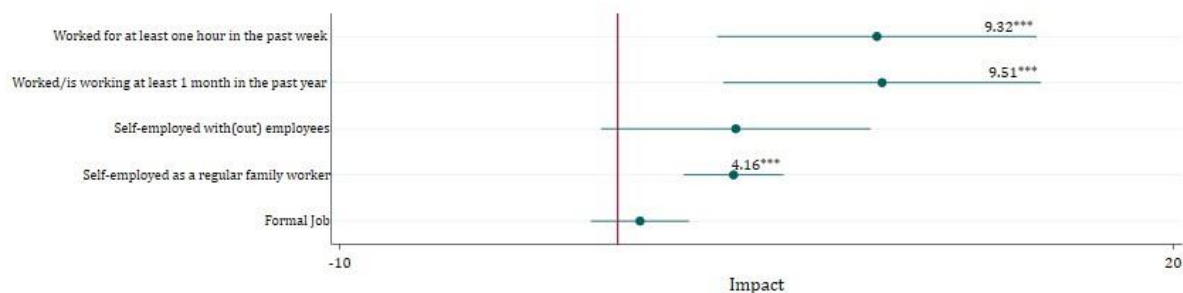
Figure 7: Impact on employment.



Source: C4ED elaboration

Figure 7 visualises the impact estimates of the VLSA intervention on employment based on the IPWRA estimations. The results show that VSLA members are significantly more likely to have a stable job than non-VSLA members. On average, the likelihood of having a stable job has considerably increased by almost 9 pp for the beneficiaries. Specifically, project beneficiaries are about 4 pp more likely to be employed as regular family workers, despite the low rates presented in the descriptive statistics.<sup>24</sup>

Figure 8: Impact on employment for female respondents.



Source: C4ED elaboration

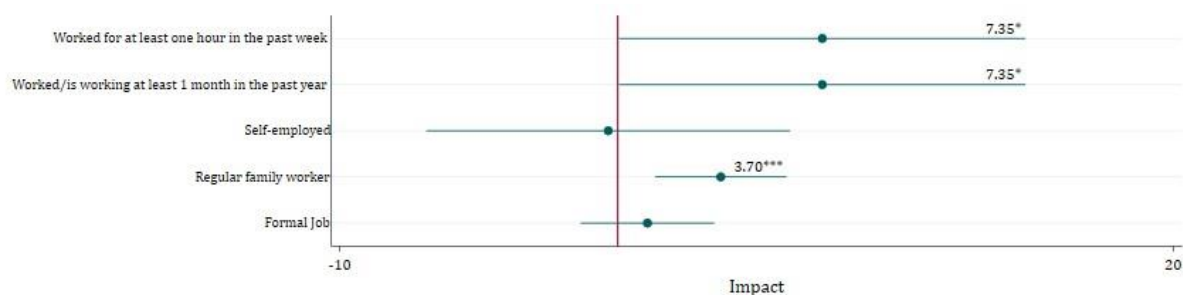
Figure 8 shows that the results are particularly observable within the female sub-sample. Among female respondents, the increase of VSLA beneficiaries working in a stable job in general, and working in self-employment as a regular family worker in particular, is slightly higher than in the full sample, indicating that the intervention was particularly successful for women. Figure 9 shows that employment has also significantly increased for male VSLA members compared to male non-members. It also indicates that male beneficiaries are significantly more likely to have worked as regular family worker compared to non-beneficiaries.

<sup>24</sup> ILO defines family workers as “workers who hold a 'self-employment' job in a market-oriented establishment operated by a related person living in the same household, who cannot be regarded as partners, because their degree of commitment to the operation of the establishment, in terms of working time or other factors to be determined by national circumstances, is not at a level comparable to that of the head of the establishment.”



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Figure 9: Impact on employment for male respondents.

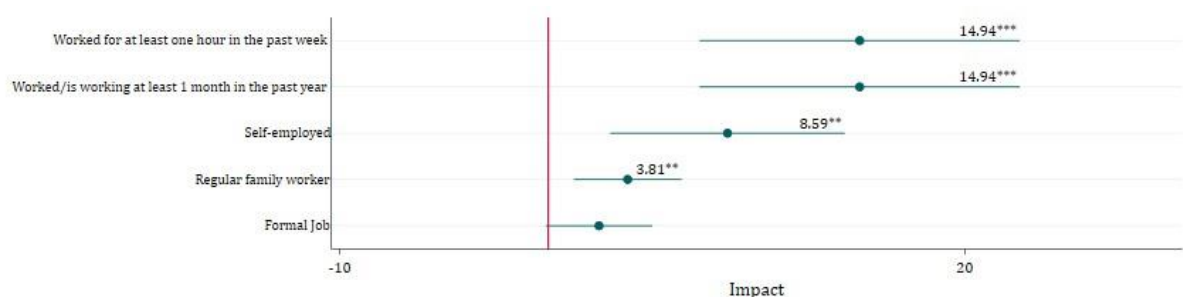


Source: C4ED elaboration

The results indicate that the intervention's impact is more pronounced among female participants: women who are VSLA beneficiaries show a high increase in stable employment and self-employment. This points to the intervention's success in empowering women economically, possibly by providing them with financial tools and community support that reduced barriers to entry into self-employment. While there is a significant increase in stable employment and regular family work among male VSLA beneficiaries, the coefficient for self-employment (with or without employees) is not statistically significant. This suggests that while men benefited from the intervention, the pathways to self-employment might differ or they might face different challenges than those experienced by women.

The intervention also shows varied impacts based on the community type. Figure 10 shows that, in refugee communities, VSLA beneficiaries are 15 pp more likely to have stable jobs and 8 pp more likely to be self-employed than non-beneficiaries. This indicates a substantial impact, likely due to the heightened need for financial independence and economic activity within refugee settings. The intervention's success here could be attributed to the increased importance of financial resources for survival and stability among refugees. Also, beneficiaries of the VSLA intervention in the refugee communities are significantly more likely to have worked as regular family workers (3.8 pp), but not significantly more likely to be in formal employment, i.e., having a work contract.

Figure 10: Impact on employment in the refugee communities



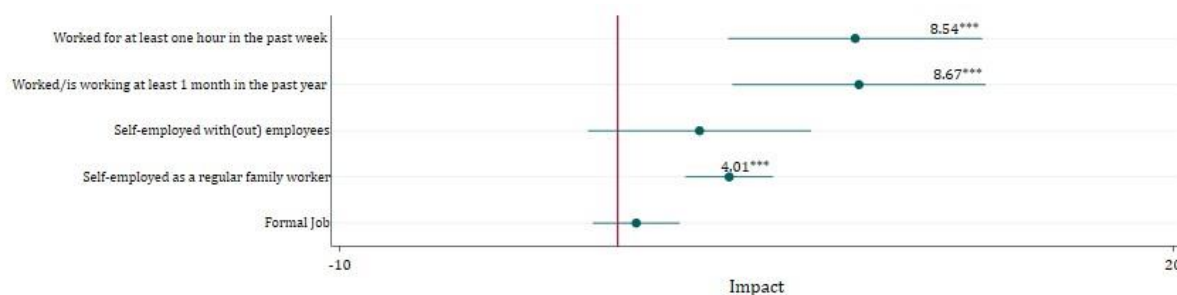
Source: C4ED elaboration



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Among respondents in the host communities, the patterns slightly deviate. While project beneficiaries are not significantly more likely to have worked in stable employment (5.4 pp) or been self-employed as regular family workers (4 pp) compared to non-beneficiaries, none of the other employment indicators, except in refugee communities, are statistically significant.

Figure 11: Impact on employment in the host communities.



Source: C4ED elaboration

Several factors may contribute to the VSLA intervention's success in increasing stable employment and self-employment. By providing savings and loan opportunities, VSLA enabled individuals to invest in business ventures, thereby fostering self-employment and the creation of MSMEs. Also, VSLAs often created a support network that could offer both financial and emotional support, encouraging members, particularly women, to pursue entrepreneurial activities.

The intervention appeared to be particularly effective in empowering vulnerable populations, such as women and refugees, who may face greater barriers to traditional employment. Women often have limited access to formal financial institutions and VSLAs can provide a more accessible alternative. The enhanced impact on women also highlights the role of VSLAs in promoting gender equality in economic participation. The stronger impact within refugee communities underscores the critical role of financial interventions in crisis settings, where traditional employment opportunities may be scarce and the need for self-employment becomes more pronounced.

There was qualitative data that supported the quantitative results. The VSLA intervention was shown to have had a greater impact on strengthening existing businesses, some of which were family-owned. There were also a few cases where the VSLA intervention (the trainings and/or loan from the VSLA group) helped the expansion of their family businesses and secured working opportunities for them. Some of these cases include a young man who worked in his father's shop and a female beneficiary who worked in her husband's retail business. In both cases, the VSLA loan led to considerable business transformations because the owners, inspired by the business's progress, decided to invest a substantial amount of additional funds to expand it further.

### *Impact on investing in business development*

The qualitative discussions explored opportunities, barriers to, and the contribution of the intervention to livelihood diversification, mainly through business development. In line with the



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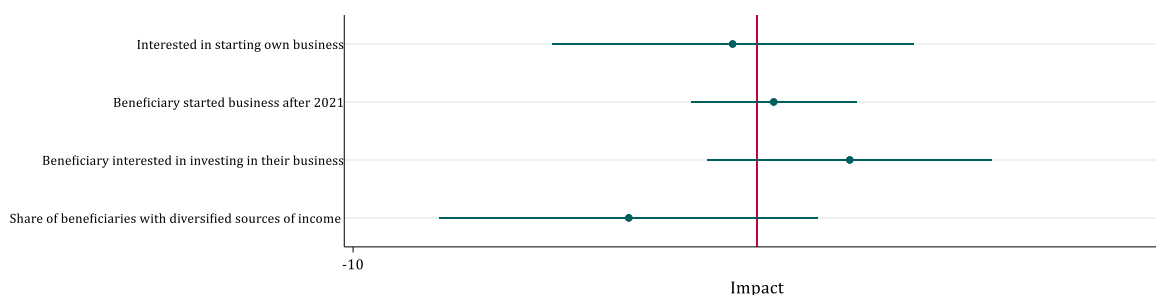
quantitative findings discussed above, even though the VSLA intervention strengthened small-scale businesses, qualitative interviews also revealed that it did not contribute towards livelihood diversification. One explanation for this is that the loan accessed by the beneficiaries from their VSLAs was insufficient to support additional means of livelihood. Most beneficiaries, project implementers, and other stakeholders mentioned different opportunities for livelihood diversification, whether host or refugee communities, which mostly referred to farming, livestock rearing, and retail businesses. Participants also had a basic understanding of the benefits of livelihood diversification. However, there was one major barrier to using these opportunities: a lack of capital, which they expect to obtain soon once they can access loans from formal financial institutions.

#### Impact on investing in business development

The VSLA intervention aimed to increase business development for project beneficiaries through enhanced access to financial resources. Based on summary statistics, both groups had similar levels of interest in starting their own businesses (87.5% for the control group and 90.1% for the treatment group). Yet, a slightly higher percentage of individuals in the treatment group started a business after 2021 (6.1% compared to 3.6%) and were more interested in investing in their businesses (11.5% in the treatment group vs. 6.3% in the control group). Both groups exhibited similar shares of participants with diversified income sources (around 81%).

The impact evaluation results indicate that, while the initiative has significantly increased stable employment and self-employment, its impact on business development is statistically insignificant for the overall sample. This is measured through three indicators: interest in starting a business, having started a new business post-2021, and interest in investing in an existing business among the self-employed. Figure 12 visualises the impact of the VSLA intervention on business development for the full sample. Overall, the estimated impacts of the VSLA intervention are statistically insignificant, implying that the intervention did not increase business development for beneficiaries. Several factors could explain this. Beneficiaries may lack the necessary business skills and training to start and sustain new ventures. Furthermore, limited access to markets can impede business growth and development, even when financial resources are available. At the same time, broader economic trends, including market demand and regulatory frameworks, play a crucial role in business development.

Figure 12: Impact on business development.



Source: C4ED elaboration



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Figure 13 and Figure 14 show the disaggregated results by gender. They show that the intervention had mostly no significant effects for either sub-group. This suggests that, while VSLAs have effectively facilitated access to employment and self-employment, translating this access into tangible business development has not occurred uniformly across genders. The lack of clear gender-specific impacts indicates that, while VSLAs improved financial inclusion, additional barriers to business development may exist that are not mitigated solely by access to finance. For women, these could include socio-cultural barriers, lack of business networks and limited access to markets. For men, the insignificant effect might reflect different economic roles or opportunities within their communities.

Figure 13: Impact on business development for female respondents.



Source: C4ED elaboration

Figure 14: Impact on business development for male respondents.



Source: C4ED elaboration

Conversely, Figure 15 shows a notable exception within refugee communities. Here, VSLA beneficiaries are significantly more likely to have started their own business after 2021 (by 5 percentage points) and, if they have started a business, they are 7 pp more likely to express interest in investing in it.<sup>25</sup> This highlights a context-specific success in which VSLAs catalysed

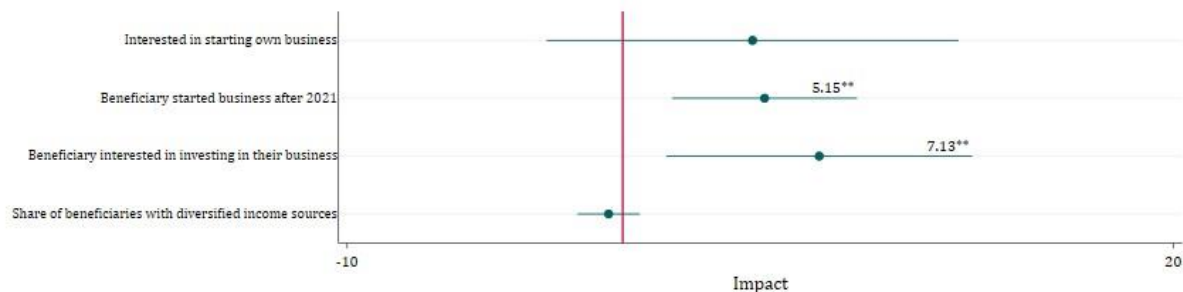
<sup>25</sup> Nevertheless, given this question is conditional on having started a business since 2021, this result is only based on 81 observations and thus needs to be treated with care.



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business development, potentially driven by the unique socio-economic dynamics within refugee communities, where traditional employment opportunities are scarce, making entrepreneurial activities essential for economic survival and growth.

Figure 15: Impact on business development in the refugee communities.



Source: C4ED elaboration

Figure 16 shows that in host communities, the VSLA intervention had no significant effects on business development. This may reflect different economic contexts, and the availability of resources and opportunities compared to refugee settings.

Figure 16: Impact on business development in the host communities.



Source: C4ED elaboration

The differential impact of VSLAs on business development in refugee versus host communities highlights the importance of context in the success of such interventions. In refugee communities, the lack of traditional employment opportunities likely drove individuals towards self-employment and business creation as a means of economic survival. The additional financial resources provided by VSLAs could thus have a more pronounced impact.

### Impact on improved financial resource management, business practices and financial literacy

An important feature of the initial intervention design was that the FAs would not only facilitate the link to FSPs but also provide training to VSLA members on basic financial skills, financial resource management, and business practices. This was expected to enable beneficiaries to improve their financial management and business practices. The training is adapted



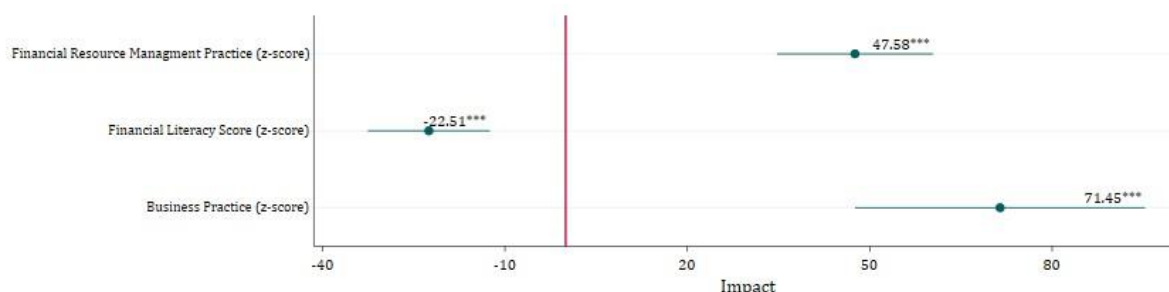
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from the savings and internal lending communities Filed Agent Guide from the Catholic Relief Services (CRS), which is fully compliant with Sharia (Islamic Law).<sup>26</sup> Among others, the programme included training on the purpose and benefits of maintaining complete and accurate financial records, filling in selected sections of the SILC ledger book, and calculating member savings and earnings. To achieve this, FAs conducted training sessions on financial management, focusing on effective record-keeping and managing savings and loans within the VSLA groups. However, the training was only provided to VSLA management groups, and not all members received it.

All endline respondents were asked about basic calculations and financial concepts to measure financial literacy.<sup>27</sup> They were also asked how they keep track of their finances in both their personal and/or professional life to measure financial resource management practice. In addition, C4ED measured the business practices of the self-employed and/or business owners to assess whether the training helped them improve their business practices.

Figure 17: Impact on practices and skills.



Source: C4ED elaboration

Descriptively, the treatment group shows slightly higher scores in financial resource management practices (0.770 vs. 0.687) and financial literacy scores (3.269 vs. 3.089) compared to the control group. Additionally, the business practice scores are notably higher in the treatment group (2.617) than in the control group (1.952). While training was only provided to the VSLA management group, VSLA members, on average, still have better financial resource

<sup>26</sup> The training is divided into 8 modules: Module 1: Individual self-screening; Module 2: Groups, Group Formation and Governance; Module 3: Member Responsibility, Management Committee and Elections, Module 4: SILC Constitution, Savings policies and Safety of Assets; Module 5: Main fund policies and social fund policies; Module 6: Sadaqa fund policies, meetings and constitution finalisation; Module 7: Written record keeping and meeting procedures I; Module 8: Written record keeping and meeting procedures II; Module 9: Share-out meeting.

<sup>27</sup> Respondents were asked the following five questions: G1. Imagine that five brothers are given a gift of 1000 Birr, If the brothers have to share the money equally, how much does each one get?; G2. Now imagine that the brothers have to wait for one year to get their share of the 1000 Birr. In one year will they be able to buy a) more goods, b) less goods, c) same amount of goods; G3. You lend 25 Birr to a friend one evening and he gives you back 25 Birr the next day. How much interest has he paid on this loan?; G4. Suppose you put 100 Birr into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made; G5. And how much would it be in the account at the end of five years?



