



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

HIGHLIGHTS

In Nairobi, Kenya, 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 57.5% of the Nairobi sample owned a business, earning average monthly revenues of just US\$103.

Cash grants combined with structured business-networking groups have the potential 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 on cost-effectiveness to decide whether to allocate resources to the networking component.

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 Nairobi, Kenya through a randomized controlled trial, tracking the economic, social, and psychological outcomes.

We conducted a cost-effectiveness analysis and found that in Kenya, the cash grant cost US\$637 per client and paid for itself within 8.6 months through revenue gains (139% annual ROI) and 23.6 months through profit gains (51% annual ROI). Adding a business-networking component cost an additional US\$155–191 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 micro-enterprises compared to adding a networking component. A blanket networking intervention is not a cost-effective use of resources. Program designers should prioritize cash transfers, while targeting networking opportunities to participants who are most likely to benefit from it, such as those with

lower baseline business revenue. We recommend further research on targeted networking approaches before scaling the networking component.

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) pairs an unconditional cash grant with a 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 capital alone. Wave 2 builds on learning from [Wave 1](#) about mentorship to focus specifically on connecting entrepreneurs 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 Nairobi, Kenya, an urban area where refugees and hosts pursuing micro-enterprises often lack the personal and professional networks needed to access information, suppliers, and customers.

Reached aspiring micro-entrepreneurs, a mix of refugees and host community members aged 18–45, who were 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.

Funded through the IRC and in research 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 added networking component on business ownership and revenue, business practices and collaboration, psychological wellbeing, 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 analysed cost data to inform program design and scalability, distinguishing fixed start-up costs (targeting, registration, baseline data collection), ongoing fixed costs (management and operations support), and ongoing variable costs (the cash grant itself and group facilitation). We also analyzed spending by category: direct costs (comprised largely of national/international staff, program supplies and activities, and travel), and 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.

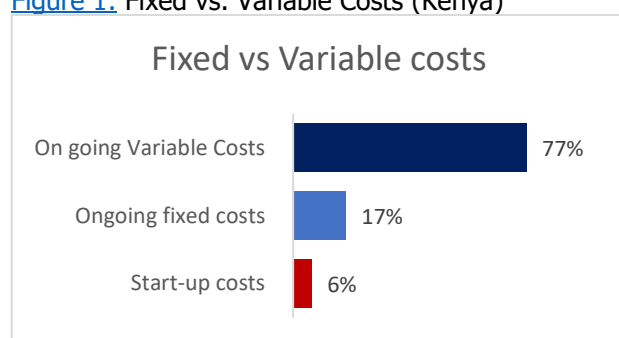
COST FINDINGS

The cost per client was \$637 per client for the cash-only arm and rose to \$792 per client with cash + fixed networking groups and \$828 per client with cash + rotating networking groups.

These costs include staff time, the cash grant, group facilitation, office and travel 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 77% of total costs were ongoing variable costs (the cash grant and group facilitation), 17% were ongoing fixed costs (management and operations), and 6% were one-time, fixed start-up costs (targeting, registration and baseline data collection). Because the large majority of costs variable and tied to the grant itself, cost per client would be expected to stay relatively stable if the program were scaled to more clients (at greater scale).

Figure 1: Fixed vs. Variable Costs (Kenya)



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 71% of spending in the cash-only arm and about 56% in the combined cash + 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 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

