



Building Business Networks to Strengthen Refugee Economic and Social Integration in Kampala, Uganda: A Cost-effectiveness Analysis

HIGHLIGHTS

In Kampala, Uganda, refugee and host community micro-entrepreneurs face limited business networks and capital constraints that make it difficult to start and sustain businesses; At baseline, only 47.3% of the sample owned a business, earning average monthly revenues of just \$109. Cash grants, offered alone or paired with structured business networking groups, aim to address these constraints by providing capital and connecting entrepreneurs to fellow business owners so they can exchange information and collaborate. However, decision-makers need evidence of cost-effectiveness to decide whether to allocate resources.

Between May 2024 and December 2025, researchers from the Immigration Policy Lab at Stanford University and the Georgetown University Initiative on Innovation, Development, and

Evaluation, in partnership with the IRC, evaluated the second wave of the Re:BUILD program in Kampala, Uganda through a randomized controlled trial, tracking the economic, social, and psychological outcomes of 3,970 refugee and host study participants.

We conducted a cost-effectiveness analysis and found that the cash grant cost \$561 per client and paid for itself within 13.5 months through revenue gains (89% annual ROI) and 59.6 months through profit gains (20% ROI). Adding a business-networking component cost an additional \$152–164 per client without producing a statistically significant additional gain in business revenue or profits.

Our analysis suggests that a cash grant is a cost-effective approach to strengthen refugees and host micro-enterprises in Kampala, relative to adding a blanket networking component, without a statistically significant additional gain in business revenue or profits. While the blanket networking

intervention is not a cost-effective use of resources, program designers should consider prioritizing cash transfers while targeting networking opportunities for participants who are most likely to benefit from it, such as those with lower baseline business revenue.

THE APPROACH: THE INTERVENTION(S) AND WHAT IT/THEY AIM(S) TO DO

Refugees in East Africa: Boosting Urban Innovations for Livelihoods Development (Re:BUILD) is a livelihoods program that pairs an unconditional cash grant with a structured business-networking component. It is designed to strengthen economic self-reliance and self-employment among refugees and hosts, and to test whether business networks generate benefits for entrepreneurs beyond grants alone. Wave 2 builds on learning from [Wave 1](#) about mentorship to focus specifically on connecting entrepreneurs within cities and building durable business networks. The networking design tested in this wave varied between two treatment arms: One built small, repeated relations through fixed networking groups, while the other facilitated connections with a wider range of entrepreneurs through rotating network groups. Across treatment arms, network groups were assigned to either mixed or single nationality composition.

We implemented the program in Kampala, Uganda, an urban area where refugees and hosts pursuing micro-enterprises often lack the personal and professional networks needed to access information, suppliers, and customers. We offered this program to aspiring micro-entrepreneurs, a mix of refugees and host community members aged 18-45, interested in starting or already operating a business.

All participants received a one-time business grant of €413 (paid 7 weeks into the program). One third of the participants received only the cash grant, while the other two-thirds were split between the two networking treatments. Some were assigned to fixed network groups while others were assigned to rotating groups. Participants met in their network groups over a 10-week program.

With funding channeled through the IRC and in partnership with the Immigration Policy Lab at Stanford University and the Georgetown University

Initiative on Innovation, Development, and Evaluation, researchers measured the effect of the cash grant and the added networking component on business ownership and revenue, business practices and collaboration, psychological well-being, social cohesion, and business networks.

COST-EFFECTIVENESS ANALYSIS: PROCESS

Using estimates from our research partners' impact evaluation, we estimated the cost of achieving changes in business revenue and profits using an ingredient-based costing approach. This enables us to compare the cost of cash-only vs cash-plus networking treatments. We also analyzed cost data to inform program design and scalability, distinguishing fixed start-up costs (e.g., baseline data collection), ongoing fixed costs (e.g., management and operations support), and ongoing variable costs (e.g., the cash grant itself and group facilitation). We also analyzed spending by category, distinguishing direct costs (comprised largely of national/international staff time, program supplies and activities, and travel) from shared costs (comprised of office costs, shared staff costs, and indirect cost recovery, ICR).

COST-EFFECTIVENESS VS. COST-EFFICIENCY: WHAT'S THE DIFFERENCE?

A **cost-effectiveness** analysis evaluates a program's costs and its *outcome* effects (e.g., reduction in mortality, improvement in child literacy). We conduct cost-effectiveness analyses alongside impact evaluations to help us decide *which* programs to implement.

A **cost-efficiency** analysis evaluates a program's cost and its *output* effects (e.g., number of children immunized, number of teachers trained). Cost-efficiency analyses help us scale by providing evidence on *how* to best implement a program.

