

How to Develop a Financial Capability Project: Building Evidence as You Go

Practice Guidance

Mathieu R. Despard, Clinical Assistant Professor

School of Social Work, University of North Carolina at Chapel Hill

Background: Impact assessments using “before-and-after” randomized control trials (experimental design) or quasi-experimental methods like difference-in-differences estimation and propensity score analysis help us understand whether a project achieved desired outcomes for youth. However, lack of funding and/or ethical or operational challenges may make it difficult to conduct an impact assessment. Furthermore, an impact assessment may even be premature for your financial capability project because you are still figuring out the design of your project.

The good news is that there are steps you can take to improve the design of your project, produce some evaluation findings for funder reports, and move closer to assessing your impact, including 1) stating clear, measurable outcome objectives; 2) identifying and scrutinizing your theory of change; 3) carefully documenting project activities; and 4) writing good survey questions to assess short-term project outcomes. These steps are described below in relation to efforts to build financial capability among youth.

- 1. How to state outcome objectives related to financial capability.** A simple rule of thumb in evaluation is to start with the end in mind – what we (and the youth we serve) hope to be different about youth after they participate in our projects: *new knowledge, new skills, and changed behavior*. The benefits of doing this are that a) we can maintain a steady focus on what we are trying to ultimately achieve as we make decisions about project activities; and b) we know what outcomes to measure when we evaluate our projects.

The “SMART” convention is widely used in behavior change projects, which means that outcome objectives are:

Specific – clear and well defined, not vague (youth will understand what services a bank offers)

Measurable – we can find out if it happened (did youth make savings deposits?)

Achievable – it is something that is within our project’s power to influence

Relevant – it is something that is valued by and relates to the lives of youth

Timely – it is something that we can expect to happen within the project’s time frame

Here are some examples of poor and better outcome objectives:

Poor objective: “Youth will be more financially literate”
(*Too vague. What does it mean for youth to be financially literate?*)

Better objective: “Youth will understand how to make a savings deposit”
(*Better. We can all agree about what making a savings deposit is and we know that it is related to financial capability.*)

Poor objective: “Youth will have greater economic security”
(*Too vague. What do we mean by “economic security”? Does this mean having enough money to meet basic needs or something else? Also, this*
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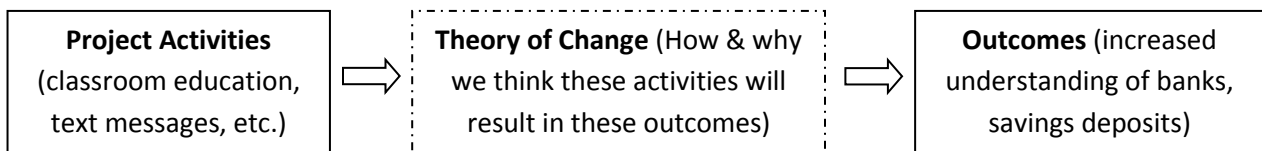
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is not an achievable outcome because youth economic security is affected by so many other factors outside of the control of our intervention.)

Better objective: “Youth will have one or more long term goals for saving and a plan for how they will begin to save”
(Better. We will know whether each youth has one or more goals and a plan, which is what we will measure. It is reasonable to think that we can help youth come up with these goals and plans during the course of our project.)

Even after sprucing up our outcome objectives to make them “SMART”, we should ask the group of youth we are trying to help if *they* think they are outcomes they want for themselves.

- 2. How to identify and test our theories of change.** Once we have our outcome objectives, the next step is to create our theory of change, which is the set of ideas and assumptions we have about *how* youth will become more financially capable, i.e. how the outcomes will be achieved.



Often, these ideas and assumptions are stuck in our head and hidden. It is helpful to write them down so we can – with participation from youth – scrutinize them by comparing them to a) the best available evidence; and b) what we know to be true about the youth we serve and their families and communities.

For example, a project that uses text messages to remind youth to make savings deposits may have the following ideas and assumptions about youth that make up its theory of change – that *they understand the importance of saving and are motivated to save, have cell phones, use text messaging, will be more likely to make a deposit if they are reminded by the project, etc.*

Once you make a list of all of your ideas and assumptions that underlie your project, you can do the following:

- Ask a group of youth who represent the youth you are targeting (by age, geographic location, gender, etc.) if they think these are reasonable ideas and assumptions.
- See if these ideas and assumptions are supported with market research and/or reports or studies done for similar projects with similar groups of youth.

The basic idea is that we all have good ideas about helping youth, but we need to be willing to scrutinize these ideas so that we have a better chance of achieving our intended outcomes.

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- 3. How to carefully document project activities.** Once we have stated and tested our theory of change, it is important to carefully document activities once the project begins. This is a simple way to do formative evaluation, which means seeing whether the project is being implemented as intended.

First, we want to assess “take up”. What percentage of youth who are offered the chance to participate actually decide to participate in our project? Do more boys choose to participate than girls or vice versa? Why? What types of youth are choosing not to participate? Why?

Second, we want to assess levels of participation and retention. Do most youth participate in all project activities? Do any youth stop participating? When? What is the *quality* of youth’s participation? Do they ask questions and show interest in financial topics? Is this more common among certain types of youth? Why?

Third, we want to assess project implementation. Did we offer all of the activities we intended? Were they offered in the right sequence, for the duration of time, and in the manner we intended? If we rely on partner organizations like banks, did they implement activities as we had hoped? If not, why? Were they unclear about expectations or did they need more orientation and training?

Why are these questions important? All of these questions are important to help us make adjustments to project activities as we go. Also, if we find good outcomes, it may be that these are good outcomes only for certain types of youth.

