Financial
Education
Fund

EVALUATING FINANCIAL EDUCATION PROJECTS

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KHULISA MANAGEMENT SERVICES

- Founded in 1993, Khulisa based in Johannesburg, South African-based firm involved in:
  - Monitoring Systems
  - Evaluation
  - Data Quality Assurance
  - Research, and
  - Community Development services
- Khulisa works in:
  - Education
  - Public Health
  - Human and Social Development
    - Child Labour
    - Human Trafficking
  - Economic Growth
  - Knowledge Management

KHULISA MANAGEMENT SERVICES

- Khulisa has been conducting evaluations and designing monitoring systems since 1993
  - Approximately 100 evaluations
  - Set up more than 30 monitoring systems
  - Conducted over 260 Data Quality Audits (DMS)
  - Manage very complex datasets and data warehouses
- Witnessed and participated in evaluation evolution

INTRODUCTION

- Why measure Financial Education Fund projects?
- What does it mean to evaluate financial education projects?
- How to measure financial capability?
- How to use information for planning?

WHY MEASURE FINANCIAL EDUCATION PROJECTS?

Governments and donors want information regarding their investments & contributions

- What have the results been?
- Are they making a difference, and if not – how to change?
- Are resources being used effectively? Not sufficient to list the number of workshops offered, etc.
- How have interventions addressed the four objectives mentioned?
- Does this contribute to poverty alleviation?

FEF CONTEXT

- Khulisa was engaged early July 2009 to support FEF Management Team
- Impact Evaluation is a requirement for FEF grantees
- Through FEF, DfID wants to gain greater insight and learn more about effective interventions for improving financial capacity
- Financial Inclusion and Financial Capabilities interventions
  – Mass Media
  – Training
  – Advise or Guidance
- Often results are mixed/inconclusive which is why evaluation is a priority for FEF

FEF CONTEXT (2)

- First round many of the grantees had not precisely defined the objectives, and had not thought about 'what' they were going to measure specifically – success was not predefined
- Many lessons learnt from first round
- Second round application forms are more specific and directive

REQUIREMENTS FOR FEF APPLICATIONS
Evaluation Framework

- Evaluation methodologies including mixed methods to gather data
  - Research surveys, Quasi-experimental design, National data sets, Kirkpatrick model of training assessment, qualitative methods, monitoring data
- Sampling Strategies
- Monitoring indicators (input/activities and output)
- Evaluation indicators (outcome and impact)

FEF APPLICATION REQUIREMENTS
Technical Implementation

- Instrument Development including a pre-test
- Timeframe for collecting information: Baseline, on-going, after intervention, post-intervention
- Fieldwork and Data Gathering, including a training plan for field researchers and quality control
- Data Capture process - how will data entry errors be avoided?
- Analysis Plan – how will be the data be analysed?
- Project budget needs to be sufficient to conduct all M&E activities – recommended 10-20%

WHAT WILL WE LEARN FROM M&E of FEF?

- FEF wants to draw conclusions
- Grantees have developed theories/hypotheses and we want to prove these theories
- What worked and why it worked?
- Growing Trend – One Anecdote is not sufficient
- M&E is not only about reporting numbers, but to prove the value of projects for future implementation

WHAT WILL WE LEARN FROM M&E of FEF? (2)

- Robust evaluations will develop conclusions that will either prove or oppose the theories
- Identify the counterfactual – would this have happened anyways?
- Outcomes versus Impact – FEF is less than three years: We have defined outcomes that would contribute to impact but too difficult to measure
  - e.g. by increasing a population's Financial Capacity (budgeting, saving etc.) we assume this will lead to poverty alleviation – but can't be measured in a 3 year period

HOW TO MEASURE:
Clarifying Project Objectives for Evaluability

- Realistic objectives need to be defined from the outset:
  - Who are you trying to reach?
  - What message are you trying to share?
  - What additional skills would you like participants to gain from your program?
  - How would you like the participants to act?

DEFINING OBJECTIVES

- To promote more responsible money management in the community
- To reduce the number of participants who regularly rely on borrowing to make ends meet

HOW TO MEASURE:
Evaluation Methodologies

By designing effective evaluations – comprehensive conclusions can be drawn

- **Research Surveys** – collect data at a large scale, before and after to gauge change
- **Quasi-experimental Design** - before & after the project to document <u>real</u> change that can be attributed to the project (control/comparison group to identify counter-factual)
- **National or other data sets** - used to supplement other evaluation methods, to allow triangulation of results or to assess whether the sample reflects national or regional trends
- **Kirkpatrick model** of assessing Training Programmes – assesses Satisfaction, Learning, and Behavioural change
- **"Most Significant Change"** or **"Appreciative Inquiry"** qualitative data to enhance quantitative data
- **Monitoring Data**

HOW TO MEASURE:
Data

- A combination of quantitative and qualitative measurement techniques is the most efficient solution:
- *Quantitative techniques* can be used to generalise findings, the sample is appropriate. Statistical analysis can be conducted
- *Qualitative techniques* offer the opportunity to develop a detailed understanding or ‘picture’ to support the statistical analysis

65% of the participants opened bank accounts. One respondent explained that she felt safer in her home because she was no longer worried about robbery anymore.