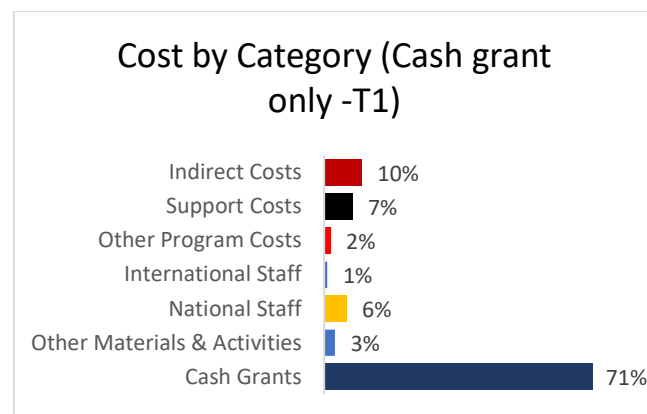
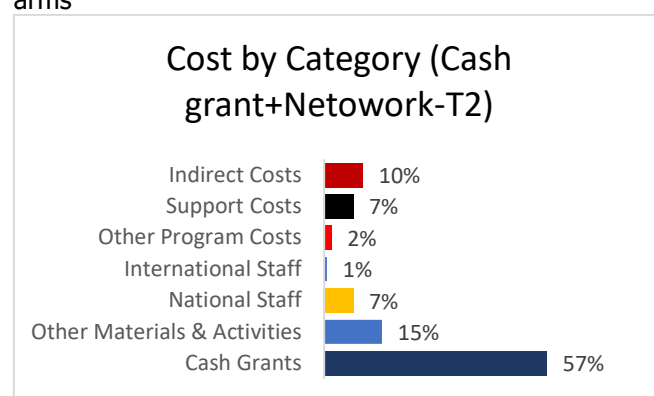


Figure 3: Costs by Category-Cash + Networking arms



COST-EFFECTIVENESS ANALYSIS

Our cost-effectiveness analysis found that the cash grant costs \$637 per client and pays for itself within 8.6 months through revenue gains (an implied annual return on investment of 139%) and within 23.6 months through profit gains (a 51% annual return)ⁱ. Adding a networking component costs an additional \$155–\$191 per client but generates only about \$2.12 in additional average monthly business revenue, not enough to justify the marginal costⁱⁱ. In other words, it costs about €4 (\$5) to induce a 1-percentage-point change in the likelihood of a client having a business opened by endline, and about € (\$1) to induce a \$1 increase in monthly revenue, both as a result of cash only. Cash alone does not induce a significant change in business collaboration. Networks are not found to make a significant influence on business ownership or business revenue beyond the cash grant, but it costs about €1,988 (US\$2,163) to induce a one-standard-deviation change in business collaboration when networking is added to the cash grant.

Effects were heterogeneous; a cost-aware targeting ruleⁱⁱⁱ suggests networking could become cost-effective if focused on predicted beneficiaries, such as those with lower baseline revenue.

CONCLUSION

Our analysis suggests that the cash grant is a cost-effective approach to strengthening livelihoods for refugees and host micro-entrepreneurs, while the added networking component is not. 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 networking groups to predicted beneficiaries (participants identified as most likely to benefit) such as those with lower baseline revenue or smaller business networks.

ANNEX: COST 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\$1.64 million (Kenya, 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\$0.40 million (Kenya).

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

Management & Operations Support and Indirect Cost Recovery (ICR). Shared staff, office, and overhead distributed across the treatment arms by client share. ICR (about 10% of total cost) is applied to direct costs.

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

- It pays for itself within 8.6–23.6 months through revenue and profit gains (annual returns of 51–139%).
- It 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.

Networking (added to cash)-No

- It did not generate a statistically significant additional gain in business revenue, ownership, or profits over cash alone, and its marginal cost of US\$155–191 per client is not justified by the modest, largely short-term gains observed in collaborative business behavior and business practices.

ABOUT THIS BRIEF

Suggested Citation: Magambo, Ramzy. 2026. "Strengthening Refugee Economic Livelihood and Social Integration in Nairobi, Kenya: A Cost-Effectiveness Analysis." The International Rescue Committee.

Writer: Ramzy Magambo

Reviewers: Mikaela George and Justin Labeille

Special thanks to the IRC Kenya country team for their support.

For more information, please visit www.rescue.org/cost-analysis or contact us: CostAnalysis@rescue.org

The **Airbel Impact Lab**, the IRC's research and innovation team, designs, tests, and scales life-changing solutions for people affected by conflict and disaster. Our aim is to find the most impactful and cost-effective products, services, and delivery systems possible. Airbel works to develop breakthrough solutions by combining creativity and rigor, openness and expertise, and a desire to think

afresh with the experience of a large-scale implementing organization.



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

<https://rescue.box.com/s/3tkhvw3h3s15n7slng8ly5v9qs5tuuqo>