

# STRENGTHENING SOCIO-ECONOMIC DEVELOPMENT AND BETTER EMPLOYMENT OPPORTUNITIES (STEDE) COUNTERFACTUAL IMPACT EVALUATION



Funded by  
the European Union

## EVALUATION CONTEXT

The STEDE project aims to improve the livelihood of refugees and host communities in the Fafan Zone, Somali regional state, Ethiopia by promoting economic and social inclusion.

To achieve these objectives, the project has been promoting and supporting the establishment of village savings and loan associations (VSLAs) in partnership with Mercy Corps, among other activities the project involved. Based on the monitoring data from Mercy Corps from June 2022, 83 VSLA groups have been formed in the refugee camps across Awbare, Shader and Kebribeya. In the host communities, 188 VLSA groups have been formed across Awbare and Kebribeyah. Given that a VSLA has 20 members on average, this implies that approximately 1,660 individuals in refugee camps and 3,760 individuals in the host communities have taken part in the intervention.

## UNDERSTANDING THE IMPACT

To understand the impacts of village savings and loan associations (VSLAs), C4ED is conducting a counterfactual impact evaluation (CIE). Specifically, C4ED is conducting a clustered randomised control trial (RCT) in which villages were randomly assigned to either a treatment group or a control group and hence, two similar groups are created, on average. To study the impact of the program on refu-

## QUICK FACTS

### IMPLEMENTING PARTNER

Mercy Corps

### LOCATION

Fafan Zone, Ethiopia

### METHODS

Cluster Randomized Controlled Trial  
Matching Method  
Mixed Method Approach

### TARGET GROUPS

Host communities, refugees, women

### FINANCING AMOUNT

10 000 000 EUR

gees, C4ED will rely on a propensity score matching (PSM) approach as beneficiaries have not been selected randomly. To measure the impacts of the project, C4ED collected data before and 17 months after the start of the project in refugee camps and about 13 months after the start of the project in host communities. The baseline survey took place in the third quarter of 2021 covering 70 villages from 35 kebeles

(administrative unit), and 44 blocks from 3 refugee camps. In total, C4ED collected data on 1,839 individuals. The main aim of the baseline survey is to have a better picture of the study population and check whether those in treatment areas, on average, have similar characteristics to those in control areas. The endline survey

took place between May and June 2023 and collected data on 1,822 respondents. In addition to the quantitative data, C4ED collected qualitative data from 33 sessions through key informant interviews (19), in-depth interviews (7), and focus group discussions (7).

## BUILDING ON SOLID FOUNDATIONS

**Counterfactual impact evaluations (CIEs)** are used to identify the attributable effect of a program on beneficiaries. The “counterfactual” is what life would have looked like in the absence of the intervention. Unlike in simple before-and-after comparisons, CIEs provide a way to separate program impacts from other effects. Since we cannot directly observe a counterfactual, we construct a control group using experimental and quasi-experimental econometric methods to estimate program impacts.

**A randomized control trial (RCT)** is an experimental method in which people from an eligible population are randomly selected to receive the program or serve as a control group. Randomization eliminates systematic differences between program recipients and the control group, allowing

researchers to estimate the causal impact of the program. This design has been followed through in host communities but not in the case of refugees and hence we resort to a propensity score matching technique.

**Propensity score matching (PSM):** As the project could not randomly select the refugee beneficiaries, C4ED cannot use an RCT to measure the impacts of the program on this specific population. Instead, the CIE is using a PSM approach, a statistical process that consists of making a group of project participants and a group of non-participants as comparable as possible based on observed characteristics. This quasi-experimental approach then allows to compare outcomes between the two (matched) groups to estimate the causal impact of the project.

### HOW WILL A CIE INFORM POLICY?

The findings of this evaluation study will inform the European Union Emergency Trust Fund and other relevant stakeholders on whether the village savings and loan associations (VSLAs) program achieved its intended effects, such as improving financial inclusion, social co-

hesion, employment, and migration and, if so, by how much. The findings from the cost-effectiveness analyses will also inform relevant stakeholders on whether the program is cost-effective and worth scaling up.

### TIPS FOR FUTURE PROJECT IMPLEMENTATION AND EVALUATION

- Highlight the implications of conducting a randomized control trial (RCT) before the start of the project to all relevant stakeholders to optimise the resources invested in the impact evaluation.

- Project implementers should adopt a standardized monitoring system to better follow the project activities and the evolutions of the key performance indicators (KPIs). For this purpose, the use of a digitalised questionnaire via tools such as Kobocollect, Survey Solutions, Survey CTO or CommCare is highly recommended.