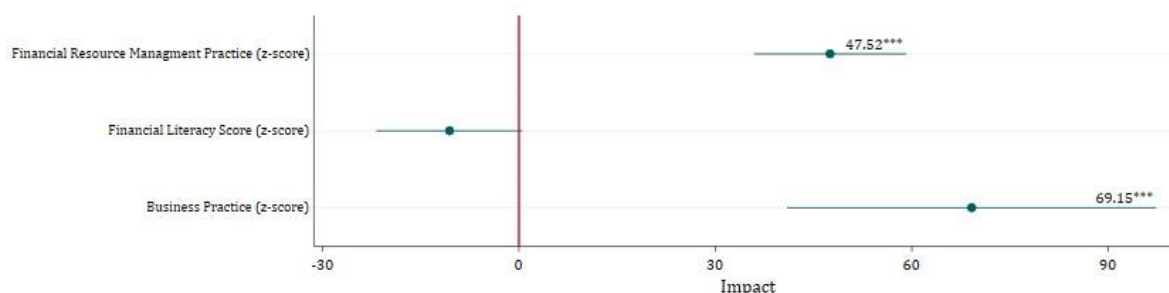
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management practices and business practices than non-members. The financial resource management practices of the treatment group increased by almost 50 pp compared to non-beneficiaries. Similarly, the business practices of beneficiaries increased significantly by 72 pp. Yet, the impact of the VSLA intervention on the financial literacy score is found to be negative. The financial literacy score of VSLA beneficiaries is significantly reduced by more than 22 pp. Considering respondents' answers to the individual questions comprised in the financial literacy score, it is observable that they specifically struggled with their understanding of interests on a loan, calculating interest on savings for one year, and calculating compound interest over five years. This may be due to the training having emphasised practical aspects of financial management and business practices more than theoretical financial literacy. This could also explain why beneficiaries performed well in practical applications (resource management and business practices) but poorly in theoretical questions. The training content may also not have adequately covered the specific financial concepts tested in the literacy questions. Additionally, only VSLA management groups received the formal training. If the broader VSLA membership did not receive direct training on these financial concepts, their literacy levels would naturally be lower. Management might have prioritised immediate practical benefits over theoretical financial education when disseminating information to the broader group.

Figure 18 shows that among female respondents, financial resource management practices are significantly increased by about 48 pp compared to female non-beneficiaries, while the financial literacy score is not significantly affected. For female VSLA members, the number of business practices has significantly increased by almost 70 pp.

Figure 18: Impact on practices and skills for female respondents.



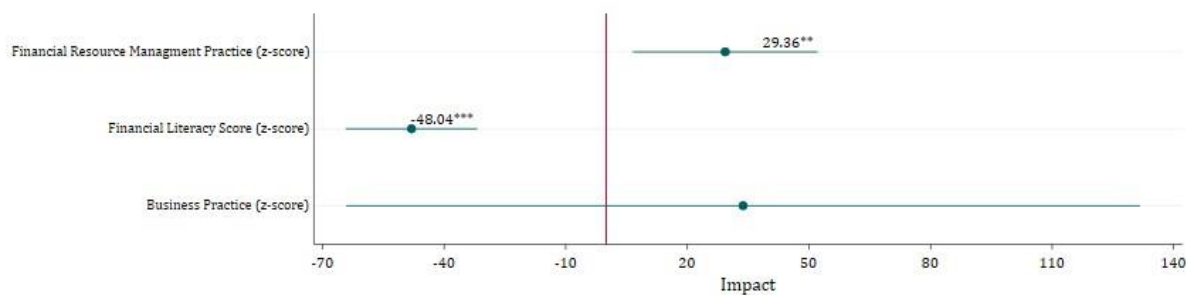
Source: C4ED elaboration

Among male respondents, financial resource management practices significantly increased by almost 30 pp for VSLA members compared to non-members. On the other hand, the financial literacy score significantly decreased by 48 pp. Reflecting the patterns from the main sample, it is observable that respondents were specifically struggling with their understanding of interest on a loan, calculating interest on savings for one year, and calculating compound interest over five years.



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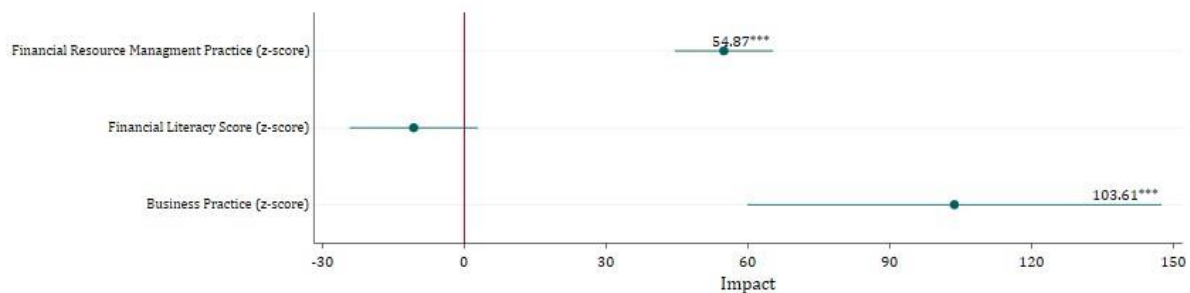
Figure 19: Impact on practices and skills for male respondents.



Source: C4ED elaboration

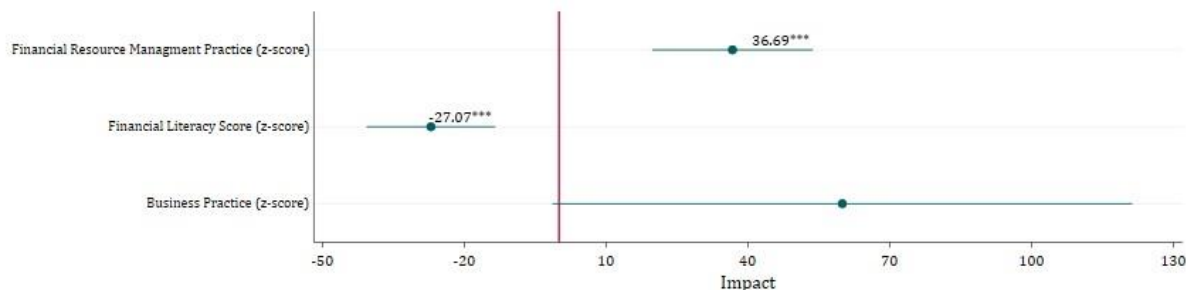
Figure 20 and Figure 21 show that in both refugee and host communities, the VSLA intervention significantly increased the use of financial resource management practices by 55 and 37 pp, respectively. For VSLA members in refugee communities, the number of business practices used increased by 104 pp, but it did not significantly change within host communities compared to their respective comparison groups. While the financial literacy score remains unaffected by the intervention in refugee communities, it significantly decreased by 27 pp in host communities. Similarly to the main sample and the male sub-sample, this is connected to a lower understanding of interest on a loan, calculating interest on savings for one year, and calculating compound interest over five years.

Figure 20: Impact on practices and skills in the refugee communities.



Source: C4ED elaboration

Figure 21: Impact on practices and skills in the host communities.



Source: C4ED elaboration



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The impact of VSLAs on financial management and business practices has been studied extensively, demonstrating a range of benefits for participants, particularly in terms of financial resource management and business outcomes. Research shows that VSLAs significantly improve financial management practices among members. For example, a study in Northern Malawi found that VSLAs had positive effects on household expenditure, income from small businesses, and agricultural investments due to increased access to savings and credit (Ksoll et al., 2016). Despite the benefits, some challenges remained, such as the negative impact on financial literacy scores observed in some cases. This suggests that, while financial resource management might improve, the actual understanding and application of financial knowledge might not keep pace without further targeted educational interventions.

The negative effects on financial literacy scores from VSLA interventions can be understood through the nuances of how financial education impacts various subgroups and the decay of educational effects over time. Financial education's effectiveness varies significantly across different demographic and economic groups. Studies indicate that low-income participants and those in lower-income economies may experience less benefit from financial education interventions, particularly concerning their financial literacy scores. These groups find specific financial behaviours, like debt management, harder to influence (Kaiser & Menkhoff, 2017). Financial education also shows a decay over time, meaning that even large interventions can have negligible long-term effects on financial behaviour and literacy. This decay suggests that, without continuous reinforcement or follow-up training, initial gains in financial knowledge might not translate into sustained improvements or might even regress (Fernandes, Lynch, & Netemeyer, 2014).

At the same time, the financial literacy training of the STEDE project was exclusively provided to management groups and not all members. Therefore, several factors might contribute to the observed negative effects on financial literacy scores and the overall impact of the interventions. When training is restricted to VSLA management groups, the dissemination of knowledge might not penetrate effectively throughout the entire membership. This limited reach can create discrepancies in financial literacy levels within the group, where only those directly trained benefited from increased financial knowledge and skills.

The effectiveness of the intervention also relies on the ability of management group members to relay information accurately and effectively to other members. Breakdowns in communication or understanding may result in incomplete or incorrect knowledge being passed on, preventing the intended literacy improvements from being achieved within the wider group. Furthermore, members not directly involved in the training might feel less engaged or motivated to improve their financial practices or lack the confidence to implement new financial behaviours independently. This can hinder the overall effectiveness of the training. Finally, there may be an over-reliance on financial decisions and management by the trained management group, which can prevent other members from actively developing and exercising their financial skills, negatively affecting the broader financial literacy outcomes within the community.

The positive impact of the VLSA intervention on financial resource management and business practices is consistent with the qualitative findings. Almost all VSLA beneficiaries stated they had acquired new knowledge and skills in financial management. In addition to the training,



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the group setting facilitated continuous support for members to improve their financial resource management, by providing encouragement for consistency in saving practices. Some beneficiaries also mentioned how the knowledge and skill attainment contributed to a positive self-perception.

*“Personally, I did not have any idea how to work before this occasion. At that time, I did not think that if I worked, I will be profitable. I [used to] fear that I will lose. But now I got confidence to work after I joined this [VSLA] and I borrowed money [...] and returned with profit. I started to have confidence. It is this association that motivated me. (Awbare, refugee, female VSLA member)*

However, interviews with a few beneficiaries indicated a lack of knowledge on financial resource management, suggesting the need for more training.

*“The most common challenge that confront many Somali people is when they start one business, they do not check what benefit and loss come from this business. They just add another, extra money on top of the previous one without any evaluation. This is one of the big challenges that can damage the economic growth of a person.” (Kebribayah, refugee, male VSLA member)*

#### Impact on loans and savings

To evaluate the effect of the VSLA intervention on savings, information was collected on whether respondents have any savings, where they put their savings, and the amount saved. Additionally, to evaluate the effect of the intervention on beneficiaries' access to loans, information was collected on successful loan applications in the past 6 months, the amount of money received through loans, and whether respondents defaulted on a loan in the year prior. Figure 22 shows that VSLA membership has a positive and significant effect on savings behaviour in general, but also on the incidence of saving in formal institutions.<sup>28</sup> The results show that VSLA members are around 20 pp more likely to save money and 16 pp more likely to save money in a formal institution. Furthermore, the VSLA intervention significantly influenced the amount of money saved in formal institutions, with savings increasing more than fourfold. This indicates that VSLA membership encouraged putting money aside in a formal institution, even in the absence of the direct link to these formal financial institutions that the VSLA intervention aims to establish.

On the other hand, VSLA membership had no significant impact on members' access to loans (yet). This is explicable, as the STEDE project had not yet established the link between VSLAs and formal financial institutions at the time of data collection. The FAs were only scheduled to start recording the transactions of selected VSLAs using Jamii.one application in the next phase of the STEDE project. The information on VSLA's savings and borrowings is expected to help VSLAs obtain a (positive) credit rating by FSPs and MFIs, who have access

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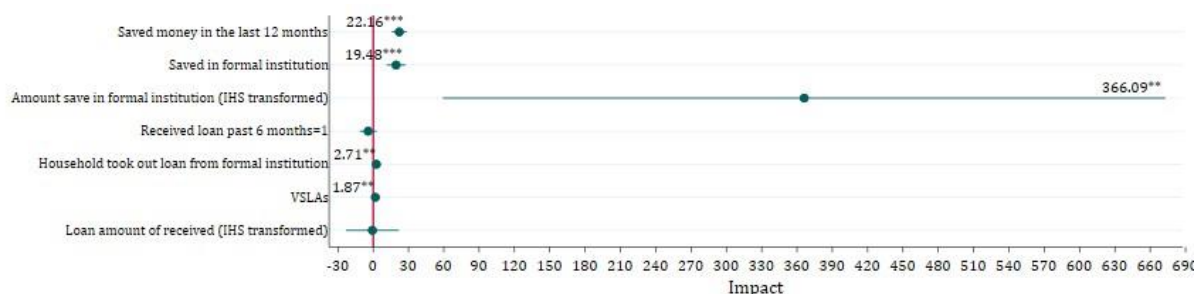
<sup>28</sup> Respondents are considered to save in a formal institution if they save in a village institution or saving group, commercial bank, credit association, or MFI.



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to the database. The impact of the VSLA intervention on access to loans is thus likely to change once these activities are implemented.

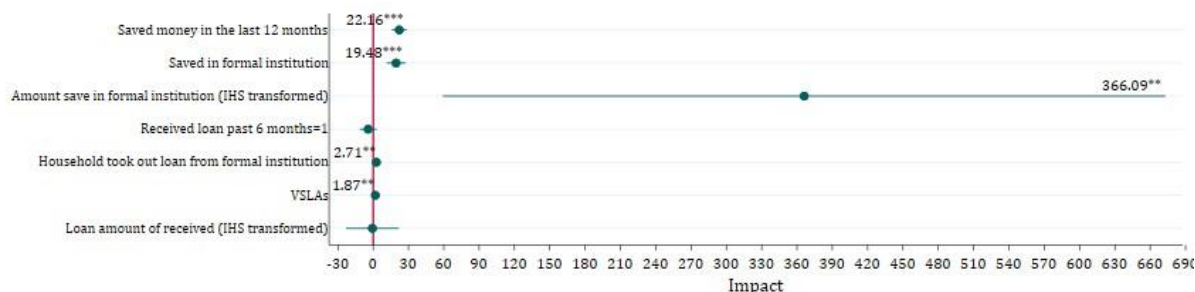
Figure 22: Impact on loans and savings.<sup>29</sup>



Source: C4ED elaboration

Figure 23 shows that, among female respondents, the VSLA intervention increases the likelihood to save, and to save in a formal institution specifically, by about 20 pp. Also, in the female sub-sample, the amount saved in formal institutions is more than triple among VSLA members compared to non-members, and it significantly increased by almost 370 pp. Yet, access to loans does not seem to be significantly improved for female VSLA members compared to female non-members.

Figure 23: Impact on loans and savings for female respondents.



Source: C4ED elaboration

Among male respondents, VSLAs also significantly increase the likelihood of saving money and saving in a formal institution specifically, without significantly affecting the amount of money saved in a formal institution. In the male sub-sample, VSLA members are about 15 pp

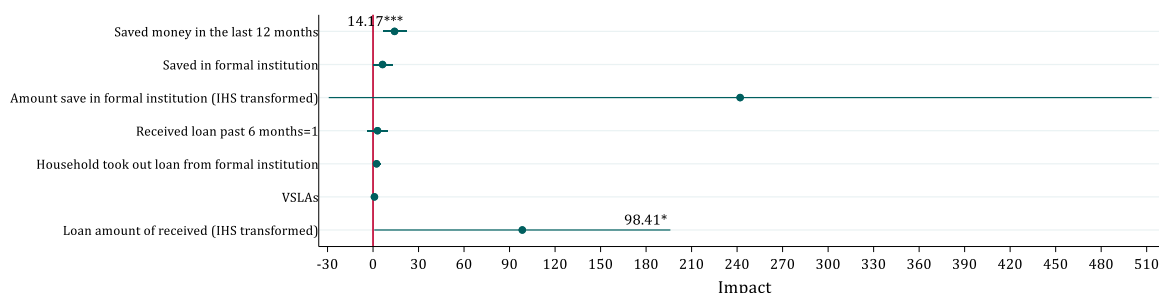
<sup>29</sup> The effect size of the 366.09 pp increase observed for the amount saved in formal institutions appears large, and this can be attributed to a high degree of variability in the data. While we have applied an inverse hyperbolic sine (IHS) transformation to reduce the impact of outliers and extreme values, the estimate remains sensitive due to the limited number of observations in this category. Specifically, for the main sample, C4ED has around 300 observations, and this number decreases further in subgroup analyses. The small sample size, in combination with the variability in savings behaviour, makes the estimate more prone to fluctuations, which should be considered when interpreting the results.



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more likely to save money, yet not significantly more likely to save in a formal institution. At the same time, male VSLA members are significantly more likely to have received a loan in the past six months prior to data collection (12 pp) and are also more than 7 pp less likely to default on a loan and receive significantly larger loans compared to non-beneficiaries. The total amount of money received through loans is also significantly higher for male VSLA members compared to non-members.

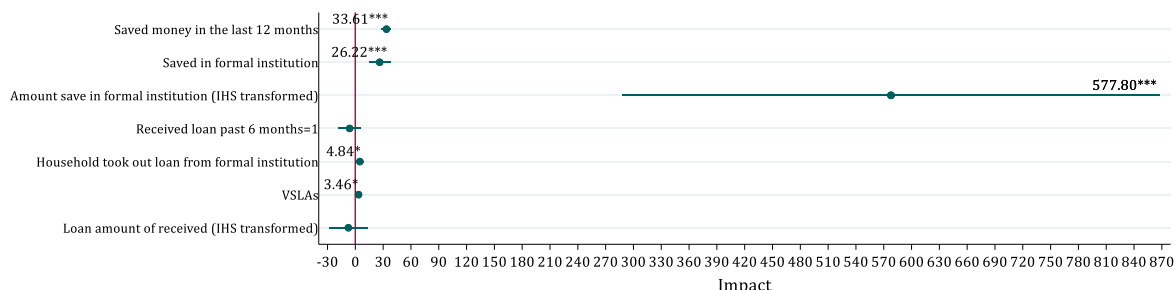
**Figure 24: Impact on saving for male respondents**



Source: C4ED elaboration

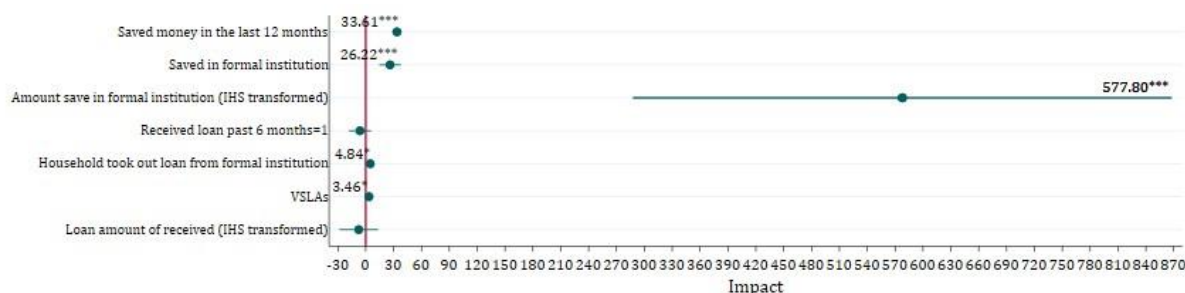
In refugee communities, VSLA members are almost 34 pp more likely to save money, and 26 pp more likely to save in a formal institution. The amount VSLA members in refugee communities save in formal institutions is 577 pp higher compared to non-members in refugee communities. At the same time, the intervention had no significant impact on beneficiaries' access to loans in refugee communities.