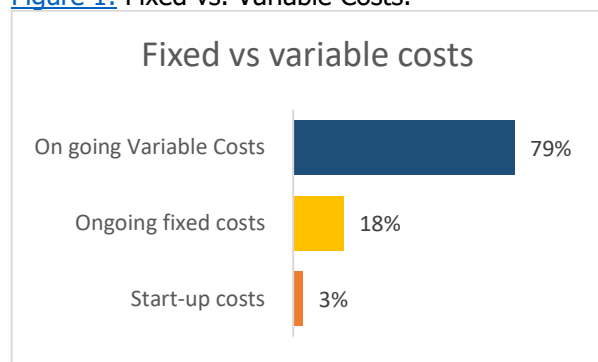
COST FINDINGS

It costs \$561 per client for the cash-only arm, rising to \$713 per client with fixed networking groups and US\$725 per client with rotating networking groups. These costs include direct costs (comprised largely of national/international staff, program supplies and activities (comprised of

the cash grant, group facilitation, and travel) and shared costs (comprised of office costs, shared staff costs, and (ICR).

In Figure 1, we break down the costs into three categories: fixed start-up costs, ongoing fixed costs, and ongoing variable costs. About 79% of total costs were ongoing variable costs (the cash grant and group facilitation), about 18% were ongoing fixed management and operations costs, and about 3% were one-time, fixed start-up costs (baseline data collection). The large majority of costs are variable and tied to the cash grant itself, so cost per client would be expected to stay relatively stable if the program were scaled to more clients.

Figure 1: Fixed vs. Variable Costs.



In Figures 2 and 3, we break down costs by category for the cash-only arm and for the combined cash-plus-networking arms. The cash grant itself was the largest cost driver in both arms, accounting for about 76% of spending in the cash-only arm and about 59% on the combined networking arms. Indirect cost recovery (ICR) and support costs together account for roughly 17–18% of spending in every arm. Meanwhile, non-staff personnel and travel and transportation each accounted for well under 1% of spending. One reason for the lower cash-grant share in the networking arms is that facilitating the weekly group sessions (staff time and other materials and activities) adds meaningfully to cost without changing the size of the grant itself.

Figure 2: Costs by Category-Cash-only arm

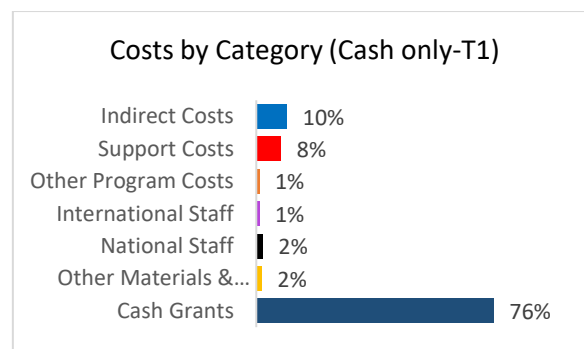
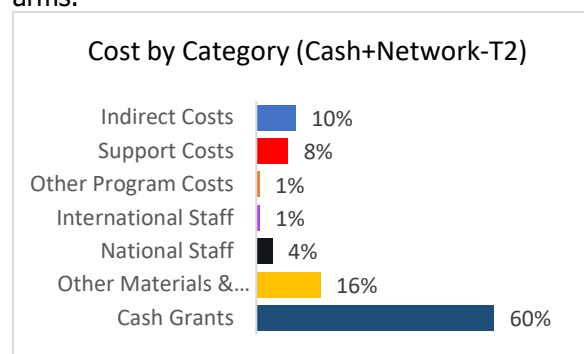


Figure 3: Costs by Category-Cash+Networking arms.



COST-EFFECTIVENESS ANALYSIS

Our cost-effectiveness analysis found that the cash grant costs \$561 per client and pays for itself within 13.5 months through revenue gains (an implied annual return on investment of 89%) and within 59.6 months through profit gains (a 20% annual return)ⁱ. Adding a networking component costs an additional \$152–164 per client but generates only about \$2.12 in additional average monthly business revenue, far too little to justify its marginal costⁱⁱ. In more everyday terms, it costs about €4 (\$4) to induce a 1-percentage-point change in the likelihood of a client having an open business by endline, and about €1 (\$1) to induce a \$1 increase in monthly revenue, both as a result of cash only.

Networks are not found to make a significant influence on business ownership or revenue beyond cash, but it costs about €1,831 (US\$1,975) to induce a one-SD change in business collaboration when networking is added.

