STUDY SUMMARY

Benchmarking Cash to an Employment Program in Rwanda

How does an employment and training program compare, in impacts and cost, to just giving people cash? In Rwanda, researchers are working with IPA to evaluate the impacts and cost-effectiveness of youth employment program, cash grants of equal cost to the funder, and a combination of the two on the employment status, time use, beneficiary income from wages and/or self-employment, value of productive assets owned by the beneficiary household, and household consumption, as well as a range of secondary and intermediate outcomes.

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COUNTRY
Rwanda

PARTNERS
GiveDirectly, Education Development Center

PROGRAM AREA
Social Protection

TOPICS
Cash Transfers, Human Capital & Skills, Training & Mentoring, Vocational Training, Youth

TIMELINE
2017-2021

Policy Issue

Evidence has found that giving cash to the poor without conditions or requirements has meaningful impacts on important life outcomes in the short term, such as child nutrition, schooling, mental health, teen pregnancy and HIV, microenterprise outcomes, consumer durables, and productive assets. The evidence on the long-term impacts of cash transfers is more mixed, but some studies have found substantial impacts. Given many studies in many different contexts showing that such household grants programs can be effective at reducing poverty, and given the low cost and simplicity of distributing household grants, there is increasing interest in establishing household grants as the 'index fund,' or benchmark, in international development. Previous research has benchmarked food aid to cash, and evaluations have also benchmarked more complex, multidimensional programs against cash. This research contributes evidence on the relative cost-effectiveness of a youth employment program and cash grants of equal cost to the donor. The goal of the study is to provide transparent quantitative evidence that will be useful to the Government of Rwanda.

Evaluation Context

The study is taking place in Rwamagana, Muhanga and Nyamagabe districts of Rwanda among poor and vulnerable youth (men and women), who were deemed eligible for the USAID Rwanda Youth Employment Project / Huguka Dukore, had a certain poverty status, and who expressed interest in participating in the program.[1]

In Rwanda, about 35 percent of the youth population is neither employed, in training, nor school, according to a 2017 report.[2] The government has identified some of the major challenges facing youth to be employable skills, mindset and attitudes, business capacity, and access to finance.[3]

Huguka Dukore is a 5-year project (2017-2021) that will provide 40,000 vulnerable youth (women and men) with employability skills by scaling up successfully proven Akazi Kanoze interventions, across 19 (of 30 total) districts countrywide, using a series of inclusive innovations that will invite more youth to participate in Rwanda's historic transformation, particularly women, youth with disabilities and other vulnerable groups. Huguka Dukore follows USAID's strategy on workforce readiness and skills training and is implemented by Education Development Center, Inc. (EDC).

The benchmarking cash transfer program was implemented by GiveDirectly, a US-based nonprofit that specializes in making unconditional household grants via mobile money.

Details of the Intervention

Researchers are working with IPA to rigorously evaluate the relative cost-effectiveness of Huguka Dukore, the youth employment program, compared to unconditional cash grants of the same cost to the donor. The study will measure and compare impacts on primary outcomes of employment status, time use, beneficiary income from wages and/or self-employment, value of productive assets owned by the beneficiary household, and household consumption, as well as a range of secondary outcomes and intermediate mechanisms.

Huguka Dukore: Huguka Dukore, which means 'get trained, let's work' in Kinyarwanda, is a five-year activity that will provide 40,000 vulnerable youth with increased opportunities for wage and self-employment through a suite of interventions that, among other things, aim to improve workforce readiness through education, training, and on-the-job training or internship experiences. This activity builds on lessons learned from USAID's prior work in this area through Akazi Kanoze Youth Livelihoods Project implemented by EDC. Recognizing the diversity of youth backgrounds and goals, Huguka Dukore will offer multiple program pathways including: i) employment preparation; ii) individual and cooperative youth microenterprise start-up; iii) business development for existing microenterprises; and iv) continuation onto additional formal TVET training.

Unconditional cash grants: GiveDirectly delivers cash transfers, typically with no conditions on how the money can be spent, to eligible households via mobile money. In this case, some households received a cash grant sized to the anticipated cost of the Huguka Dukore program. Other households received a larger transfer, which was sized to be as cost-effective as possible given the costs of administering cash transfers. The cash transfers were funded by USAID and Google.org.

Both programs were administered to eligible youth who expressed interest in participating in the program, and knew they would be selected for it at random.

One thousand eight hundred and forty eight eligible individuals were randomly assigned to one of four groups:

1. **Huguka Dukore:** Eligible youth received the full youth employment program, costing the funder an estimated $452.47 (485 individuals)
2. **Household grants:** Eligible youth received unconditional cash grants via mobile money. Within this group of 672 individuals, researchers further randomized participants into four groups. Three groups either received grants of $317.34, $410.19 and $503.04 (amount transferred). The fourth

group was assigned to receive a 'large' GiveDirectly transfer of $750. Because the exact cost of Huguka Dukore was not known prior to implementation, this allocation of different cash amounts enabled researchers to make an exact cost-equivalent comparison of impacts. The fourth transfer amount was designed to examine impact at the transfer amount that GD feels will maximize the benefit-cost ratio of household grants. This variation is intended to shed light on optimal transfer size for purposes of the health and socio-economic outcomes that are the main objectives of this study.

3. **Huguka Dukore plus cash grants** : Eligible youth received the full youth employment program and the unconditional cash grant ($410.19)((203 individuals)
4. **Comparison group:** none of the above at the time of study (488 individuals)

Researchers are measuring impacts approximately 18 months after the baseline survey, to evaluate impacts on the outcomes described above, as well as costs.

Results and Policy Lessons

Project on-going; results forthcoming.

Sources

[1] The eligibility criteria Huguka Dukore are (a) ages ranging from 16 – 30 and (b) less than nine years of completed education. Because of the conditions placed on GiveDirectly by the Rwandan government, eligibility for the study was further limited to (c) households registered in Ubudehe poverty status 1 or 2. In order to provide a study that has compliance rates with the HD training that are as high as possible, we further restricted eligibility to those who (d) expressed interest in participating in the employment and entrepreneurship readiness training.

[2] National Institute of Statistics of Rwanda (NISR), Labour Force Survey August 2017 report, April 2018. P. 46 Available at: http://www.statistics.gov.rw/publication/labour-force-survey-report-august-2017

[3] Rwanda youth sector strategic plan 2013-2018. Available at: http://extwprlegs1.fao.org/docs/pdf/rwa165155.pdf