**Figure 25: Impact on saving in the refugee communities**



Source: C4ED elaboration

**Figure 26: Impact on saving in the host communities.**



Source: C4ED elaboration



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In host communities, VSLA members are only about 11 pp more likely to save money compared to non-members and are 10 pp more likely to save in a formal institution. Nevertheless, the amount saved in formal institutions is not significantly changed by VSLA membership among respondents in host communities.

While VSLAs generally promote savings among their members, the impact on women can be particularly significant due to their traditionally lower access to financial services. Women participants often report starting to save or enhancing their existing savings behaviours through VSLA membership. However, the motivations and outcomes for savings can differ, with men often focusing on immediate business opportunities and women on long-term security and family welfare. Social norms and cultural attitudes towards saving and credit also play a critical role in the heterogeneous outcomes of VSLAs. In communities where there is a strong social support system and a cultural inclination towards collective financial practices, VSLAs tend to have more pronounced positive impacts.

The positive impact of VSLAs on savings behaviours in East Africa is well-documented in contemporary scientific literature. These studies highlight the significant role VSLAs play in enhancing the financial inclusion and saving behaviours of rural and underserved populations. VSLAs are found to effectively encourage saving habits among their members by providing structured mechanisms for savings and access to credit. This is supported by research from Northern Malawi, where participation in VSLAs led to improved household expenditure and increased income from small businesses due to the higher savings and credit available through VSLAs (Ksoll et al., 2016).

The qualitative findings support the significant quantitative results on improved savings. According to most beneficiaries who participated in qualitative interviews and discussions, the VSLA intervention impacted their savings, as they either began saving or improved their savings because of it. For those VSLA participants who used to save before the intervention, it improved their understanding, boosted their income, and became a source of motivation to increase their savings. Project activities reportedly helped to create awareness about saving and its benefits and changed attitudes and practices among beneficiaries. The lack of awareness about the benefits of saving had previously negatively affected saving behaviour.

*Before the VSLA, I was a person who didn't believe in saving. So, I am an experienced person now. For example, [Before the trainings] during Eid like Ramadan, when I was given a good amount of money, I used to buy Eid clothes with that money. (Kebribeyah, refugee, male VSLA member)*

*I was not used to saving money. I was using profits on a daily basis, and I don't think about the future but now I have a box in my home in which I save on a daily basis [...] what is extra from my bill [...] be it five birr or ten birr. (Awbare, host community, female VSLA member)*

However, the impact of the VSLA intervention has been limited in helping beneficiaries access small loans from the VSLAs, and therefore in assisting them to establish petty trade businesses or strengthen existing ones. As observed in the quantitative findings, employment in



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family work improved because of the VSLA intervention, while no improvement was observed in beneficiaries' starting new businesses. This is also an observation made by an implementing partner staff member.

*I cannot say the money they received from the VSLA groups will support them to establish new businesses, [...] But this is one of the cards, one of the pillars that can support them, their business to be expanded. (Jijiga, staff of the implementing partner)*

These results are also supported by qualitative interviews. Most of the interviews with implementing partners, stakeholders, and beneficiaries revealed that, up to data collection, there had been no linkages created between VSLAs and FSPs that enabled VSLAs to access loans from these formal institutions<sup>30</sup>. During the endline qualitative data collection, Mercy Corps organized several VSLAs to form RuSACCOs, which are legal entities able to amass a large amount of savings from their members, giving them the leverage to request larger loans from formal financial institutions.

*If a VSLA group wants to get a loan from an MFI or from a formal financial institution, they have to fulfil criteria; like they must have a balance sheet [...] they have to deposit 20% of the loan, [...] they must have legal documents like certificates, they must have a bank account and bank statements. VSLA groups didn't have all these. (Jijiga, regional government official)*

It is also worth mentioning that many beneficiaries, project implementers, and financial institution representatives pointed to the lack of awareness among the beneficiaries as a factor that affected access to larger loans. Many beneficiaries explained that they did not have enough information about the availability of interest-free loans (according to Sharia Law), and that they did not usually consider taking loans from formal MFIs because of this.

*Once, a sheik (Islamic religious leader) told me that taking money (a loan) from MFI is equivalent to committing adultery. [...] That is why I did not receive it so far and I will not receive it in the future. (Awbare, host community, female VSLA member)*

Participants from the implementing partner's side have also noted that more awareness needs to be raised regarding the Comprehensive Refugee Response Framework (CRRF) policy, as formal financial institutions remain sceptical about allowing refugees to access loans. During the endline data collection, the implementing partner had focused on creating awareness and lobbying on behalf of refugee community beneficiaries so that formal financial institutions would consider ways to allow these groups to access loans.

Many interviewed refugees and implementing partner staff identified barriers that were specific to refugees. They explained that it was more difficult for refugees to access loans from formal MFIs or banks due to their refugee status. As one of the female refugees explained,

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<sup>30</sup> One exception is some VSLA members who are also members of cooperatives working on goat fattening, which is another STEDE component.



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refugees' loan requests from formal MFIs are often denied. In this regard, project staff recounted that the STEDE project is contributing to issuing residence permit to refugees so that they will be able to actively participate in economic activities and improve their economic well-being.

*[MFIs] say to us 'You are a refugee. You have no address with which we can find you! (Awbare, refugee, female VSLA member)*

In addition to this, a few staff members of the implementing partner mentioned that there were refugee camps with restriction of movement in place, affecting the refugee's ability to work on businesses that required travel outside their immediate environment. However, according to these participants, the STEDE project, along with other stakeholders, has had a significant influence in facilitating the provision of residential permits and allowing the movement of refugees.

#### Extent to which activities match the demands and expectations of MFI

Qualitative interviews showed that, through the training provided, the VSLA intervention has improved beneficiaries' awareness about the benefits of saving and loan practices. It provided beneficiaries the opportunity and support to improve their saving and loan-related skills. Most beneficiaries expressed that they believed it had made them ready and eager to use the opportunity to receive loans from MFI/banks if the loans from these formal institutions were Shari'a-compliant.

*...all this change is because of the VSLA or being in group, and since I understand about the advantage of saving from this group. (Kebribeyah, host community, female VSLA member)*

*My experience on saving and loan in my association increased my ability to [be able to] use MFIs services in the future. (Kebribeyah, host community, male VSLA member)*

An interview with a key informant from the implementing partner's office also revealed that the intervention, in its attempt to alleviate barriers related to accessing loans from formal financial institutions, formed RuSACCOs by integrating VSLAs from both refugee and host communities. This, along with the recent issuance of residence permits to refugees, was creating conditions that make access to formal financial services more promising.

*...it starts with perception. Giving financial understanding to these individuals is a very important first step. Letting them know and giving information about the MFIs is a great tool for the people to use the microfinance status, and their citizenship status to the MFIs and ask them what they can do for those communities. So, we [Mercy Corps] are working as a bidirectional communication institution. [...] we are trying to 'influence' and find ways that MFIs can provide them (beneficiaries) with loans, based on their record. (Jijiga, staff of the implementing partner)*

As interviews with project implementers revealed, 24 RuSACCOs had been established at the time of data collection. These RUSACCOs are expected to have a better chance of accessing loans from formal financial institutions. This possibility enhanced the motivation and interest



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of many VSLA members in both refugee and host communities to use the services of formal financial institutions. In addition to this promise of future linkages with MFIs and banks, VSLA members also encouraged and checked on each others' performance, making sure savings and loan repayments were taking place according to the groups' agreement.

*This project helps us a lot on how to get the service since they teach us on how to save money and how to organise in groups and work. So, for example, Mercy Corps has motivated us a lot since they are preparing many things to connect us with the MFIs service.” (Kebribeyah, refugee community, male VSLA member)*

*“What increased my motivation is when they said they will [make it] easy for us ...the way to take loans from the MFIs [...] and that we will then have a relation with MFIs [...] because previously, they did not trust the refugees since we do not have official cards, wealth, (or) representatives. So, they have brought us ideas of how to reduce this problem. [...] We can receive loans, and they trust us. (Kebribeyah, refugee, female VSLA member)*

#### *Contribution to resilience and livelihoods*

##### **Effects on livelihood in terms of the economic well-being**

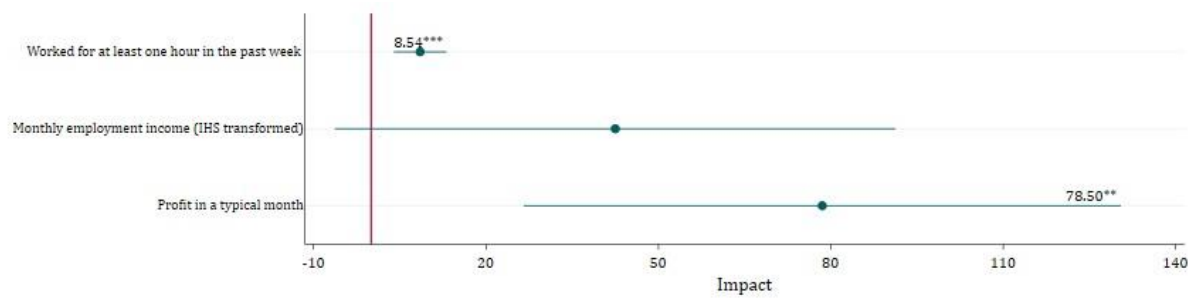
To assess the impact of VSLAs on the economic well-being of beneficiaries, different income variables were considered. The income considered includes cash and in-kind payments received from self-employment or non-self-employed work, regardless of the formality of the employment. Monthly employment income was constructed as the average income respondents earned from employment, considering the mean income generated throughout the year.

Figure 27 displays the impact of the VSLA intervention on monthly employment income, total profit, and total revenue in a typical month. The results show that the VSLA membership has a significant impact on income, specifically on profit and revenues from self-employed work. This indicates that the benefit of the VSLA intervention in terms of having stable employment, specifically self-employment, has translated into an increase in profit and revenue, rather than an increase in monthly income. The VSLA intervention seems to be particularly effective in enhancing the profitability and revenue generation of self-employed activities. This could imply that the intervention is supporting and promoting entrepreneurial endeavours among the participants. While there is an increase in profit and revenue, the lack of a corresponding increase in overall monthly income suggests that participants might be diversifying their income sources. It could be that the intervention is enabling individuals to generate additional revenue from self-employed ventures without a direct impact on their regular monthly income. The focus on profit and revenue from self-employed work highlights the quality or nature of employment rather than simply the quantity of income. The intervention may contribute to more sustainable and profitable forms of self-employment, potentially leading to greater economic stability and resilience for the participants.



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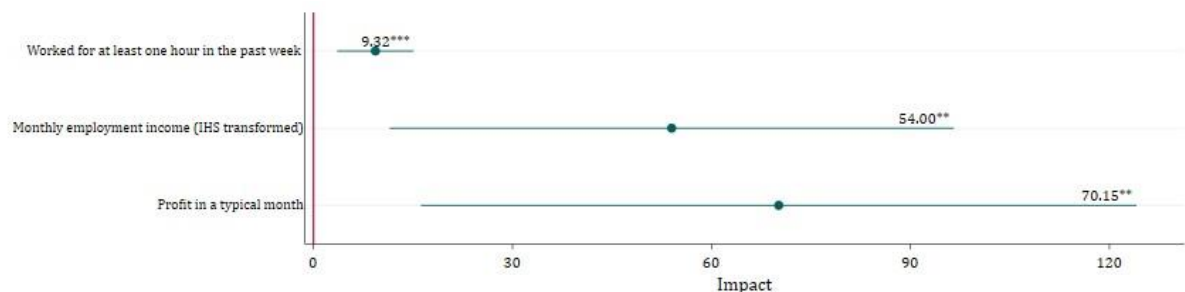
Figure 27: Impact on economic livelihood



Source: C4ED elaboration

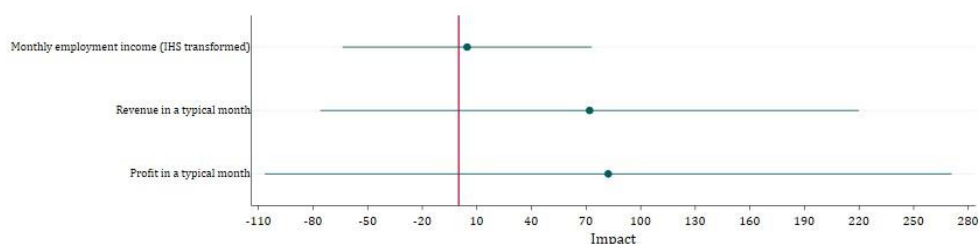
While Figure 28 shows that, among male respondents, income is not significantly changed for VSLA members compared to non-members, Figure 29 shows that VSLA membership significantly increases several income indicators within the female sub-sample. Monthly employment income increased by 54 pp, revenue in a typical month has also increased by more two two-thirds (68 pp), and profits in a typical month increased significantly by more than 70 pp for female VSLA members compared to female non-VSLA-members. The significant positive impact on female respondents suggests that the intervention is particularly empowering for women, possibly due to pre-existing gender disparities in economic opportunities. VSLAs might provide women with the tools and support needed to overcome barriers to economic participation.

Figure 28: Impact on economic livelihood for female respondents



Source: C4ED elaboration

Figure 29: Impact on economic livelihood for male respondents



Source: C4ED elaboration

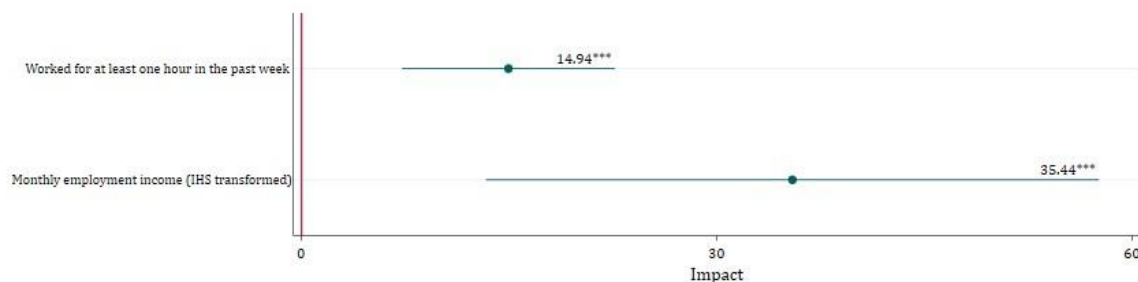


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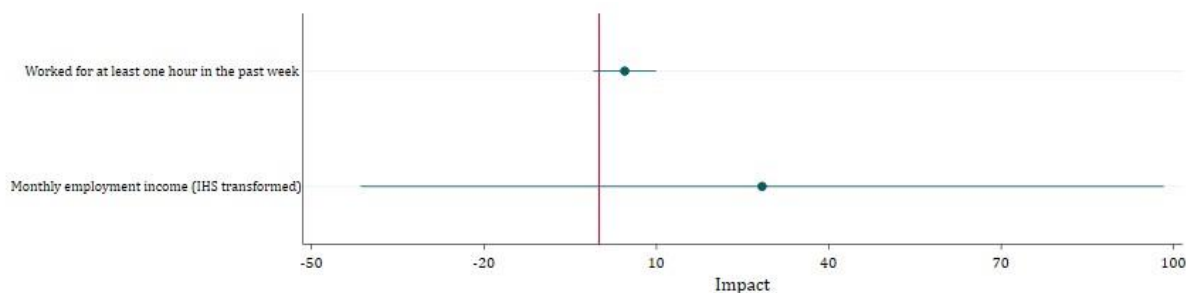
Figure 39 and Figure 31 show that VSLA membership has differing effects in refugee and host communities. In refugee communities, VSLA membership significantly increases employment income by 35 pp, and revenues in a typical month are increased by 220 pp. Profits increased even further, and significantly increased by 2475 pp for VSLA members in refugee communities compared to non-members in these communities. In host communities, on the other hand, VSLA membership did not significantly increase any of the income indicators. The greater impact in refugee communities may be attributable to their higher initial levels of economic vulnerability. The intervention seems to address critical gaps in economic opportunities and support for refugees, leading to more pronounced improvements.

Figure 30: Impact on economic livelihood in refugee communities.



Source: C4ED elaboration

Figure 31: Impact on economic livelihood in host communities



Source: C4ED elaboration

During qualitative interviews, many participants confirmed that the intervention had facilitated their access to small loans, which in turn helped strengthen their farming, livestock trade, or small businesses. According to the respondents, this helped them achieve a certain level of economic growth (as they defined it). Some males and females reported that they were able to cover their family's expenses which, without the VSLA loans and the income increase, would have been difficult for them to do.

*There are a lot of people who received money and started work with that money. Some started retailing shops, others were starting different trades. (Kebribeyah, refugee, male VSLA member)*



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*When I describe economic growth, personally, previously I was a housewife, jobless and my economy was low, but I believe it has increased now. (Awbare, refugee, female VSLA member)*

#### Effects on the resilience

To quantitatively measure the effect of VSLA membership on respondents' resilience, a broad definition of resilience based on the BRS, developed by Smith et al. (2008), is utilised.<sup>31</sup> This measure is widely used in the academic field (Fung, 2020). The BRS is an average of six items, ranked on a scale of one to five.<sup>32</sup> On average, an individual in the full sample has a BRS of 2.77 (on a scale of one to five), suggesting a low resilience level. In addition to the BRS, C4ED used narrower definitions of resilience, including individuals' well-being and different measures for food security. Well-being is measured on a scale from zero to ten, with respondents stating where they find themselves. Thereby, ten presents the best possible life, and zero the worst possible for the respondents and their households.

Food security is measured via the FIES and the number of months of food shortage experienced by the household. The FIES is a widely used tool developed by the FAO to measure food security and assess individuals' access to adequate and nutritious food (FAO, 2014). It consists of eight survey questions that help quantify the severity and frequency of experiences related to insufficient food access over a specific reference period.<sup>33</sup> The reference period was adjusted to cover the previous month, rather than twelve months, and questions referred to any person (adult or child) in the household. C4ED also used the CSI, which is developed by WFP and the USAID to measure how individuals and households respond to economic and food-related challenges (Maxwell et al., 2008). Based on twelve items, the Index assesses the frequency of coping strategies used by the household.<sup>34</sup> A higher score indicates a greater reliance on coping mechanisms, which can signal food insecurity and vulnerability.