If we fail to find good outcomes, it may be that the youth did not participate enough for the project to have the intended effect (like not taking the proper amount of medicine to cure an illness) AND/OR that we did not offer all of the activities we had hoped OR that they were not offered in the way we intended (e.g. our classroom financial educator said incorrect things about money).

- 4. How to write good survey questions to assess youth outcomes.** To evaluate youth financial capability projects, we often have to rely on knowledge tests and/or youth’s self-reported changes in knowledge, skills and behavior. Answers to tests and surveys can act as *indicators* for our outcome objectives, i.e. signs that we may or may not have achieved our intended outcomes. We don’t truly know if our project achieved the desired outcomes until we conduct an impact assessment, but we can gather evidence that *suggests* youth may be benefitting.

Ideally, we would use standardized surveys (questionnaires or interview forms that are tested for and found to be reliable and valid). However, few if any such surveys exist for measuring youth financial capability and even if they do, they may not be *culturally valid* because they were tested in a different country or region or with a different ethnic group. They also may not

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be *developmentally valid* because they were tested with adults or a considerably younger or older group of children or youth.

So, we are often left with having to write our survey questions. Here are some simple rules for doing so:

- ✓ Test the questions with a group of youth who represent the youth you are targeting (by age, geographic location, gender, etc.). Ask them, “What do you think this question means?” and “Why did you give the response that you did”. Their answers will tell you if you are measuring what you think you are measuring.
- ✓ Make the questions relevant to the project. If your project did not target youth’s knowledge about managing debt, don’t ask debt management questions.
- ✓ Make the questions *developmentally* appropriate. Word questions at the reading and comprehension level of the youth you serve. Limit use of or avoid abstract concepts.
- ✓ Make the questions *culturally* appropriate. Use words, terms, and phrasing that is familiar to youth and their day to day experiences, like referring to what Ghanaian youth do with “chop” money they receive from their parents rather than calling it a “food allowance”.
- ✓ Keep questions clear, brief and simple. Fewer words are better.
- ✓ Define important words. Don’t assume that youth know what you mean by “save”. Define it for them – “Putting aside money in a safe place to be used later”.
- ✓ Ask follow-up questions. A youth may say that she “usually” saves, but you may also want to know a) what a typical amount saved is; b) the purposes for which they save; and c) how long they typically hold onto savings.
- ✓ Ask open-ended questions too. Like with focus or discussion groups, it’s very important to get responses *in youth’s own words* by asking questions that require youth to offer description and explanation. For example, “What helps you save? What gets in the way? Why? Can you tell me more?”
- ✓ Avoid yes/no questions. If you ask a youth “Do you save money?” A youth who *sometimes* saves may find this difficult to answer. Either way, the yes or no response you get is not accurate. It is better to use 3- (“Never/Sometimes/Always”) or 5-point (Poor/Fair/Good/Very Good/Excellent) scales.
- ✓ Avoid “leading the witness”. Don’t ask, “You save money so you can have a better future, right?” Avoid any questions that might elicit a socially desirable response – when youth tell us what they think we want to hear.
- ✓ Avoid “double barreled” questions. This is when you ask more than one question at the same time, like “How often do you make yourself wait to buy something you want and make a savings deposit in a bank?” (these are two separate questions!)

There are two basic ways to ask survey questions: using questionnaires that youth complete by themselves OR interviewing youth by asking them the survey questions and recording their responses. If you use a questionnaire with youth who have sufficient reading and writing skills,

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allow them to complete the questionnaire in privacy and assign a non-identifying code rather than have youth write their names to avoid socially desirable responses. If you use an interview, read questions and all response choices out loud in a clear voice and ask the youth if they need for you to repeat the information if they look confused or uncertain. Ideally, have someone who is not a part of the project staff interview the youth to avoid socially desirable responses. For both types of surveys, always get parental/guardian consent and ask youth for their honest answers, assuring them that their answers will not affect their participation in the project or other help they receive from the host organization.

Lessons Learned from Interviewing Youth in the YouthSave Project

Supported by The MasterCard Foundation, YouthSave investigates the potential of savings accounts as a tool for youth development and financial inclusion in developing countries, by co-creating tailored, sustainable savings products with local financial institutions and assessing their performance and development outcomes with local researchers. The project is an initiative of the YouthSave Consortium, led by Save the Children in partnership with the Center for Social Development at Washington University in St. Louis, the New America Foundation, and the Consultative Group to Assist the Poor (CGAP).

The Center for Social Development is conducting an impact assessment using a cluster randomized control trial design involving 50 treatment and 50 control group schools across 8 of 10 regions in Ghana. Results from cognitive interviews (N=20) and pretests (N=51) of the YouthSave Questionnaire with randomly selected youth ages 12 to 14 from four Junior High Schools (JHS) in Mampong and Koforidua and feedback from project partners, including Save the Children revealed that:

- Youth found certain questions difficult to answer, such as estimating the distance from their home to the nearest financial institution.
- Certain terms like “saving”, “a class about money”, “financial institution” and “basic needs” had to be defined and explained by interviewers. We could not assume that youth knew what we meant.
- Some questions were phrased in a way that assumed youth save money.
- A distinction needed to be made between having a plan for spending money and actually following this plan.
- Youth had difficulty remembering what they had done with money they had in the last 30 days.
- It was important to ask youth not just whether they have had financial education and how many hours they received, but what they actually learned.
- Some questions were greatly skewed and were discarded, like a question about owing money (almost no youth said they owed money).
- 10 point response scales were problematic; most youth gave responses at either extreme.
- All choices on 5 point response scales needed anchors – not just the extremes and middle choice. Youth wanted to know what each point represented beyond just a number.