HOW TO MEASURE:
Indicators

- Need to be measurable and timely relevant to the projects (i.e. alleviating poverty in a 3 year project is not feasible)
- Project managers often set TOO MANY indicators and gather data that is never used
- FEF Grantees have been asked for 8 – 10 outcome/impact based indicators
- Monitoring indicators are also tracked but these are not a result: e.g. *Number of people trained ≠ Number of people with new knowledge/skills*

HOW TO MEASURE:
Components of Financial Capability

- Knowledge – Information and Understanding an individual possesses
- Skills – Ability to apply the knowledge to an activity
- Attitudes - Perceptions or personal orientation
- Behaviour - Actions

- These are not necessarily linear - Programmes don’t always increase knowledge, and knowledge doesn’t always ‘improve’ behaviour

Financial Capability: Knowledge

- Financial concepts
- Different types of financial services (transaction banking, savings, credit, insurance) available and how they can they assist his/her life
- How financial services can be accessed
- Measured through questions and answers

% increase in the number of participants who can explain what is credit

% increase in the number of participants who can explain what interest rate is

% increase in the number of participants that can explain what services are available at a bank

Financial Capability: Skills

- Ability to prepare a budget, spending records, plan ahead
- Ability to use the relevant technology (e.g. using a PIN, ATM, mobile phone for transactions)
- Knowing where to go and who to approach to access specific services
- Measured through practical tests beyond Q&A such as demonstrating using ATM

% increase of respondents who accurately know how much money they have available

% increase in the number of respondents who know how much income their household has in one week/one month.

% increase of respondents that know what type of insurance products they have – e.g. long term asset purchase (television, fridge etc.)

Financial Capability: Attitudes

- Trust in:
  - A service (e.g. ATM transactions)
  - the delivery channel/technology; (e.g. the perception that paper documents are better proof than electronic documents, a preference for face-to-face banking)
- Perception of price
- Need to measure whether a person's attitude discourages them from using a particular financial service

% decrease in the number of respondents who prefer to live for today rather than save for tomorrow

% increase in the number of respondents who follow current financial/economic affairs generally. Such as new or amended financial regulations in your country, global economic conditions.

Financial Capability: Behaviours

- Budgeting and regular financial planning
- Started saving using a formal financial service
- Opened a bank account and uses it

- Measured through questionnaires/survey, but need to follow-up to ascertain the behaviours adapted as a result of FE

Financial Capability: Behaviours Indicators

- *% Increase in the number of ATM transactions per month*
- *% increase in the number of banked respondents.*
- *% increase in the number of formally included respondents (formal financial products)*
- *% increase in the number of informally included respondents (including burial societies, small savings club)*
- *% decrease in the number of financially excluded respondents.*
- *% increase in the number of respondents with long term insurance policies.*
- *% increase in the number of respondents that have a savings of at least one month's income.*
- *% increase in the number of respondents that have access to formal credit (overdraft, credit card etc.).*
- *% decrease in indebtedness*
- *% increase in the number of requests for balance/statement per month*

EVALUATION CHALLENGES

- Objectives not clearly set at the outset of the project – difficult to evaluate without boundaries or expectations
- Standard banking measures are not always appropriate as indicators for FE and FC projects
- Instruments/Data Collection tools
  - Need to be appropriate to the respondents
  - Need to be designed carefully
- Pre/Post tests – people believe they know more and can do more than realistically, don’t ask ‘what do you know’ ask a question that will demonstrate knowledge/skill

EVALUATION CHALLENGES (2)

- Individuals should be measured against themselves and then amalgamated to find out the average increase, don't compare individuals to average (Kirkpatrick Model)
- Reliance on self-reported information – human nature to answer as expected
- Need to identify other external factors, e.g. Got a job, needed to have a bank account to be paid

USING EVALUATION FOR PLANNING

- When M&E is included as part of project planning, it often assists in the project implementation – participants, roll-out etc.
- Ongoing monitoring provides information that will assist in improving programme delivery throughout (baseline, mid-term, quality control etc.)
- Development theories are based on assumptions and causal models – evaluations assist in proving or disproving for future interventions

CONCLUSION

- M&E should be part of project planning
- Strong, functional Monitoring systems and rigorous evaluations
  - ➔ Reliable data
  - ➔ Improved programming
- Measure all components of financial capability
- Draw conclusive results based on strong evidence from data

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Thank You

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