The descriptive statistics indicated that both the treatment and control groups relied on a limited number of income sources, with averages of 1.22 and 1.14, respectively, suggesting that

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<sup>31</sup> BRS is an average score ranging from one for strongly disagreeing to five for strongly agreeing with six statements related to the respondent's resilience. These statements include "1. I tend to bounce back quickly after hard times", "2. I have a hard time making it through stressful events", "3. It does not take me long to recover from a stressful event", "4. It is hard for me to react positively when something bad happens", "5. I usually come through difficult times with little trouble", and "6. I tend to take a long time to get over set-backs in my life".

<sup>32</sup> A BRS between 1 and 2.99 is considered as "low resilience"; 3.00 to 4.30 as normal resilience and 4.31 to 5 as high resilience.

<sup>33</sup> These questions are as follows: "During the last twelve months, was there a time when, because of lack of money or other resources: 1) You were worried you would not have enough food to eat? 2. You were unable to eat healthy and nutritious food? 3. You ate only a few kinds of foods? 4. You had to skip a meal? 5. You ate less than you thought you should? 6. Your household ran out of food? 7. You were hungry but did not eat? 8. You went without eating for a whole day?"

<sup>34</sup> The score is calculated based on answers to the following questions: "In the past seven days, if there have been times when you did not have enough food or money to buy food, how often has your household had to: a. Rely on less preferred and less expensive foods? b. Borrow food, or rely on help from a friend or relative? c. Purchase food on credit? d. Gather wild food, hunt, or harvest immature crops? e. Consume seed stock held for next season? f. Send household members to eat elsewhere? g. Send household members to beg? h. Limit portion size at mealtimes? i. Restrict consumption by adults in order for small children to eat? j. Feed working members at the expense of non-working members? k. Reduce number of meals eaten in a day? l. Skip entire days without eating?"



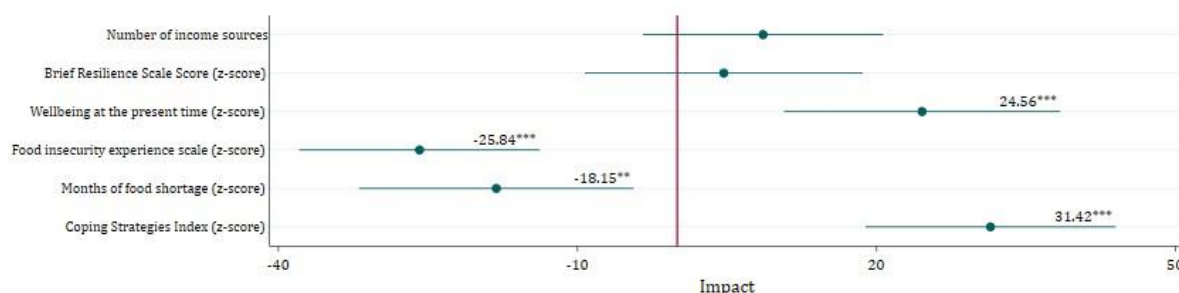
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most individuals depend on just one income source. Resilience levels, measured by the Brief Resilience Scale, were moderate for both groups, with scores of around 2.73 to 2.79 out of 5. Well-being, measured on a scale from 0 to 10, was relatively low, with the treatment group averaging 4.42 and the control group 4.32, indicating that respondents feel less than halfway toward the highest possible well-being score. Food insecurity remains a significant challenge, as reflected by the food insecurity experience scale, with both groups scoring around 5 out of a higher possible value. However, the treatment group experienced fewer months of food shortage, averaging 2.58 months compared to 3.31 months in the control group. Lastly, both groups frequently relied on coping strategies, as indicated by the Coping Strategies Index, with the treatment group reporting slightly higher use (10.98) than the control group (9.74). These findings suggest that, while the treatment group fared slightly better in terms of food security and coping, both groups faced significant challenges related to income diversity, well-being, and food insecurity.

Figure 32 visualises the impact of the VSLA intervention on the various resilience measurements. The regression results show that becoming a member of a VSLA does not have a statistically significant impact on a respondent's self-perceived resilience. While overall self-perceived resilience does not significantly change with VSLA membership, results show a significant increase in perceived well-being by 24 pp and a significant decrease in the FIES by 26 pp. The number of months the household experienced food shortage also significantly decreased by 18 pp.

Figure 32: Impact on resilience



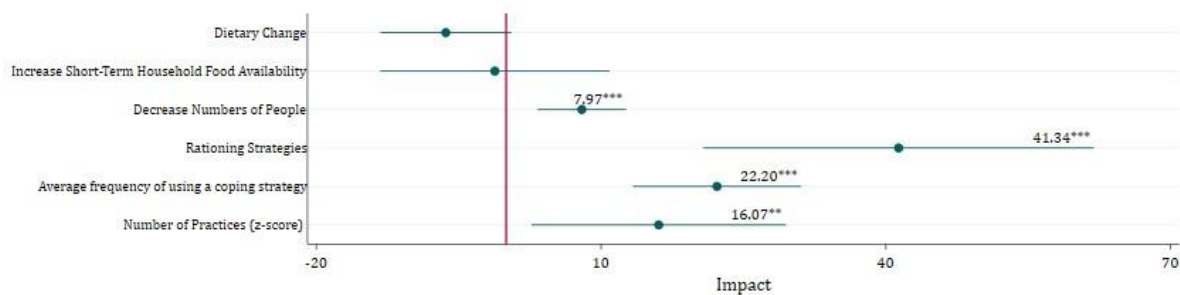
Source: C4ED elaboration

Finally, the CSI registered a significant increase of 32 pp for the full sample. This indicates a stronger reliance on coping strategies to respond to food insecurity, either by using more strategies or specific strategies more frequently. Households particularly coped by decreasing the number of people eating at home, e.g., by sending household members to eat with neighbours or using rationing strategies, e.g., by consuming smaller portion sizes. Overall, VSLA members used a significantly higher number of coping strategies (16 pp), along with a significant increase in the frequency of using these practices (22 pp). This might be an indication of how households adapted to changing circumstances. As food insecurity decreases, they may explore diverse coping mechanisms. VSLAs are community-based interventions, which foster social networks, leading to shared resources and coping mechanisms.



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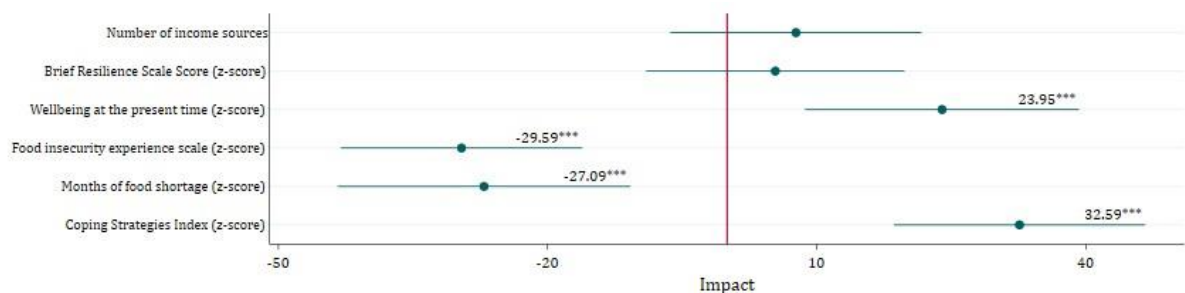
Figure 33: Coping Strategies



Source: C4ED elaboration

For female VSLA members, Figure 34 shows that the resilience and well-being indicators have significantly improved compared to female non-members. The number of income sources and the BRS show a slight increase but are not statistically significant. The significant increase of 24 pp in well-being indicates better overall life satisfaction among female VSLA members, and the notable reduction of 30 pp in the FIES suggests improved food security. This is supported by the decrease in the number of months of food shortages by 27 pp. The coping strategies index increased by almost 300 pp, showing greater use of coping strategies to manage challenges. This is driven by the overall number of coping strategies used, as the number of coping practices employed by female VSLA members increased by 32 pp, indicating a diverse approach to managing hardships.

Figure 34: Impact on resilience for female respondents



Source: C4ED elaboration

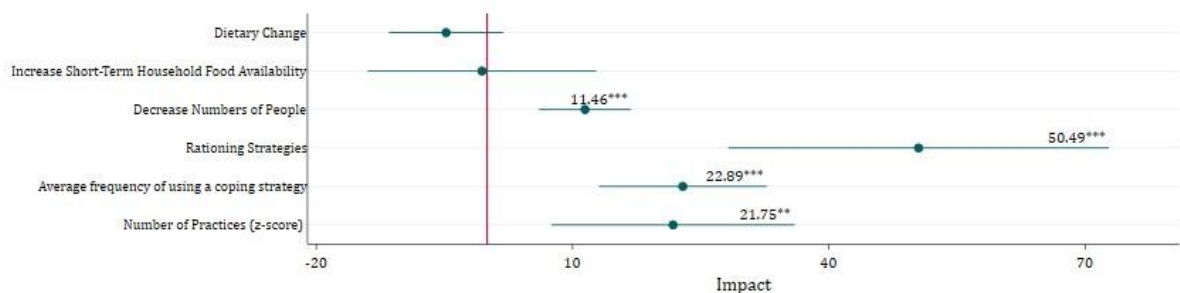
The number of practices used as well as the average frequency of using coping strategies has also increased by over 20 pp with VSLA membership among female respondents, highlighting a greater reliance on these strategies to manage economic challenges. VSLA membership significantly increased the use of rationing strategies by 50 pp, suggesting that members are now more proactive in managing limited resources. Female VSLA members were also significantly more likely to decrease the number of people eating at home (11 pp). This suggests that members are more proactive in managing limited resources compared to female non-members.



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Women typically play a central role in managing household food and resources, which could explain their greater diversity in coping strategies and significant improvements in food security and well-being. The substantial increase in coping practices among female VSLA members reflects their proactive approach to household management and resource allocation. The significant improvements in well-being and resilience among female respondents highlight the empowering effect of VSLA membership. By providing access to financial resources and training, VSLAs help women to better manage their economic activities and household responsibilities, leading to greater overall life satisfaction and stability.

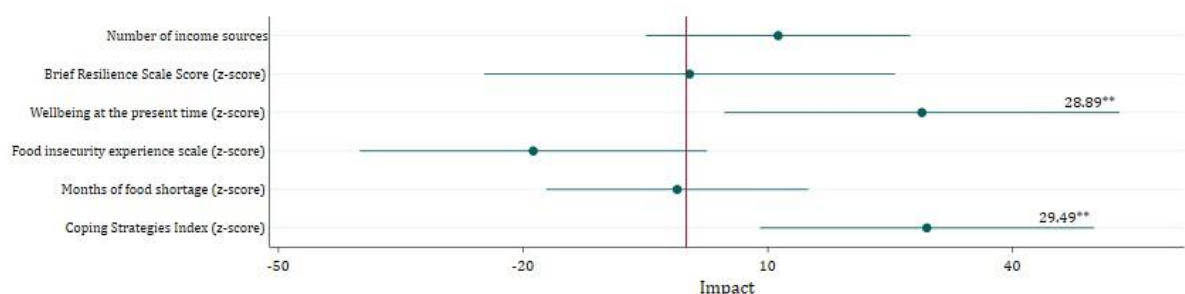
Figure 35: Impact on the choice of coping mechanisms among female respondents



Source: C4ED elaboration

The resilience and well-being indicators among male respondents also revealed positive changes in connection to VSLA membership. Figure 36 shows a significant increase of 29 pp in well-being. The CSI has increased significantly by almost 29 pp for male VSLA members, indicating a more robust use of coping strategies. The impact on coping strategies for male respondents shows a significant increase in the frequency of using coping strategies (18 pp) and a decreased likelihood to adjust through dietary changes.

Figure 36: Impact on resilience for male respondents

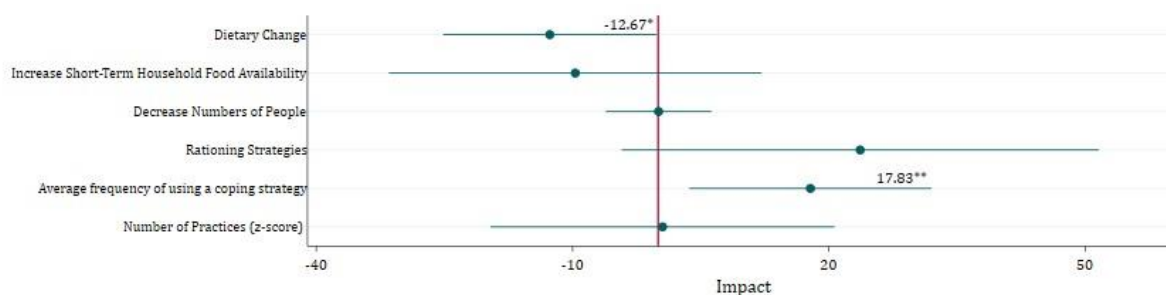


Source: C4ED elaboration



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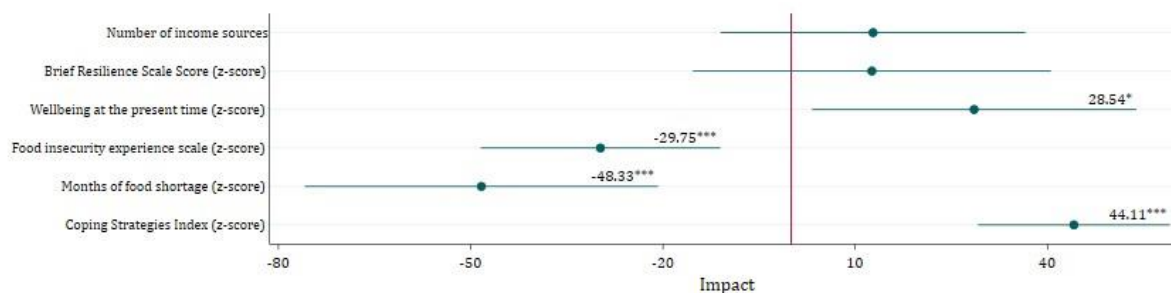
Figure 37: Impact on the choice of coping mechanisms among male respondents



Source: C4ED elaboration

In refugee communities, VSLA membership does not significantly impact the number of income sources or the BRS, but Figure 38 shows a significant increase of 29 pp in VSLA members' well-being compared to non-members, indicating a substantial improvement in overall well-being. The graph also shows a notable reduction in food insecurity experiences (about 30 pp), suggesting significant improvements in food security. This is supported by a significant decrease in the number of months experiencing food shortages (48 pp). The CSI significantly increased by 44 pp, indicating a robust adoption of various coping strategies among refugee VSLA members. Particularly the number of coping practices employed increased substantially by 39 pp. The frequency of using coping strategies also increased significantly among refugee VSLA members, by 34 pp compared to refugee non-members. They are particularly more likely to use rationing strategies (76 pp) and reduce the number of people eating at home (17 pp), compared to refugee non-members.

Figure 38: Impact on resilience in refugee communities

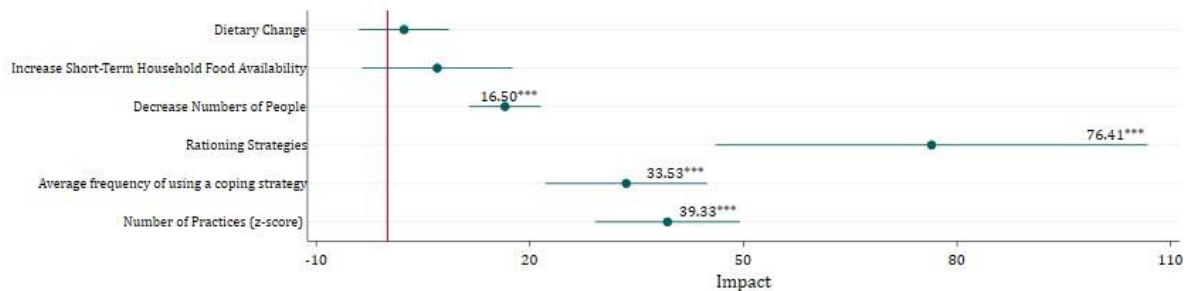


Source: C4ED elaboration



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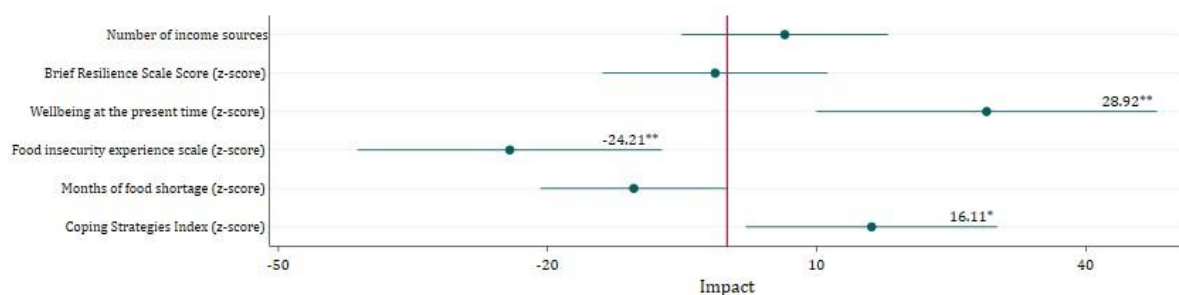
Figure 39: Impact on the choice of coping mechanisms among refugee communities



Source: C4ED elaboration

In contrast, host community members also experienced positive impacts from VSLA membership, though to a lesser extent. The well-being of host community VSLA members improved by about 29 pp. Similarly, food security improved, with a reduction in the FIES by 24 pp. Host community members also showed an increase in the use of coping strategies. The CSI for VSLA members in host communities increased by about 16 pp, indicating a substantial increase in the use of coping mechanisms compared to non-VSLA members. While the number of coping strategies used by VSLA members in host communities has not significantly changed compared to non-members, the average frequency of using coping strategies increased by almost 12 pp. While there are few differences between VSLA members and non-members in host communities, VSLA members are significantly less likely to adjust through dietary changes, e.g. through consuming less preferred food.

Figure 40: Impact on resilience in host communities.