A cost-aware targeting ruleⁱⁱⁱ suggests that Networking could become cost-effective if focused on predicted beneficiaries, such as those with lower baseline revenue.

CONCLUSION

Our analysis suggests that the unconditional cash grant is a cost-effective approach to strengthen livelihoods for refugee and host micro-entrepreneurs in Kampala, Uganda, while the additional business-networking component is not. These Uganda-specific cost results are consistent with the broader Re:BUILD Wave 2 finding pooled across Kenya and Uganda that cash is the more reliable driver of economic improvement and that networking adds only modest, largely short-term activation effects. Policymakers should consider cash transfers a valuable tool for urban refugees and host livelihoods programming. Funders should prioritize funding for cash-based approaches and consider funding further research into cost-effective, targeted networking models. For implementers, we recommend continuing to deliver the cash grant at scale while limiting structured networking groups to participants identified as most likely to benefit, such as those with lower baseline business revenue or smaller baseline business networks. Local and national NGOs implementing similar livelihoods programs may want to prioritize capital-based interventions and pilot any networking component on a smaller scale before wider rollout.

ANNEX: ACTIVITY BUCKETS ANALYZED

Costs were allocated across five activity buckets, aligned with the research treatment arms. Management & Operations Support and indirect cost recovery (ICR) are distributed across the other buckets by client share.

Set-up. One-time inception costs associated with launching the study and the networking arms.

Cash grant. Time and effort for distributing the cash grant, the value of the grant itself, transfer fees, financial-service-provider engagement, and post-distribution monitoring. Cost about US\$1.46 million (Uganda, all arms).

Facilitating the fixed and rotating groups. IRC-facilitated weekly group sessions over 10 weeks: fixed groups of 8 entrepreneurs (same or mixed nationality) met repeatedly; rotating groups of 60 entrepreneurs met more widely. Combined cost about US\$0.36 million (Uganda).

Research/Other. Research-only time and effort-BI experiments, data analysis, pilots, and the design workshop. Reported separately and not included in the treatment arms.

Management & Operations Support and Indirect Cost Recovery (ICR). Shared staff, office, and

IS THIS A BEST USE OF RESOURCES?

We classify an intervention as a best use of resources if we believe it is at least 20% more cost-effective than the alternative. If we think a program is no better than existing solutions, we do not think it is an especially good use of resources.

On the evidence available, our verdict is Yes for the cash grant and No for the added networking component. We hold this view with high confidence for the cash grant; confidence in the networking verdict is moderate.

Cash grant---Yes

We believe the Cash grant is a cost-effective use of resources. It pays for itself within 13.5–59.6 months through revenue and profit gains (annual returns of 20–89%), and improves business ownership, revenues, household income and savings, and self-reliance.

We recommend prioritizing cash transfers as the core of livelihoods programming for urban refugees and hosts.

The additional networking (added to cash) component: No: did not generate a statistically significant additional gain in business revenue, ownership, or profits over cash alone, and its marginal cost of \$152–164 per client is not justified by the modest, largely short-term gains observed in collaborative behavior and business practices.

However, effects were heterogeneous, and a cost-aware targeting rule suggests networking could become cost-effective if limited to participants predicted to benefit most, such as those with lower baseline business revenue.

overhead distributed across the treatment arms by client share. ICR (about 10% of total cost) is applied to direct costs.

ABOUT THIS BRIEF

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The **Airbel Impact Lab**, the IRC's research and innovation team, designs, tests, and scales life-

ⁱ These payback period and return-on-investment figures are reported directly in the Re:Build W2 Evaluation Report, Table 22. Section 10, and in the Re:BUILD W2 Policy Brief, Table 3, Section 3.6.

<https://rescue.box.com/s/ugjgvvdab08c7h1l51g32uo5o57tf7fg>

ⁱⁱ The \$2.12 additional average monthly business revenue and the \$152–191 marginal cost of networking are reported directly in the Re:BUILD W2 Policy Brief, Section 3.6, p.g 9: <https://rescue.box.com/shared/static/h73qgaarebrxu6w062qe4i68jpt16b4k.pdf>

ⁱⁱⁱ A cost-aware targeting rule is a decision rule, built from a causal forest model of the impact evaluation data,

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that assigns the networking add-on only to clients whose predicted benefit exceeds its cost, rather than offering it to everyone in the networking arms. The relevant threshold is the opportunity cost of spending on networking instead of cash: about \$0.18 in foregone monthly revenue for every \$1 spent on networking, pooled across Kenya and Uganda. See Re:BUILD W2 Evaluation Report, Section 10.1, "Cost-Aware Targeting: improving cost-effectiveness," and Table 23.