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Estimating the Impacts of Microfranchising on Young Women in Nairobi

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**Timeline**

2013-

**Sample Size**

1,341 young women 16-19 years old

**Research Implemented by IPA**

Yes

# Estimating the Impacts of Microfranchising on Young Women in Nairobi

## Abstract

Youth unemployment is a major challenge in many low-income countries, and evidence suggests young women in urban areas are disproportionately affected. This study in Kenya evaluates the Girls Empowered by Microfranchising program, which connects unemployed participants with local business franchisors and provides mentoring and startup capital for participants to launch businesses. The study will measure the direct impacts of the microfranchising intervention on participants; compare program impacts to the effect of a cash grant program; and estimate the impact of new microfranchises on nearby businesses.

## Policy Issue

Youth unemployment is a major challenge in many low-income countries, and evidence suggests young women in urban areas are disproportionately affected. While many programs have attempted to increase young women's physical and human capital, evaluations of these

programs have generated mixed results. However, there is mounting evidence that multifaceted economic empowerment programs that combine job skills or vocational training with more holistic life skills education can have substantial impacts on the entrepreneurial activities of young women. Microfranchising is a recent policy innovation that falls in this category. Microfranchising programs connect unemployed participants with local franchisor businesses, providing motivated individuals with an established business model and the capital and business linkages needed to make their business model operational. In developing country settings where formal sector employment is relatively unavailable to young women, microfranchising programs may be especially valuable. This study is the first ever impact evaluation of a microfranchising program.

## Context of the Evaluation

This study targets young women aged 16 to 19 residing in slum areas of Nairobi. In Kenya, 55 percent of urban women aged 15 to 25 in the labor force are unemployed, as compared with 34 percent of young men in urban areas, 28 percent of young women in rural areas, and 18 percent of young men in rural areas.<sup>1</sup>

The International Rescue Committee (IRC), the implementing partner in this study, which had implemented a microfranchising program in Sierra Leone, partnered with researchers and IPA to evaluate the impact of the Girls Empowered by Microfranchising (GEM) program in Kenya.

## Details of the Intervention

Researchers are conducting a randomized evaluation in Nairobi to measure the direct impact of the GEM program on a range of participant outcomes, compare program impacts to the effect of cash grants comparable in value to the microfranchising package, and estimate the effects of the GEM microfranchises on existing businesses.

After IPA conducted an initial survey in 2013, 1,341 willing participants were randomly assigned to either the GEM program, a cash grant program, or a comparison group.

Women assigned to receive the GEM program, implemented by the IRC in coordination with two community-based organizations, were invited to attend an orientation, followed by a 10-day business and life skills training course, and a several-day-long franchise-specific training. Those who completed the trainings received start-up capital in the form of equipment and supplies worth approximately US\$200 to start up a new business. The micro-franchisees then launched their businesses with one of two relatively well-known firms in Kenya, a prepared foods franchisor and a hair salon franchisor. Mentors from the community-based organizations regularly visited participants, providing ongoing support over the first months after launching the business.

Women assigned to the cash grant program, implemented by IPA, were invited to initial information sessions where they learned about the unconditional cash grants of 20,000 Kenyan shillings (approximately US\$200). Grants were distributed at subsequent meetings

and participants were given the option of receiving the grants in cash or through mobile money transfers.

In addition to comparing the impact the GEM program to the provision of comparably sized cash grants, researchers are measuring the direct impacts of the microfranchising intervention on participants approximately one year after launching a microfranchise; the indirect impacts of the GEM program on women whose friends participated in the program; the number of microfranchises that succeed or fail within the first year and factors associated with success; and the impacts of the newly launched microfranchises on pre-existing businesses in the target neighborhoods.

## Results and Policy Lessons

Results forthcoming.

## Sources

[1] UNDP. Discussion Paper: [Kenya's Youth Employment Challenge](#), January 2013.

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