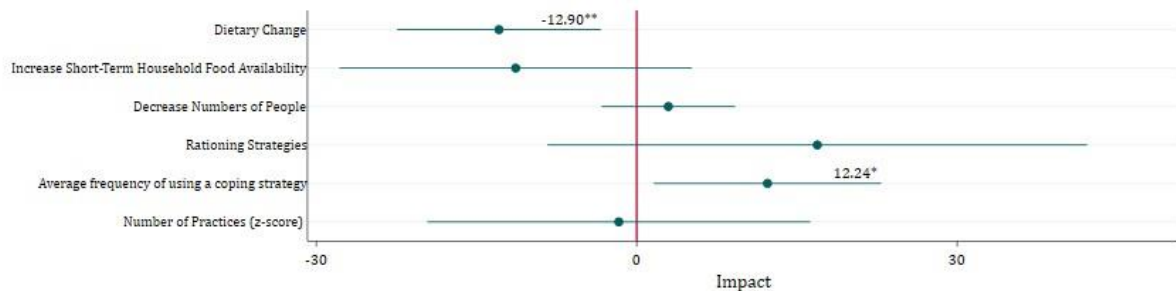


Source: C4ED elaboration



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Figure 41: Impact on the choice of coping mechanisms among host communities



Source: C4ED elaboration

The impact of VSLA membership is generally more pronounced in refugee communities compared to host communities. This is evident in the larger increases in well-being, food security, and the adoption of coping strategies among refugees. Both refugee and host communities experienced significant improvements in food security. However, the reduction in the FIES and the number of months of food shortage are greater for refugees, indicating a more substantial impact. A higher initial vulnerability of refugees may be a contributing factor to the observed improvements. Refugees often face more severe economic and food security challenges, making the positive impacts of VSLAs more pronounced. The more precarious living conditions of refugees may also necessitate a broader range of coping mechanisms, a high number of coping practices and frequency of their use. The significant increase in rationing strategies among refugees further highlights the greater need for careful resource management in refugee settings.

Aligned with the positive quantitative results on well-being and food security, almost all VSLA beneficiaries emphasised during qualitative interviews and discussions that the VSLA group helped them by strengthening their social ties (with fellow members of the VSLA group) and enabled them to withstand difficult life events such as drought, illness, or the death of family members. Some members took loans from the group's savings and others often used the contributions of the VSLA groups (money contributed sometimes separately from their regular savings) to cover their expenses when faced with difficult life problems. The regular VSLA meetings are also described as a platform for information sharing and strengthening of the social bond between members.

*Previously, we were individuals living dispersedly in the city. We [were living in a way that] neighbours do not know each other and could not be able to support each other. However, since we established this group, the assistance we made was very amazing because we started to support each other in social events like weddings and funerals. (Kebribeyah, refugee, male VSLA member)*

For VSLA refugee members specifically, there were instances where the VSLA savings became crucial for the well-being of every member and their family's during emergencies, such as the discontinuation of rations. Even in VSLA groups which had not been managed to save enough for establishing or strengthening businesses, such as the example given below, the



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groups were still beneficial as they facilitated support to members who were facing difficulties.

*We haven't yet deposited a lot of money that could be given for the members to start their own businesses or other things, as we have not secured residence. However, we will support each other in case of social events like funerals with non-returnable money that will be used for those purposes. (Kebribeyah, refugee, male VSLA member)*

Overall, the analysis reveals that VSLA membership significantly enhanced coping strategies and resilience among both male and female respondents, though the effects are more pronounced in some areas for females. This improvement was particularly evident in food security, well-being, and the use of coping strategies. The results suggest that VSLAs became crucial in supporting members to manage economic hardships, diversify income sources, and improve overall resilience and well-being. The significant increase in the number of coping practices and the frequency of their use among both genders indicate that VSLA members are now better equipped to handle financial and food security challenges. The substantial improvements in well-being and food security, especially among female members, highlight the transformative potential of VSLAs in empowering women and promoting economic stability. Significant and positive impacts on coping strategies and resilience can be observed for both refugee and host communities, with more pronounced effects in refugee settings. The magnitude of the impact on refugees underscores the importance of targeted interventions in these communities, where the need for economic support and resilience-building is more critical.

#### *Intended and unintended effects*

##### **Impact of the interventions on integration and social cohesion**

The VSLA intervention aimed to foster integration and social cohesion by establishing direct connections among VSLA members or indirect connections through changes in members' economic and social activities. To examine the impact of the VSLA intervention on fostering the integration and social cohesion of beneficiaries, social capital and social cohesion were measured using the social capital and social cohesion measurement toolkit from Kim et al., (2020), which considers several dimensions such as relationships, resources, trust, shared purpose, and civic engagement.<sup>35</sup>

The measurement is based on 15 survey questions. A qualitative exercise was conducted prior to the survey to contextualise and adapt the survey questions, identifying the relevant groups for measuring social capital and social cohesion under the VSLA intervention.<sup>36</sup> The construction of social capital and social cohesion scores is based on detailed conceptual frameworks

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<sup>35</sup> The toolkit defines social capital as “the quantity and quality of resources, trust, and norms inherent in individuals' relationships”, whereas social cohesion is defined as “a sense of shared purpose and trust among members of a given group or locality and the willingness of those group members to engage and cooperate to survive and prosper.”

<sup>36</sup> A total of seven project staff of the implementing partner, who had experience working with the community of the intervention area, participated in the virtual KII and FGD conducted by the qualitative research and evaluation manager at C4ED's Ethiopian office. The relevant groups identified and used in the analysis include gender (own gender vs different gender), and migration status (own community vs outside own community).



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that define and measure the underlying dimensions of each concept. Social capital encompasses the key dimensions of relationships,<sup>37</sup> resources,<sup>38</sup> trust,<sup>39</sup> and collective action norms. Responses to each dimension are then aggregated to form an overall social capital score. Social cohesion contains the dimensions of trust and collective action norms as well, including also aspects of belonging,<sup>40</sup> identity,<sup>41</sup> attitudes towards outgroups,<sup>42</sup> and civic engagement.<sup>43</sup> While social capital and social cohesion share some common dimensions, such as trust and collective action norms, they are distinct concepts. Social capital focuses on individual-level relationships and the resources and trust inherent in those relationships. In contrast, social cohesion emphasizes collective identity, belonging, attitudes towards out-groups, and civic engagement within a community.

The VSLA groups are seen to foster members' social capital and social cohesion with individuals who are of the same or different characteristics (such as gender and migration background). This can be because of their direct interaction within the VSLA but also indirectly through changes in their economic or social activities that allow them to interact with others. Figure 42 displays the impact of the VSLA intervention on social capital, social cohesion, and integration. Results are presented for the impact of the VSLA intervention on the social capital score and social cohesion scores, and separately for each dimension covered under social capital and social cohesion. Scores for social capital and social cohesion are calculated by taking the sum of responses for each component of the variables. Moreover, the reported measurements are aggregated across the relevant groups identified from the qualitative exercise.

Although VSLA members feel significantly closer to members of their community than non-members, as indicated by the more than 23 pp increase in the relationship indicator, the overall social capital score is impacted negatively (-25 pp). VSLA members' attitudes towards outgroups have improved significantly by almost 15 pp. This suggests that VSLAs might promote inclusivity and reduce prejudices, possibly due to the diverse composition of the groups and the need for cooperation within them. Still, the social cohesion score also decreased significantly with VSLA membership (-32 pp).

The significant decrease in the social cohesion score, as well as the social capital score, is largely driven by a notable and significant decrease in the trust dimension (-38 pp). Trust is essential for maintaining strong, reliable networks and fostering a cohesive community. The decline in trust suggests that dynamics introduced by VSLAs may disrupt established trust

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<sup>37</sup> The dimension examines the nature and strength of an individual's network connections. It distinguishes between bonding relationships within homogeneous groups, bridging relationships across different groups, and linking relationships with individuals in positions of authority or influence.

<sup>38</sup> This dimension measures the material and non-material support (such as goods, information, and emotional support) that individuals receive from and provide to their networks.

<sup>39</sup> Trust is a crucial dimension, reflecting an individual's belief in the reliability of others within their network and their willingness to act based on this belief.

<sup>40</sup> This dimension measures the degree to which individuals feel they fit in and are a part of the group.

<sup>41</sup> This reflects the shared characteristics and sense of identity among group members.

<sup>42</sup> This dimension assesses how individuals perceive and accept people with different values, lifestyles, or identities within their community.

<sup>43</sup> This dimension looks at the participation of individuals in activities that benefit the community and promote cooperation.



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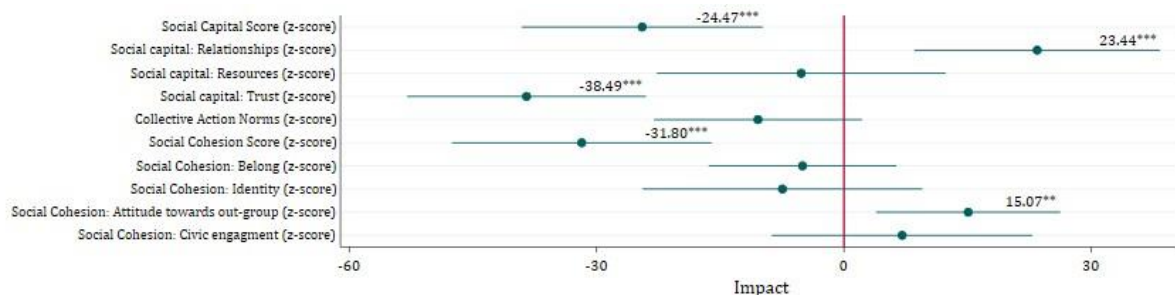
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networks. A perceived competition in accessing VSLA resources may foster jealousy and suspicion, eroding trust among community members. The close interactions within VSLAs might intensify personal conflicts, especially if perceived benefits are unevenly distributed. This can lead to a breakdown in trust, not only within the VSLA but also extending to broader community interactions.

While the qualitative and quantitative data collected for this evaluation offer limited insight into the decline in overall social capital and social cohesion, driven primarily by a drop in the trust dimension, the literature suggests several potential contributing factors. Research has indicated that mismanagement, lack of transparency, and unmet expectations within VSLAs can lead to declines in trust among members. For example, if VSLA management practices are perceived as biased or ineffective, this can foster mistrust, not only within the group but also towards the broader community (Ksoll et al., 2016; Gassama et al., 2023). In contexts of economic uncertainty, e.g. exacerbated by the COVID-19 pandemic or political instability, there is evidence that financial interactions, like loan defaults or competition for limited resources, can further erode trust (Kwarteng et al., 2019; Murekatete, 2022).

Trust is a crucial component of social capital, and its erosion can have wide-reaching consequences for community cohesion and the effectiveness of collective financial mechanisms like VSLAs. Given the significance of trust for group functionality, some of the observed declines in social cohesion may be linked to these broader dynamics of mistrust, competition, and perceived inequity (Gassama et al., 2023; Ksoll et al., 2016). While our data do not allow for a definitive exploration of these mechanisms, these findings point to areas for future investigation, including a more focused qualitative exploration of members' experiences with VSLA management.

Figure 42: Impact on social capital and social cohesion



Source: C4ED elaboration

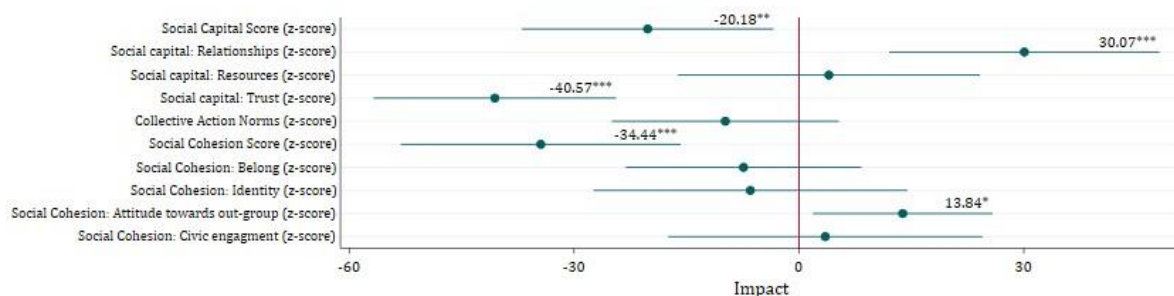
Reflecting the results of the full sample, Figure 43 shows that the social capital and social cohesion scores are significantly reduced among female respondents. While relationships and attitudes towards out-groups are significantly improved with VSLA membership among female respondents (30 pp and 13 pp, respectively), trust is significantly reduced (-41 pp). This drives the strong negative impacts on the social cohesion score (-34 pp) as well as the social capital score (-20 pp). For female respondents, the positive effects on relationships and inclusivity suggest that VSLAs successfully integrate women and reduce prejudices. However, the



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decline in trust indicates potential issues related to resource competition and personal conflicts, which significantly undermine broader community trust and cohesion.

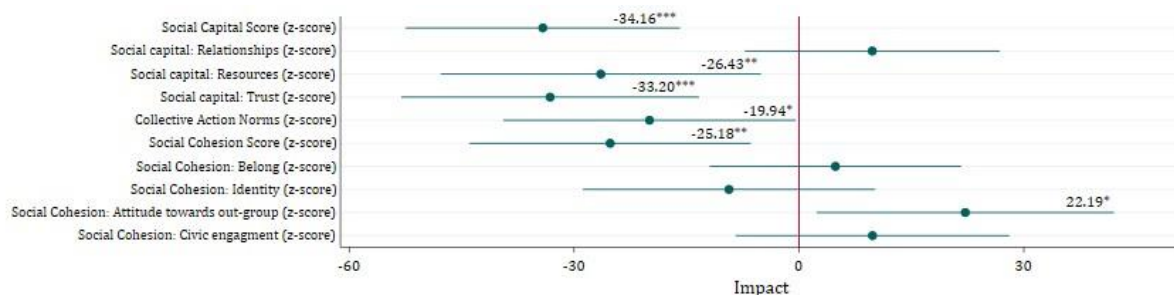
Figure 43: Impact on social capital and social cohesion for female respondents



Source: C4ED elaboration

Figure 44 shows that, among male respondents, there is not only a significant decrease in trust among VSLA members compared to non-members (-35 pp), but also a significant decrease in their ability to lean on other community members, as indicated by the 26 pp reduction in the resource indicator. These aspects explain the strong decrease in the social capital score (33 pp). The significant decrease in the social cohesion score (-25 pp) is mainly driven by the decrease in trust, as none of the other components are negatively affected by the intervention among male respondents. For male respondents, the significant reduction in trust and resources highlights challenges in maintaining support networks and fostering community engagement. These findings suggest that VSLAs may exacerbate competitive tensions and reduce mutual support among men. On the other hand, male VSLA members' attitudes towards out-groups have considerably improved (22 pp).

Figure 44: Impact on social capital and social cohesion for male respondents



Source: C4ED elaboration

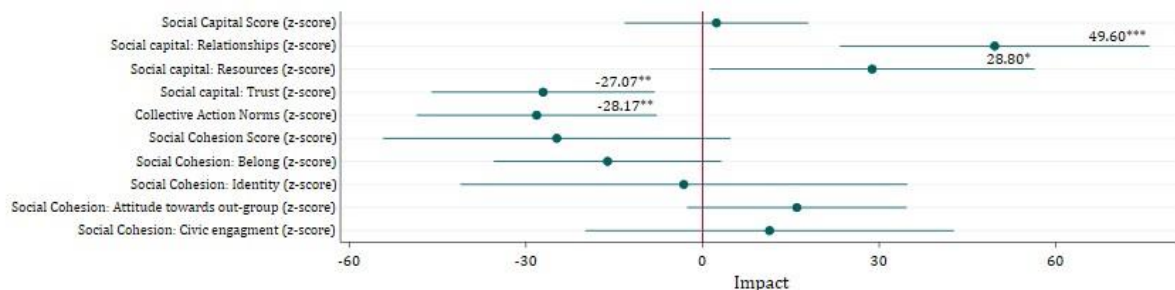
Within the refugee communities, the overall social capital score is not significantly affected by the intervention. Yet, specific aspects of social capital have significantly changed: while trust among VSLA members in refugee communities has significantly decreased (27 pp) compared to trust among refugee non-members, refugee beneficiaries have improved relationships and stronger networks, as indicated by the significantly higher relationship indicator (about 50 pp). The aggregate social cohesion score is also not significantly affected by the VSLA intervention among refugee communities. Among refugees, the mixed results suggest that while



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VSLAs help build stronger internal networks and improve inclusivity, they also reduce trust and belonging. This could be due to the scepticism about the project’s integration efforts and fears of losing their refugee status, which is critical for third-country migration opportunities.

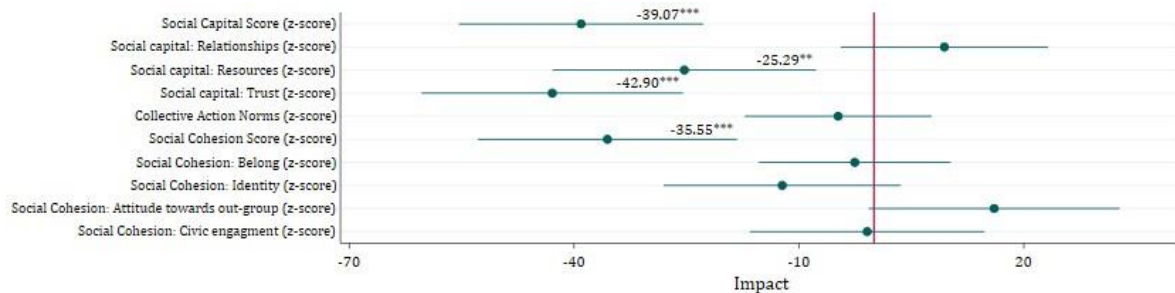
Figure 45: Impact on social capital and social cohesion in refugee communities



Source: C4ED elaboration

The results within host communities reflect the findings of the full sample for the most part. The social capital score and the social cohesion score significantly decreased (-39 pp and -36 pp, respectively). Within the host communities, these decreases are also strongly influenced by a significant decrease in trust among VSLA members compared to non-members (-43 pp). Additionally, VSLA members in host communities appear to have significantly weaker networks, indicated by the 25 pp decrease in the resource indicator. The substantial decline in trust and weaker networks indicate that VSLAs might create or amplify social tensions and reduce the availability of mutual support. The dynamics introduced by the financial benefits of VSLAs appear to negatively impact broader community trust and cohesion.

Figure 46: Impact on social capital and social cohesion in host communities



Source: C4ED elaboration

The VSLA intervention's impact on social capital and social cohesion across different demographic groups reveals nuanced outcomes. The findings demonstrate significant variations based on gender, community type, and specific social capital and cohesion dimensions. The most striking result is the pervasive and substantial decrease in trust, a shared dimension that significantly affects both social capital and social cohesion scores. Trust is foundational for maintaining strong, reliable networks and fostering a cohesive community. The decline suggests that VSLAs may introduce dynamics that erode trust, such as perceived competition for resources, jealousy, and uneven distribution of benefits. Close interactions within VSLAs



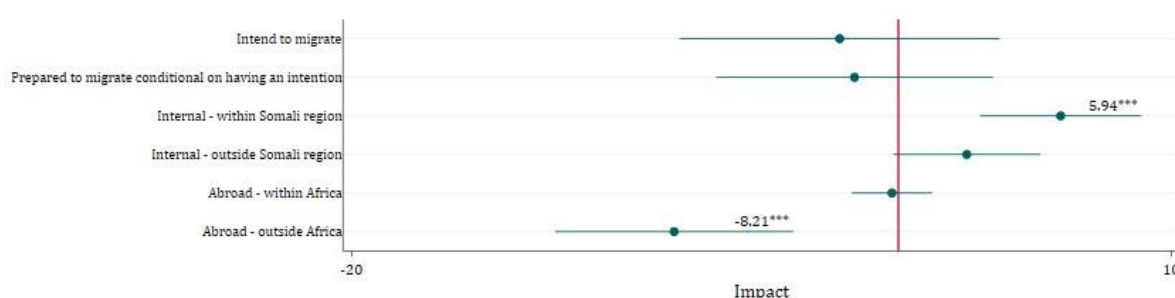
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might intensify personal conflicts, further diminishing trust not only within the group but also in the broader community.

### Impact on refugees' aspiration to migrate

The establishment of VSLA groups is expected to build and strengthen relationships, improve economic well-being, and ultimately reduce refugees' aspirations to migrate. To assess the impact of the VSLA intervention on migration aspiration, respondents were asked about their intention and preparedness to migrate,<sup>44</sup> as well as the place they would choose to move to. Figure 47 that, overall, the VSLA intervention did not have a significant impact on refugees' intention or preparation to migrate. Though the VSLA intervention improved refugees' economic well-being significantly, this has not (yet) translated to a reduction in their intention to migrate.<sup>45</sup>

Figure 47: Impact on the aspiration to migrate



Source: C4ED elaboration

During the qualitative interviews, VSLA participants from the refugee community also explained that there was no significant change in their desire or plan to migrate since participating in the intervention. Some refugee's scepticism towards the project (specifically, its attempt to fully integrate them with the host community, out of fear of losing their opportunity to migrate to a third nation) indicates refugees' strong desire to migrate despite the efforts being undertaken.

Even though a few implementing partner staff suggested that the VSLA intervention helped to lower the refugees' aspiration to migrate, most of them agreed with the views expressed by the majority of refugee participants interviewed. Job opportunities being one of the major factors that drove the desire to migrate, another staff member of the implementing partner explained that there needs to be a significant amount of financial support provided to be able to change migration intentions in favour of staying, which was not provided by the project.

<sup>44</sup> An individual is said to be prepared to migrate if he/she has applied for residency or visa, purchased tickets, etc.

<sup>45</sup> Descriptive statistics show that the majority (almost three quarter) of the refugee respondents have an intention to migrate, of which 20% are prepared to migrate.



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*[There were] no ways that the intervention impacted my aspiration to migrate, it neither encouraged nor discouraged my aspiration to migrate. (Awbare, refugee, female gender dialogue participant)*

*Whatever intervention we bring to the table; it's not changing the refugees' interest in migration. Getting their resettlement is their all-time goal and we can't seem to change that. Some of the youths engage in small businesses like driving and marketing, but they consider this as a temporary solution until they get their third country transfer. (Jijiga, staff of the implementing partner)*

*The other problem is that they are not getting enough support if they decide to stay in their business. If they have to plan to stay here, the support should be somewhat thrilling. You can't just prevent their third country resettlement by just funding 100000 and 200000 birr. (Jijiga, staff of the implementing partner)*

*To what extent was the intervention designed and implemented in a gender-sensitive way? (5.2.ETH.)*

Gender sensitivity refers to the consideration of the unique needs and experiences of individuals of different genders in all aspects of a project, including planning, execution, and evaluation. To evaluate the extent to which the project was gender-sensitive, C4ED reviewed project documents to complement findings from interviews and discussions with research participants.

According to Mercy Corps' STEDE project gender analysis report (2019), Mercy Corps conducted a gender analysis to inform project design and implementation. Mercy Corps conducted the gender analysis using its gender analysis framework, applying qualitative methods to gather information from participants in the project's areas of operation.

The findings highlighted several key areas for action: improving male involvement in household chores, educating youth on gender equality principles, enhancing livelihood opportunities in refugee settings (such as access to finance), advocating for refugee law reforms to improve access to resources and freedom of movement, ensuring job creation for both young males and females in diverse contexts, improving loan opportunities outside refugee settings, and supporting female leadership within STEDE-organised groups.

Using the findings of the gender analysis, Mercy Corps designed its project activities in a way that addressed them. According to the STEDE Progress Markers Report (2023), Mercy Corps also tracked the changes around gender and social norms using outcome mapping as a monitoring and evaluation tool. Mercy Corps reported that changes were observed in all four domains of analysis, i.e., roles and responsibilities; access to and control over resources and household decision-making; meaningful participation in the public sphere and decision-making and influence; as well as mobility and gender violence.

Interviews with project implementers and field agents revealed that, while VSLAs were open to all community members, females were actively encouraged not only to join but also to assume leadership roles. However, in some cases, males were elected leaders based on their experience and motivation. Challenges arose in promoting female participation and leadership,



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particularly due to their lower levels of education and literacy, which hindered their involvement in activities requiring these skills. Additionally, females faced time constraints due to household responsibilities. Despite these obstacles, implementing partners remained committed to prioritising female participation in project activities as members, leaders, or field assistants. Males were selected for leadership roles only when qualified female candidates were unavailable.

Implementing partner staff identified two main forms of community dialogue: male engagement promotion training, where males learned skills like childcare and household chores, and community gender dialogues involving both male and female participants, including VSLA members and beneficiaries of other STEDE projects. These sessions, conducted at the community level and led by trained community and religious leaders, focused on topics such as gender equality, harmful traditional practices, women's right to education, and gender-based violence. Participants noted a positive shift in community attitudes toward gender roles and equality due to these dialogues, citing increased support from males for their daughters' education and wives' economic activities. Staff and participants alike acknowledged these changes, in part, to be a result of the project's interventions.

*Yes, before, even if you step out from home, he [the husband] may ask you, 'where are you going at this time?'. But now, he (my husband) gives me my shoes and he asks me whether I have [money for] transport [laughter]. Once, I was sick and I woke up (the next) morning to find that my clothes were washed. I asked my husband who washed it and he said that he washed it [...] he helped me a lot. (Kebribeyah, host community, female gender dialogue participant)*

Many beneficiary participants mentioned the growing trend of females taking over financial responsibilities for their families, including males. This, according to these participants, was attributed to the growing Khat addition among the males. The VSLA interventions' support for female community members matched the need to equip them with the knowledge and skills needed to improve their businesses through the trainings, which created better awareness. In addition, the VSLA groups provided female members with opportunities to save and access small social loans from the VSLAs.

During interviews and discussions, some beneficiaries and community leaders reported gender inequality as one of the barriers still affecting female beneficiaries' economic well-being. A few of the female refugees also stated that females suffer from double marginalisation because of their gender and migration status. In this regard, the STEDE project's design to incorporate a gender component and its focus on creating gender awareness is likely to contribute to the fight against gender inequality, as evidenced by the project documents and discussions and interviews with participants.

#### *To what extent do the interventions meet the specific needs of beneficiaries? (5.3.ETH.)*

The STEDE project has effectively benefited diverse groups including women, refugees, and host communities through targeted interventions. Gender-specific activities and staffing practices ensured equal participation of women, with job announcements and recruitment processes structured to maintain gender balance. This approach extended to benefit both host and refugee communities through inclusive selection processes.



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*Among the six selected employees, three of them were women and three were men. For each zone, one man and one woman were assigned to work on project implementation. They have considered gender equality while recruiting their employees.*  
(Awbare, Refugee, Male Field agent)

The research highlighted that the beneficiary selection process also prioritised gender diversification, ensuring equitable benefits for both men and women, with women often benefiting more, particularly in VSLA initiatives. Women refugees were noted for their active participation due to their consistent presence in camps, contrasting with men who often spent extended periods outside. Respondents emphasized women's significant roles in community and household affairs, citing their adeptness in household management compared to men, who were sometimes hindered by addiction issues. This empowerment had broader impacts, as evidenced by increased female membership in VSLAs and their effective management of household finances, which financial institutions acknowledged by favouring them as applicants for loans. Discussions among focus groups underscored women's aspirations for economic independence, indicating alignment with STEDE's interventions tailored to their needs and priorities.

Key informants argued that women were better at managing money as well as household responsibilities because of the socio-cultural norms and expectations. Usually, men are the ones expected to provide money whereas women are responsible for managing and allocating the money for household consumption and other activities. This money management skill helped the women to become more effective with VSLA and benefits the household members. Also, the VSLA activities helped women build up on their existing interests and financial management skills.

*I think it's mainly the cultural norm of society. Men are mainly the providers in the household, so they bring the financial support. Then women have the responsibility of managing the money provided by men. So, they can manage and utilise the money, hence they are more interested in working in VSLAs. Unlike women, men are not so good at saving and utilising small amounts of money like 100 or 200 birr. So, this is the reason women are the perfect candidates for the VSLAs.* (Jijiga, Mercy Corps staff)

The STEDE project also addressed the specific needs of refugees, who faced limited job opportunities due to mobility restrictions. The project supported them by promoting small-scale businesses within their camps, significantly benefiting their economic situation. Key informants noted that the project also facilitated discussions with stakeholders to obtain work permits for refugees to work in nearby urban centres like Jijiga. Recent amendments to the law have enabled refugees to access financial services, including loans, in the past two years, potentially enhancing their job prospects. Refugees also indicated that they were not offered equal employment opportunities compared to the host community and that the project was advantageous as it provided them with an alternative income source, i.e., small businesses.

However, participants noted that refugees continue to face challenges in meeting criteria such as collateral requirements to access financial services. In addition, some refugees stated that



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they could not afford to save money in their VSLAs regularly because they lacked sufficient income.

*EQ 7: How well are the interventions embedded in/in line with the existing practices, plans and policies?*

How well is the intervention embedded in, and in line with existing/planned governmental policies? (7a.1.ETH.)

The Government of Ethiopia, in collaboration with UNHCR Ethiopia, has been working on a range of initiatives to address the socio-economic needs of refugees and host communities. In February 2017, Ethiopia accepted to be considered as a CRRF-focused country. A roadmap for implementation was finalised and the CRRF was officially launched in Ethiopia on 28 November 2017. To thoroughly respond to refugee needs, Ethiopia formulated the National Comprehensive Refugee Response Strategy (NCRRS). At the Leaders' Summit on Refugees, which Ethiopia co-hosted on 20 September 2016 in New York, Ethiopia made nine pledges<sup>46</sup> which serve as a vehicle for implementing the Comprehensive Refugee Response Framework (CRRF) in the country.

Following these developments, Ethiopia's parliament approved revisions of its national refugee law on January 17, 2019, establishing one of the most progressive refugee policies in Africa. This law grants refugees the right to work and reside outside of camps, access social and financial services, and register life events such as births and marriages. Ethiopia's Refugees Proclamation No. 1110/2019, specifically in Part Four, Articles 22-26, outlines these rights and privileges, including the right to stay, access to education, healthcare services, financial services, and the right to seek employment.

The STEDE project aligns strongly with the GoE's plan and policies mentioned above. Key informants also noted that STEDE interventions, such as supporting Village Savings and Loan Associations (VSLAs) and creating job opportunities for both refugees and host communities, are coherent with government objectives. Participants highlighted that STEDE's diverse components were also able to contribute to further facilitating residence permits for refugees, which was believed to help make financial services more accessible and remove movement restrictions.

*STEDE is based on the CRRF. It has many pledges, and one is for most to work on livelihood and improve their livelihoods via income generation ...and we do that through STEDE. But this is not given exclusively to STEDE. There are also others working on livelihood getting this. For example, STEDE members like VSLA and co-operative members are taking this (ID) while at the same time, those in other NGOs working on livelihood-related interventions are also receiving this. However, I believe STEDE has had a big influence on helping refugees access the residential permit, allowing them movement. ... As I mentioned, the government itself is working through the cooperative's promotion agency... others were working with MFIs that started working before us...on establishing VSLAs and promoting them to RuSACCOs. This was mostly implemented in the host community, however. So now, how our approach*

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<sup>46</sup> <https://data.unhcr.org/en/documents/download/65916>



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*differs is that we made sure to include refugees as well and helped refugees get access. This is something that is supported by the government's policy and within their mandate as well. (Virtual, Mercy Corps staff)*

Key informants also mentioned, however, that the rights provided for to the refugees by the proclamation have not yet been instrumentalised to allow them to fully integrate into the community. Even though most of the proclamation's pledges have started taking effect, there were still a few that remained unimplemented, such as making land and employment in industrial parks accessible for refugees. Key informants also highlighted that, despite the STEDE project's positive intentions and alignment with government policies, its impact has been constrained by challenges such as insufficient awareness and the need for reforms within financial institutions to fully implement the new Refugees Proclamation. The proclamation requires supportive changes in banking practices and policies to effectively empower refugees. The observations by key informants underscored the importance of advocacy and policy alignment to bridge these gaps, ensuring that refugees can fully benefit from the legal protections and opportunities provided by Ethiopia's progressive refugee policies.

*There is still a limitation in the bank, even to open a bank book/account for refugees. That is why I would like to request all concerned bodies, NGOs, and others to review their policies to help these people. Banks and MFIs require documents such as proof of home ownership or proof of having other collateral. To make loans more accessible to them, this rule needs to be simplified. For example, commercial banks also require TIN numbers, ID cards, and other... This is why it is important to talk about it with commercial banks so that they can find ways to make things easier. The NGOs should also help them in this process. (Jijiga, MFI staff).*

*Like I mentioned earlier, with 'advocacy' ... there is a lot of advocacy work that needs to be done with financial institutions ...there is a lack of 'understanding' there. Second, there are still some hurdles ...' actual implementation of CRRF, on the ground ...is still...to some extent, it is still not being implemented fully. For example, it promised to allow refugees to get irrigable land, and that is yet to be done. ...there are also others like allowing them to work in industrial parks... Out of the 9 pledges, I think these two were not successful. However, others like providing educational opportunities, movement etc have succeeded. (Jijiga, Mercy Corps staff)*

To which degree do governmental practices support or undermine the intervention and vice versa? (7a.2.ETH.)

Several governmental and non-governmental stakeholders have been involved in the VSLA intervention, supporting the implementation of the project. Mercy Corps implemented its activities in close cooperation with CRRF stakeholders, mainly the BOFED. This bureau oversees the CRRF's implementation in the region, with the support of the RRS (formerly known as the Agency for Refugee and Returnee Affairs (ARRA)) and UNHCR. Mercy Corps has also collaborated with woredas, zonal, and camp-level RRS offices. The regional cooperative promotion agency, in close collaboration with Mercy Corps, was responsible for the registration and follow-up of the newly established RuSACCOs.



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*We have a very smooth and good relationship with the government. And it is the co-operative promotion agencies that will take over the RuSACCOs when we finish this project. [...] if there is any support [needed], we link them with this agency so they can then access loans from formal MFIs. [...] For example, all documentation such as certifications, and bylaws are done by their office. Second, they give orientations to cooperatives and RuSACCOs. When FAs changed into PSPs, they were trained by them. [...] we [also] share reports with them, which shows how they closely follow up on our work. (staff of the implementing partner)*

Some FAs, however, stated that they did not work closely with the government's office and contacted officials only for minor procedural requirements. Similarly, according to another interview with a government stakeholder, there were instances where the Woreda officials were not as involved in the project's implementation as they would have liked to be. Initially, there were also coordination problems, with an overlap of beneficiaries between implementing partners. However, Mercy Corps collaborated with the government to resolve these issues and run the implementation smoothly. There were, however, some suggestions to be addressed from the government to improve the performance of similar projects in the future. One key informant suggested that the government should consider allowing cross-border trade of livestock to help improve the economic situation of the pastoralist community, while another key informant mentioned the need to fully implement the CRRF and to do so in due time. Another key informant also stated that collaboration with the government could create a condition by which livestock can be considered assets to be used as collateral.

*So, convincing this government (about the implementation of CRRF) is very difficult. Sometimes they are not proactively implementing some policies. But the humanitarian organisations work, it is promptly. However, the policy (implementation) from the government's side is very slow, and there is not much response. (Staff member of the implementing partner)*

*Microfinance and other NGOs [usually] only give money [...] and if we are talking about real change, there is what we call 'collateral' that the people should get. [I suggest] that, in collaboration with the agricultural bureau of the government, the livestock should be (accepted as) collateral for them to get a loan from MFIs... because our people are pastoralists and mobile communities. In the same way that people in other parts of Ethiopia use their farmland and their agricultural products as collateral, I recommend making their livestock collateral. (Formal financial institution representative)*

Key informants explained that the issuance of the new Proclamation No. 1110/2019<sup>47</sup> had granted refugees the right to use financial institutions' services. However, because this change has been made recently, implementation is expected to take time. Even though FSPs collaborated with both government and NGOs, some issues still hindered VSLA beneficiaries' access

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<sup>47</sup> Refugees Proclamation No. 1110/2019 published in the Federal Negarit Gazette No. 38 on February 27, 2019: <https://faolex.fao.org/docs/pdf/eth216792.pdf>



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to these institutions. Since most of the beneficiary community were Islam followers, they preferred not to use financial services as most of these entail interest payments. In addition, banks were said to lack interest in providing small-scale loans as they are used to working with larger investments. It was also mentioned that MFIs lack awareness about the CRRF.

Thus, through engagement with governmental stakeholders, Mercy Corps has been working on facilitating Sharia-compliant services and looking for ways in which financial institutions, such as Shaballe Bank and Rays Microfinance, can accommodate the needs of the project beneficiaries by allowing alternative collateral types such as group loans. Mercy Corps, in cooperation with the government's cooperative promotion agency, has also taken the support to refugee beneficiaries a step further by helping them obtain necessary documents, such as residential IDs, to process loans in the future. Even though this was achieved through a different component of the STEDE project, it was considered the next step for the refugee VSLAs that had transitioned into RuSACCOs.



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**5.6.EVALUATION MATRIX**

**Table 8: Evaluation questions and indicators**

Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
<b>EQ1.</b> To what extent did EUTF interventions contribute to employment, job creation, and skills? To what extent did the STEDE project contribute to employment, job creation, and skills?					
1.1. What effects do trainings have on employability of beneficiaries and access to (decent) employment?	<b>1.1.ETH.a.</b> What impact does the VSLA intervention have on fostering self-employment of beneficiaries and starting new MSMEs?	<b>1.1.1. Employment (worked one hour in the past seven days)</b> <b>1.1.2. Employment (worked for more than one month in the past six months)</b> <b>1.1.3. Employment status (is self-employed, regular employee, apprentice, family worker, casual worker)</b> <b>1.1.4. Formality of employment</b> <u>Beneficiary's Professional practices</u>	Quant.	Structured Household Questionnaire	Impact
	<b>1.1.ETH.b</b> What is the impact of the VSLA interventions on investing in business development?	1.1.5. % of beneficiaries starting a new business 1.1.6. % of beneficiaries interested in investing in an existing business 1.1.7 % of beneficiaries investing in developing existing business Average size of business investments made 1.1.8. % of beneficiaries with diversified sources of income Crowding-in of investments (E.g., buying livestock)	Quant.	Structured Household Questionnaire	Impact
		1.1.9. Opportunities, barriers to, and the contribution of the intervention to livelihood diversification	Qual.	FGDs, IDIs, KIIs	Impact



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Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
	<b>1.1.ETH.c</b> What is the impact of the VSLA interventions on improved financial resource management practices and financial literacy?	1.1.10. Score on financial knowledge Score on management knowledge 1.1.11. % of beneficiaries using enhanced financial practices 1.1.12. % of beneficiaries using enhanced management practices	Quant.	Structured Household Questionnaire	Impact
		1.1.13. Type of new knowledge acquired 1.1.14. Use and relevance of new knowledge acquired 1.1.15. Satisfaction with the trainings and skills required 1.1.16. Effect on self-perception (confidence, skills, behaviour towards others)	Qual.	FGDs, IDIs, KIIs	Impact
<b>EQ2.</b> To what extent did EUTF interventions change resilience and livelihoods for beneficiaries? To what extent did the STEDE project change resilience and livelihoods for beneficiaries?					
<b>2.1</b> What effects do trainings have on livelihoods and resilience?	<b>2.1.ETH.a.</b> What effects do the interventions have on livelihood in terms of economic well-being of beneficiaries?	<del>% of beneficiaries that are employed or self-employed</del> 2.1.1. Average Employment Income Average value of assets 2.1.2. Average business profits	Quant.	Structured Household Questionnaire	Impact
		2.1.3. Subjective indicators for decent work and economic growth 2.1.4. Impact of the intervention on subjective indicators for decent work and economic growth 2.1.5. Perceived barriers to obtaining these indicators within or beyond the intervention	Qual.	FGDs, IDIs, KIIs	Impact
	<b>2.1.ETH.b.</b> What effects do the interventions have on the resilience of beneficiaries?	2.1.6. Sources of income 2.1.7. Brief resilience score 2.1.8. Coping strategies index 2.1.9. Food security score 2.1.9b. Month with food shortage 2.1.10 Subjective Well-Being	Quant.	Structured Household Questionnaire	Impact



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Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
		2.2.11 Number of months with food shortage			
		2.1.12. Impact of project activities on self-perception (confidence, skills, behaviour towards others, and vice versa)	Qual.	FGDs, IDIs, KIIs	Impact
EQ3. Which were the most cost-effective EUTF support options to enhance employability? What was the cost-effectiveness of each intervention among the two activities evaluated?					
3.1. What were the cost per beneficiaries of the EUTF interventions?	3.1.ETH. What were the costs of the interventions and/or trainings per beneficiary?	3.1.1. Cost of implementation per beneficiary	Quant.	Project documentation and increased incomes data obtained through the questionnaire	Efficiency
3.2. What are the impacts of the EUTF interventions (on employment) in terms of their costs?	3.2.ETH.a. What effects do the interventions and/or trainings in Activity 1.6 the VSLA intervention have on employment in terms of their costs?  3.2.ETH.b. What effects do the interventions and/or trainings have on income in terms of their costs?	3.2.1. Cost of implementation per jobs obtained by beneficiaries 3.2.2. Cost of implementation per income obtained by beneficiaries	Quant.	Project documentation and increased incomes data obtained through the questionnaire	Efficiency
EQ4. What other intended and unintended outcomes (e.g. mobility, migration, migration intentions, employment policies and reforms) did EUTF interventions contribute to? What other intended or unintended outcomes did the STEDE project contribute to?					
4.1. Which intended and unintended, positive, and negative outcomes did EUTF interventions contribute to, for whom and how?	4.1.ETH. What is the impact of the interventions on integration and social cohesion of beneficiaries?	4.1.1. Social cohesion and social capital score 4.1.1.a Social Cohesion 4.1.1.b Social Capital 4.1.2. Integration score	Quant.	Structured Household Questionnaire	Impact
		4.1.3. Identification of social groups and potential conflicts (Social Cohesion and Social Capital Toolkit)	Qual.	FGD	Impact



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Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
<b>4.2.</b> How did EUTF interventions change the intentions to move in search of employment (regionally/nationally/ internationally) for beneficiaries?	<b>4.2.ETH.</b> How did the intervention change refugees’ aspirations to migrate?	4.2.1. % of refugees with aspirations to migrate 4.2.2. Prepared to migrate 4.2.3. Intention to migrate within Somali region 4.2.4. Intention to migrate outside Somali region 4.2.5. Intention to migrate abroad within Africa 4.2.6. Intention to migrate abroad outside Africa	Quant.	Structured Household Questionnaire	Impact
		4.2.2. Refugees’ (reasons for) migration intentions (including barriers and opportunities) 4.2.3. Impact of the project on refugees’ aspiration to migrate	Qual.	FGDs, IDIs, KIIs	Impact
<b>EQ 5:</b> How did EUTF interventions include and promote different vulnerable groups such as youths, females, refugees, IDPs, migrants and host communities alike through its activities? How did the STEDE project include and promote different vulnerable groups?					
<b>5.1.</b> What are the (differentiated) effects of EUTF interventions by youths, females, refugees, IDPs, returning migrants and host communities in terms of job creation, employability, and skills attainment?	<b>5.1.ETH.</b> What are the differentiated effects of the interventions by gender, refugee/host, urban/rural	Indicator data from: 1.1.ETH. 1.2.ETH.a-b. 7.b.1-4.ETH	Quant.	Disaggregated content from 7.b.1-4.ETH	Impact
		Indicator data from: 1.1.ETH. 1.2.ETH.a-b. 7.b.1-4.ETH	Qual.	IDIs, FGDs	Impact
<b>5.2.</b> To what extent did EUTF interventions mostly follow a gender aware or gender-sensitive approach?	<b>5.2.ETH.</b> To what extent was the intervention designed and implemented in a gender-sensitive way?	5.2.1. Evaluation of the intervention’s gender awareness and its (exploitative, accommodating, transformative) effects based on gender/youth inclusive programming	Qual.	KIIs, project documentation	Relevance



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Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
<b>5.3.</b> To what extent did the services of EUTF interventions meet the specific needs of youths, females, refugees, IDPs, returning migrants and host communities in terms of job creation, employability, and skills attainment?	<b>5.3.ETH.</b> To what extent do the interventions meet the specific needs of beneficiaries?	5.3.1. Beneficiary's capacities, motivations, and interests 5.3.2. Adequacy of VSLA schemes and activities to match needs of (most vulnerable) beneficiaries	Qual.	FGDs, IDIs, KIIs	Relevance
<b>EQ 6:</b> What were the likely contributions of EUTF interventions when compared to Member States' independent and separate bilateral interventions? Questions for EQ6 are not asked at the national level in R1					
Other, country-specific questions					
<b>7.a.ETH.</b> How well are the interventions embedded in / in line with the existing practices, plans and policies?	<b>7a.1.ETH.</b> How well is the intervention embedded in and in line with existing/planned governmental policies?	7.1.1. Coherence with existing or planned policies	Qual.	KIIs Project documentation or public records	Coherence
	<b>7a.2.ETH.</b> To which degree do governmental practices support or undermine the intervention and vice versa?	7.1.2. Coherence with existing or planned practices Within the project: lived experiences of cooperation between public and private, NGO actors compared to the project plan	Qual.	KIIs	Coherence
<b>7b.ETH.</b> Do the interventions foster saving and access to credit?	<b>7b.1.ETH.</b> What is the impact of the interventions on access of refugees and host communities to (larger) loans?	7.1.3. % of beneficiaries receiving loans from formal institutes 7.1.4. % of beneficiaries receiving loans from VSLAs 7.1.5. Average loan size <del>Crowding out of other borrowing sources</del>	Quant.	Structured Household Questionnaire	Impact
		7.1.7. Factors influencing ability/probability to receive loans from savings groups and formal financial institutions 7.1.8. Effect on self-perception (confidence, skills, behaviour towards others)	Qual.	FGDs, IDIs, KIIs	Impact
	<b>7b.2.ETH.</b> What is the impact of the interventions on increased savings?	7.2.1. % of beneficiaries saving in saving accounts 7.2.2. % of beneficiaries saving at VSLAs 7.2.3. Average size of savings	Quant.	Structured Household Questionnaire	Impact



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Main Evaluation Question	Country-Level Judgment Criteria	Indicators	Method	Source of information	DAC Criteria
		7.2.4. Factors influencing savings behaviour (reasons for increased, decreased, or stagnant savings)	Qual.	FGDs, IDIs, KIIs	Impact
	<b>7b.5.ETH.</b> To what extent do the activities match the demands and expectations of MFI?	7.5.1. Beneficiary's capacities 7.5.2. Beneficiary's motivations and interests	Qual.	IDIs	Impact

Source: C4ED elaboration



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#### 5.7. LIST OF PERSONS/ORGANISATIONS CONSULTED

Stakeholder's Role	Organization	Position
Implementers	Mercy Corps	Programme Manager
		M&E Adviser
		MSD Specialist
		MSD Specialist 2
		Agricultural and Financial Adviser
		Labor Market Adviser
		Gender Focal Person
Sub-contractor to Implementer	Freelancer	Field Agents in the host community of Awbare Woreda
		Field Agents in the host community of Kebribeyah Woreda
		Field Agents in the refugee community of Awbare Woreda
		Field Agents in the refugee community of Kebribeyah Woreda
Local Bank/MFI	Ray's microfinance	Loan Officer
	Shabelle Bank	Head of Microfinance Cooperatives Division
UN Refugee Agency	UNHCR	Livelihood and Economic Inclusion Officer
Eth. Government	Regional government office	Regional Expert in Rural Finance
	Woreda government office	Cooperatives Official at Kebribeyah
Community/ Religious Leaders	Community member (individual)	Religious Leader of the refugee community in Kebribeyah Woreda
		Community Leader of the refugee community in Kebribeyah Woreda
		Community Leader of the host community in Kebribeyah Woreda



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**5.8. LITERATURE AND DOCUMENTATION CONSULTED**

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#### 5.9. OTHER TECHNICAL ANNEXES

*Results tables from the IPWRA estimation for the main sample*

Table 9: Impact on employment outcomes

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,09 *** (0,03)	13,13	1475	800	675
Worked/is working at least 1 month in the past year	0,09 *** (0,03)	13,13	1475	800	675
Self-employed	0,03 (0,02)	10,09	1475	800	675
Regular family worker	0,04 *** (0,01)	0,25	1475	800	675
Formal Job	0,01 (0,01)	2,26	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 10: Impact on business development

	ATT	POM	Observations		
			Total	Treated	Control
Interested in starting own business	-0,01 (0,03)	89,42	1474	799	675
Beneficiary started business after 2021	0,00 (0,01)	4,24	1475	800	675
Beneficiary interested in investing in their business	0,02 (0,02)	6,88	1475	800	675
Share of beneficiaries with diversified income sources	-0,03 (0,03)	83,89	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 11: Impact on practices and skills**

	ATT	POM	Observations		
			Total	Treated	Control
Financial Resource Management Practice (0-4)	0,50 *** (0,08)	0,45	1475	800	675
Financial Literacy Score (0-5)	-0,22 *** (0,06)	3,34	1475	800	675
Business Practice (0-8)	1,79 *** (0,36)	1,12	111	69	42

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 12: Impact on practices and skills, disaggregated.**

	ATT	POM	Observations		
			Total	Treated	Control
Equal Share of 1000 Birr	0,00 (0,02)	90,10	1475	800	675
Inflation Impact on 1000 Birr	0,02 (0,01)	95,79	1475	800	675
Interest on 25 Birr Loan	-0,07 *** (0,02)	91,95	1475	800	675
Savings Interest Year 1	-0,08 *** (0,03)	33,66	1475	800	675
Savings Interest Year 5	-0,09 *** (0,03)	22,42	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 13: Impact on loans and savings**

	ATT	POM	Observations		
			Total	Treated	Control
Saved money in the last 12 months	0,20 *** (0,03)	9,32	1474	799	675
Saved in formal institution	0,16 *** (0,04)	9,07	1475	800	675
Amount saved in formal institution (IHS transformed)	4,22 *** (0,86)	2,77	260	213	47
Received loan past 6 months	-0,02 (0,04)	21,40	1475	800	675
Household took out loan from formal institution	0,03 ** (0,01)	0,20	1475	800	675
VSLAs	0,02 ** (0,01)	0,00	1475	800	675
Loan amount of received (IHS transformed)	0,08 (0,12)	9,89	301	167	134

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 14: Impact on economic livelihood**

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,09 *** (0,03)	13,13	1475	800	675
Monthly employment income (IHS transformed)	0,42 (0,30)	8,34	272	182	90
Profit in a typical month (IHS transformed)	0,79 ** (0,32)	7,70	178	110	68

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 15: Impact on resilience**

	ATT	POM	Observations		
			Total	Treated	Control
Number of income sources	0,09 (0,07)	1,13	1475	800	675
Brief Resilience Scale Score	0,04 (0,06)	2,74	1475	800	675
Wellbeing at the present time	0,40 *** (0,14)	4,15	1463	789	674
Food insecurity experience scale	-0,59 *** (0,17)	5,42	1135	629	506
Number of months of food shortage	-0,48 ** (0,22)	3,24	1475	800	675
Coping Strategies Index	2,89 *** (0,70)	8,94	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 16: Impact on the choice of coping mechanisms**

	ATT	POM	Observations		
			Total	Treated	Control
Dietary Change	-0,06 (0,04)	60,61	1475	800	675
Increase Short-Term Household Food Availability	-0,01 (0,07)	1,17	1475	800	675
Decrease Numbers of People	0,08 *** (0,03)	0,09	1475	800	675
Rationing Strategies	0,41 *** (0,12)	1,28	1475	800	675
Average frequency of using a coping strategy	0,22 *** (0,05)	0,69	1475	800	675
Number of Practices (z-score)	0,16 ** (0,08)	-0,20	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 17: Impact on social capital, social cohesion, and integration**

	ATT	POM	Observations		
			Total	Treated	Control
Social Capital Score	-2,21 ** (0,80)	58,76	1475	800	675
Social capital: Relationships	0,83 ** (0,32)	19,35	1475	800	675
Social capital: Resources	-0,16 (0,34)	5,54	1475	800	675
Trust	-2,70 *** (0,62)	29,84	1475	800	675
Collective Action Norms	-0,17 (0,12)	4,03	1475	800	675
Social Cohesion Score	-2,69 *** (0,81)	55,68	1475	800	675
Social Cohesion: Belong	-0,07 (0,10)	5,80	1475	800	675
Social Cohesion: Identity	-0,18 (0,24)	6,54	1475	800	675
Social Cohesion: Attitude towards out-group	0,34 ** (0,15)	4,78	1475	800	675
Social Cohesion: Civic engagement	0,09 (0,13)	4,70	1475	800	675

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 18: Impact on the aspiration to migrate**

	ATT	POM	Observations		
			Total	Treated	Control
Intend to migrate	-0,02 (0,04)	79,66	573	337	236
Prepared to migrate conditional on having an intention	-0,02 (0,03)	23,48	421	254	167
Internal - within Somali region	0,06 *** (0,02)	2,14	416	252	164
Internal - outside Somali region	0,03 (0,02)	1,09	416	252	164
Abroad - within Africa	0,00 (0,01)	0,68	416	252	164



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Abroad - outside Africa	-0,08 *** (0,03)	96,10	416	252	164
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Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

### *Results tables from the IPWRA estimation for the female sub-sample*

Table 19: on employment outcomes for the female sub-sample.

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,09 ** (0,03)	12,13	1049	579	470
Worked/is working at least 1 month in the past year	0,10 ** (0,03)	12,13	1049	579	470
Self-employed	0,04 (0,03)	8,82	1049	579	470
Regular family worker	0,04 *** (0,01)	0,31	1049	579	470
Formal Job	0,01 (0,01)	2,19	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 20: Impact on business development for the female sub-sample

	ATT	POM	Observations		
			Total	Treated	Control
Interested in starting own business	0,01 (0,04)	87,16	1048	578	470
Beneficiary started business after 2021	0,02 (0,01)	3,36	1049	579	470
Beneficiary interested in investing in their business	0,03 (0,03)	6,56	1049	579	470
Share of beneficiaries with diversified income sources	-0,03 (0,03)	85,19	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.



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POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.  
Source: C4ED elaboration

**Table 21: Impact on practices and skills for the female sub-sample**

	ATT	POM	Total	Observations Treated	Control
Financial Resource Management Practice (0-4)	0,54 *** (0,08)	0,41	1049	579	470
Financial Literacy Score (0-5)	-0,10 (0,07)	3,26	1049	579	470
Business Practice (0-8)	1,74 *** (0,40)	1,16	73	47	26

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 22: Impact on practices and skills, disaggregated, for the female sub-sample**

	ATT	POM	Total	Observations Treated	Control
Equal Share of 1000 Birr	0,02 (0,02)	88,48	1049	579	470
Inflation Impact on 1000 Birr	0,02 * (0,01)	96,00	1049	579	470
Interest on 25 Birr Loan	-0,04 (0,02)	91,40	1049	579	470
Savings Interest Year 1	-0,05 (0,03)	30,92	1049	579	470
Savings Interest Year 5	-0,06 * (0,03)	19,61	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 23: Impact on Loans and savings for the female sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Saved money in the last 12 months	0,22 *** (0,04)	9,00	1048	578	470
Saved in formal institution	0,19 *** (0,05)	8,51	1049	579	470
Amount saved in formal institution	3,66 * (1,87)	3,53	202	173	29
Received loan past 6 months=1	-0,04 (0,04)	24,25	1049	579	470
Household took out loan from formal institution	0,03 * (0,01)	0,27	1049	579	470
VSLAs	0,02 * (0,01)	0,00	1049	579	470
Loan amount of received (IHS transformed)	-0,01 (0,14)	9,88	229	127	102

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 24: Impact on economic livelihoods for the female sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,09 ** (0,03)	12,13	1049	579	470
Monthly employment income (IHS transformed)	0,54 ** (0,26)	8,14	193	131	62
Profit in a typical month	0,70 ** (0,33)	7,60	123	79	44

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 25: Impact on the resilience of the female sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Number of income sources	0,08 (0,08)	1,17	1049	579	470
Brief Resilience Scale Score (z-score)	0,06 (0,09)	-0,09	1049	579	470
Wellbeing at the present time (z-score)	0,25 *** (0,10)	-0,20	1041	572	469
Food insecurity experience scale (z-score)	-0,30 *** (0,09)	0,28	833	464	369
Months of food shortage (z-score)	-0,29 *** (0,10)	0,30	1049	579	470
Coping Strategies Index (z-score)	0,30 *** (0,08)	-0,21	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 26: Impact on the choice of coping mechanisms in the female sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Dietary Change	-0,05 (0,04)	60,58	1049	579	470
Increase Short-Term Household Food Availability	-0,01 (0,08)	1,20	1049	579	470
Decrease Numbers of People	0,11 *** (0,03)	0,08	1049	579	470
Rationing Strategies	0,50 *** (0,14)	1,32	1049	579	470
Average frequency of using a coping strategy	0,23 *** (0,06)	0,69	1049	579	470
Number of Practices (z-score)	0,22 *** (0,09)	-0,17	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 27: Impact on social capital and social cohesion in the female sub-sample

	ATT	POM	Observations		
			Total	Treated	Control
Social Capital Score	-1,82 * (0,92)	58,00	1049	579	470
Social capital: Relationships	1,06 ** (0,39)	18,73	1049	579	470
Social capital: Resources	0,13 (0,39)	5,18	1049	579	470
Trust	-2,85 *** (0,69)	29,95	1049	579	470
Collective Action Norms	-0,16 (0,15)	4,14	1049	579	470
Social Cohesion Score	-2,91 ** (0,96)	55,86	1049	579	470
Social Cohesion: Belong	-0,11 (0,14)	5,85	1049	579	470
Social Cohesion: Identity	-0,15 (0,30)	6,66	1049	579	470
Social Cohesion: Attitude towards out-group	0,31 * (0,16)	4,61	1049	579	470
Social Cohesion: Civic engagement	0,05 (0,17)	4,66	1049	579	470

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 28: Impact on the aspiration to migrate in the female sub-sample

	ATT	POM	Total	Observations Treated	Control
Intend to migrate	-0,01 (0,03)	78,93	501	304	197
Prepared to migrate conditional on having an intention	-0,03 (0,04)	24,88	375	232	143
Internal - within Somali region	0,07 *** (0,01)	1,34	371	230	141
Internal - outside Somali region	0,02 (0,01)	1,19	371	230	141
Abroad - within Africa	-0,01 (0,01)	0,91	371	230	141
Abroad - outside Africa	-0,08 *** (0,02)	96,56	371	230	141

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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*Results tables from the IPWRA estimation for the male sub-sample*

**Table 29: Impact on employment outcomes for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,07 (0,04)	14,88	425	221	204
Worked/is working at least 1 month in the past year	0,07 (0,04)	14,88	425	221	204
Self-employed	0,00 (0,04)	13,32	425	221	204
Regular family worker	0,04 * (0,01)	0,00	425	221	204
Formal Job	0,01 (0,01)	1,70	425	221	204

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 30: Impact on business development for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Interested in starting own business	-0,04 (0,03)	95,23	425	221	204
Beneficiary started business after 2021	-0,03 (0,02)	6,25	425	221	204
Beneficiary interested in investing in their business	0,01 (0,03)	7,52	425	221	204
Share of beneficiaries with diversified income sources	-0,04 (0,05)	81,74	425	221	204

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 31: Impact on practices and skills for the male sub-sample

	ATT	POM	Observations		
			Total	Treated	Control
Financial Resource Management Practice (0-4)	0,34 ** (0,16)	0,61	425	221	204
Financial Literacy Score (0-5)	-0,47 *** (0,10)	3,48	425	221	204

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 32: Impact on practices and skills for the male sub-sample, disaggregated

	ATT	POM	Observations		
			Total	Treated	Control
Financial Resource Management Practice (z-score)	0,29 ** (0,14)	-0,26	425	221	204
Financial Literacy Score (z-score)	-0,48 *** (0,10)	0,29	425	221	204
Business Practice (z-score)	0,33 (0,59)	-0,22	38	22	16

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 33: Impact on loans and savings for the male sub-sample

	ATT	POM	Observations		
			Total	Treated	Control
Saved money in the last 12 months	0,14 ** (0,05)	10,37	425	221	204
Saved in formal institution	0,06 (0,04)	11,32	425	221	204
Amount saved in formal institution	2,42 (1,65)	3,81	58	40	18
Received loan past 6 months=1	0,03	14,66	425	221	204



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	(0,04)				
Household took out loan from formal institution	0,02	0,00	425	221	204
	(0,02)				
VSLAs	0,01	0,00	425	221	204
	(0,01)				
Loan amount of received (IHS transformed)	0,98 *	9,25	71	40	31
	(0,59)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 34: Impact on economic livelihood for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,07	14,88	425	221	204
	(0,04)				
Monthly employment income (IHS transformed)	0,05	8,90	79	51	28
	(0,42)				
Profit in a typical month (IHS transformed)	0,82	8,12	55	31	24
	(1,15)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 35: Impact on resilience for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Number of income sources	0,07	1,10	425	221	204
	(0,10)				
Brief Resilience Scale Score (z-score)	0,10	-0,14	425	221	204
	(0,12)				
Well-being at the present time (z-score)	0,32 *	-0,03	421	217	204
	(0,15)				
Food insecurity experience scale (z-score)	-0,23	-0,23	301	165	136
	(0,14)				
Months of food shortage (z-score)	-0,05	0,02	425	221	204
	(0,09)				
Coping Strategies Index (z-score)	0,23 *	-0,16	425	221	204



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(0,11)

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 36: Impact on the choice of coping mechanisms for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Dietary Change	-0,13 * (0,08)	63,13	425	221	204
Increase Short-Term Household Food Availability	-0,10 (0,13)	1,15	425	221	204
Decrease Numbers of People	0,00 (0,04)	0,10	425	221	204
Rationing Strategies	0,24 (0,17)	1,15	425	221	204
Average frequency of using a coping strategy	0,18 * (0,09)	0,72	425	221	204
Number of Practices (z-score)	0,01 (0,12)	-0,24	425	221	204

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 37: Impact on social capital, social cohesion, and integration for the male sub-sample**

	ATT	POM	Observations		
			Total	Treated	Control
Social Capital Score	-3,21 ** (1,04)	60,69	425	221	204
Social capital: Relationships	0,35 (0,37)	20,80	425	221	204
Social capital: Resources	-0,80 * (0,39)	6,36	425	221	204
Trust	-2,46 ** (0,89)	29,67	425	221	204
Collective Action Norms	-0,31 * (0,18)	3,86	425	221	204
Social Cohesion Score	-2,28 * (1,03)	55,37	425	221	204



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Social Cohesion: Belong	0,07 (0,15)	5,62	425	221	204
Social Cohesion: Identity	-0,21 (0,27)	6,22	425	221	204
Social Cohesion: Attitude towards out-group	0,49 * (0,27)	5,12	425	221	204
Social Cohesion: Civic engagement	0,13 (0,15)	4,88	425	221	204

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

### *Results tables from the IPWRA estimation for refugee communities*

**Table 38: Impact on employment outcomes in refugee communities**

	ATT	POM	Observations		
			To- tal	Treated	Control
Worked for at least one hour in the past week	0,15 *** (0,05)	11,71	573	337	236
Worked/is working at least 1 month in the past year	0,15 *** (0,05)	11,71	573	337	236
Self-employed	0,09 ** (0,03)	7,32	573	337	236
Regular family worker	0,04 ** (0,02)	0,00	573	337	236
Formal Job	0,02 (0,02)	3,10	573	337	236

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 39: Impact on business development in refugee communities**

	ATT	POM	Observations		
			To- tal	Treated	Con- trol
Interested in starting own business	0,05 (0,05)	85,91	572	336	236
Beneficiary started business after 2021	0,05 ** (0,02)	3,15	573	337	236



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Beneficiary interested in investing in their business	0,07 *	4,28	573	337	236
	(0,03)				
Share of beneficiaries with diversified income sources	-0,01	98,78	573	337	236
	(0,01)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 40: Impact on practices and skills in refugee communities**

	ATT	POM	Observations		
			Total	Treated	Control
Financial Resource Management Practice (0-4)	0,61 ***	0,33	573	337	236
	(0,10)				
Financial Literacy Score (0-5)	-0,11	3,40	573	337	236
	(0,08)				
Business Practice (0-8)	2,81 ***	0,25	60	36	24
	(0,65)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 41: Impact on practices and skills in refugee communities, disaggregated**

	ATT	POM	Observations		
			Total	Treated	Control
Equal Share of 1000 Birr	0,00	92,27	573	337	236
	(0,03)				
Inflation Impact on 1000 Birr	0,02	96,75	573	337	236
	(0,01)				
Interest on 25 Birr Loan	-0,06 **	96,65	573	337	236
	(0,02)				
Savings Interest Year 1	-0,05	35,73	573	337	236
	(0,04)				
Savings Interest Year 5	-0,03	18,31	573	337	236
	(0,03)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 42: Impact on loans and savings in refugee communities**

	ATT	POM	To- tal	Observations	
				Treated	Control
Saved money in the last 12 months	0,34 *** (0,03)	6,19	572	336	236
Amount saved in formal institution	5,78 *** (1,76)	1,15	182	148	34
Received loan past 6 months=1	-0,06 (0,07)	30,39	573	337	236
Household took out loan from formal institution	0,05 * (0,03)	0,00	573	337	236
VSLAs	0,03 * (0,02)	0,00	573	337	236
Loan amount of received (IHS transformed)	-0,08 (0,13)	10,00	146	92	54

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 43: Impact on economic livelihood in refugee communities**

	ATT	POM	To- tal	Observations	
				Treated	Control
Worked for at least one hour in the past week	0,15 *** (0,05)	11,71	573	337	236
Monthly employment income (IHS transformed)	0,35 *** (0,13)	8,39	129	97	32
Profit in a typical month	4,77 *** (1,13)	3,42	76	58	18

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 44: Impact on resilience in refugee communities

	ATT	POM	Observations		
			Total	Treated	Control
Number of income sources	0,13 (0,14)	1,41	573	337	236
Brief Resilience Scale Score (z-score)	0,13 (0,17)	-0,14	573	337	236
Well-being at the present time (z-score)	0,29 * (0,15)	-0,51	568	333	235
Food insecurity experience scale (z-score)	-0,30 ** (0,11)	0,51	480	291	189
Months of food shortage (z-score)	-0,48 *** (0,17)	0,72	573	337	236
Coping Strategies Index (z-score)	0,44 *** (0,09)	-0,20	573	337	236

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 45: Impact on the choice of coping mechanisms in refugee communities

	ATT	POM	Observations		
			Total	Treated	Control
Dietary Change	0,02 (0,04)	59,26	573	337	236
Increase Short-Term Household Food Availability	0,07 (0,06)	1,22	573	337	236
Decrease Numbers of People	0,17 *** (0,03)	0,06	573	337	236
Rationing Strategies	0,76 *** (0,18)	1,18	573	337	236
Average frequency of using a coping strategy	0,34 *** (0,07)	0,69	573	337	236
Number of Practices (z-score)	0,39 *** (0,06)	-0,23	573	337	236

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 46: Impact on social capital and social cohesion in refugee communities

	ATT	POM	Observations		
			Total	Treated	Control
Social Capital Score	0,36 (0,95)	55,88	573	337	236
Social capital: Relationships	1,80 ** (0,60)	17,50	573	337	236
Social capital: Resources	0,84 (0,55)	4,28	573	337	236
Trust	-1,81 (1,16)	29,38	573	337	236
Collective Action Norms	-0,47 * (0,22)	4,72	573	337	236
Social Cohesion Score	-2,11 (1,78)	55,88	573	337	236
Social Cohesion: Belong	-0,24 (0,18)	6,02	573	337	236
Social Cohesion: Identity	-0,13 (0,51)	7,09	573	337	236
Social Cohesion: Attitude towards out-group	0,38 * (0,22)	3,93	573	337	236
Social Cohesion: Civic engagement	0,15 (0,26)	4,74	573	337	236

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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*Results tables from the IPWRA estimation for the host communities*

**Table 47: Impact on employment outcomes in host communities**

	ATT	POM	Observations		
			To- tal	Treated	Control
Worked for at least one hour in the past week	0,04 (0,03)	14,09	902	463	439
Worked/is working at least 1 month in the past year	0,05 (0,03)	14,09	902	463	439
Self-employed	-0,01 (0,03)	11,97	902	463	439
Regular family worker	0,04 *** (0,01)	0,41	902	463	439
Formal Job	0,00 (0,01)	1,80	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 48: Impact on business development in host communities**

	ATT	POM	Observations		
			Total	Treated	Control
Interested in starting own business	-0,03 (0,03)	91,16	902	463	439
Beneficiary started business after 2021	-0,02 (0,01)	4,59	902	463	439
Beneficiary interested in investing in their business	0,00 (0,03)	8,15	902	463	439
Share of beneficiaries with diversified income sources	-0,05 (0,04)	74,78	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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Table 49: Impact on practices and skills in host communities

	ATT	POM	Observations		
			Total	Treated	Control
Financial Resource Management Practice (0-4)	0,42 *** (0,12)	0,53	902	463	439
Financial Literacy Score (0-5)	-0,26 *** (0,08)	3,28	902	463	439
Business Practice (0-8)	1,51 (0,94)	1,25	51	33	18

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 50: Impact on practices and skills in host communities, disaggregated

	ATT	POM	Observations		
			Total	Treated	Control
Equal Share of 1000 Birr	-0,01 (0,03)	88,85	902	463	439
Inflation Impact on 1000 Birr	0,02 (0,02)	94,71	902	463	439
Interest on 25 Birr Loan	-0,07 ** (0,03)	88,47	902	463	439
Savings Interest Year 1	-0,09 *** (0,03)	30,89	902	463	439
Savings Interest Year 5	-0,12 *** (0,03)	24,64	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

Table 51: Impact on loans and savings in host communities

	ATT	POM	To- tal	Observations	
				Treated	Control
Saved money in the last 12 months	0,12 *** (0,03)	11,09	902	463	439
Saved in formal institution	0,11 ***	3,37	902	463	439



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	(0,03)				
Received loan past 6 months	-0,01	16,91	902	463	439
	(0,03)				
Household took out loan from formal institution	0,01	0,25	902	463	439
	(0,01)				
VSLAs	0,00	0,00	902	463	439
	(0,00)				
Loan amount of received (IHS transformed)	0,17	9,83	155	75	80
	(0,18)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 52: Impact on economic livelihood in host communities**

	ATT	POM	Observations		
			Total	Treated	Control
Worked for at least one hour in the past week	0,04	14,09	902	463	439
	(0,03)				
Monthly employment income (IHS transformed)	0,28	8,50	143	85	58
	(0,42)				
Profit in a typical month (IHS transformed)	0,42	8,32	102	52	50
	(0,00)				

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 53: Impact on resilience in host communities**

	ATT	POM	Observations		
			Total	Treated	Control
Number of income sources	0,06	0,96	902	463	439
	(0,07)				
Brief Resilience Scale Score (z-score)	-0,01	-0,04	902	463	439
	(0,08)				
Wellbeing at the present time (z-score)	0,29 *	0,03	895	456	439
	(0,12)				
Food insecurity experience scale (z-score)	-0,24 *	-0,15	655	338	317
	(0,10)				



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Months of food shortage (z-score)	-0,10 (0,06)	-0,04	902	463	439
Coping Strategies Index (z-score)	0,16 * (0,09)	-0,17	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration

**Table 54: Impact on the choice of coping mechanisms among in host communities**

	ATT	POM	To- tal	Observations	
				Treated	Control
Dietary Change	-0,13 * (0,06)	62,57	902	463	439
Increase Short-Term Household Food Availability	-0,11 (0,10)	1,18	902	463	439
Decrease Numbers of People	0,03 (0,04)	0,10	902	463	439
Rationing Strategies	0,17 (0,15)	1,37	902	463	439
Average frequency of using a coping strategy	0,12 * (0,06)	0,71	902	463	439
Number of Practices (z-score)	-0,02 (0,11)	-0,14	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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**Table 55: Impact on social capital, social cohesion, and integration in host communities**

	ATT	POM	Observations		
			Total	Treated	Control
Social Capital Score	-3,67 *** (0,93)	60,42	902	463	439
Social capital: Relationships	0,34 (0,30)	20,39	902	463	439
Social capital: Resources	-0,76 ** (0,32)	6,31	902	463	439
Trust	-3,17 *** (0,78)	30,03	902	463	439
Collective Action Norms	-0,07 (0,12)	3,69	902	463	439
Social Cohesion Score	-3,22 *** (0,95)	55,73	902	463	439
Social Cohesion: Belong	-0,04 (0,11)	5,73	902	463	439
Social Cohesion: Identity	-0,28 (0,22)	6,28	902	463	439
Social Cohesion: Attitude towards out-group	0,35 (0,22)	5,27	902	463	439
Social Cohesion: Civic engagement	-0,01 (0,13)	4,74	902	463	439

Notes: \*, \*\*, & \*\*\* represent statistical significance at the 10%, 5%, & 1% level respectively.

Results from IPWRA regressions. Regressions include covariates.

POM is expressed in the outcome's original unit. For binary outcomes, the POM corresponds to a share.

Source: C4ED elaboration



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#### 5.10. CONTRIBUTING EVALUATORS

**Dr. Johanna Gather** has a Ph.D. in Agricultural Economics. Dr. Gather has proven teaching experience as a Research Associate in the fields of Environmental and Resource Economics and Agricultural Economics. She is experienced in monitoring and evaluation of projects promoting sustainable agriculture. Ms. Gather is highly proficient in quantitative data analysis (experimental and quasi-experimental); in particular, IE methods such as randomised control trials (RCT), matching (PSM and IPWRA) and the difference-in-difference approach. Experienced in experiment and survey design and sampling. Strong knowledge of mixed methods approaches (combining quantitative and qualitative research approaches/findings). At the Center for Evaluation and Development, her responsibilities include planning and conducting impact evaluations, proposal writing, supporting data collections, data analysis, and report writing. Dr. Gather has previously worked as a Research Assistant on a project funded by the German Research Foundation (DFG), where she performed data cleaning, data analysis, and supported report writing and scientific publications. She is fluent in English and German.

**Ms. Nolawit Koricho** is a Qualitative Research and Evaluation Specialist (QREM) at C4ED with a Master's degree in Social Work from Addis Ababa University, Ethiopia, and has more than seven years of experience in conducting qualitative research and working in academia, including in collecting and analysing qualitative data for various projects in Ethiopia in diverse thematic areas such as nutrition (specifically stunting reduction), women's entrepreneurship (including their role in decision-making for the adoption of improved farming practices), safety net (food vouchers) for women with very young children and pregnant women, and child labour. Before joining C4ED, she worked with Laterite in data collection and analysis for the project "Gender-specific Drivers of Best Practice Adoption: Teff Farmers in Ethiopia" for the Sasakawa Africa Association. The project used an investigative approach in evaluating the increase in the participation of women in training for farmer households, which aimed at enhancing women's involvement in teff farming, post-harvest handling, and agricultural processing. She was also involved in projects in the Amhara region, including large target groups such as the WFP's 'Fresh Food Voucher Programme', which involved 27,000 households across seven woredas. Ms. Koricho is a member of the Ethiopian Society of Sociologists, Social Workers and Anthropologists. Recently she has become a board member of the Ethiopian Evaluation Association, a non-profit, non-government professional association, with a mission to provide capacity building on monitoring and evaluation to Ethiopia's evaluation professionals. She is fluent in Amharic and English.



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