

Agriculture and Rural Finance Program (AGRUFIN)

Research: The impact of financial literacy training among market vendors in the Rwenzori region (2015 -2016)

Background

Researchers have increasingly urged policy makers to base policies on 'rigorous' evidence. Randomized Control Trials (RCT) are considered as one of the most rigorous methods to assess program impacts. In that regard, GIZ has brought together a unique team of researchers to rigorously measure the impact of financial Literacy (FL) interventions. Promotion of financial Literacy is one of GIZ's interventions in the support of Rural Agricultural Finance sector.

The study is expected to reach over 1,200 small scale retailers in 83 temporary and permanent (daily) markets. It will cover seven districts of Kasese, Kamwenge, Kyegegwa, Kyenjojo, Kabarole, Bundibugyo and Ntoroko in the Rwenzori Region- Western Uganda.

This research is in line with the National Strategy for Financial Literacy in Uganda and will inform all national stakeholders.

Overall Objective

To establish the impact of different delivery methods of financial literacy trainings on financial knowledge and behavior of small scale entrepreneurs.

The research is done by three partner institutions: GIZ AGRUFIN, DIW Berlin and Mountains of the Moon University.

GIZ AGRUFIN:

This is the lead partner in this research. GIZ works on behalf of the German government to offer technical support in the development sector. GIZ AGRUFIN's specific objectives in this research are;

- To have an academically robust impact assessment of (a part of) its program
- Capacity building of partner organization Mountains of the Moon University
- Guidance for future financial literacy (training) intervention

DIW Berlin

The German Institute for Economic Research (DIW Berlin) is one of the leading economic research institutions in Germany. Its core mandates are applied economic research and economic policy advice as well as provision of research infrastructure. This research provides;

- Opportunity to research an unprecedented thematic field within the area of financial literacy (FL): there are a few experimental researches on Financial Literacy among (micro and small) entrepreneurs, particularly from (rural) Africa; yet formal aspects of Financial Literacy have not been studied much.
- Direct link (evaluation) to policy (National Strategy for Financial Literacy)

Mountains of the Moon University (MMU):

MMU is a non-profit University with the mission 'to produce outstanding, well rounded, morally up right and innovative graduates with a knowledge base for making positive impacts on the community'.

MMU was a pilot-partner for the youth-strand of Uganda's National Strategy for Financial Literacy. Building on that, this research provides;

- Capacity building (research, PhD)
- Academic visibility
- Direct link (evaluation) to policy (National Strategy for Financial Literacy)
- Relevant and effective community service (FL trainings)

Research Design

The research was designed with a control and two treatment arms. This means the control market vendors do not receive any form of financial literacy training while on the other hand; the treatment markets receive financial literacy training using one of the two tools. The two tools are; the Financial Literacy Ring (FLIR) and the Community Lecture. Both tools cover the same content based on the Bank of Uganda



Financial Literacy core messages:

- Personal financial management,
- Savings,
- Loan management,
- Investment and
- Financial Service providers

The mode of delivery is however distinct for each training approach. Thus, the treatment arm varies the use of visuals, narratives, and participant involvement. The research will therefore provide an opportunity to measure and compare the efficiency and effectiveness of the FLIR and Community Lecture. With these interventions the proportion of market vendors that are financially literate is expected to increase.

The Process



Tools

1. The Financial Literacy Ring (FLIR): A participatory tool arranged in 5 stations developed by GIZ and MM. This tool is set out in five different stations. It was initially developed to reach university students but was later reviewed and scaled up to be used for other audiences regardless of their literacy levels. Visuals and stories are used in a very participatory manner to allow participants actively learn. A maximum of 20 participants are recommended to attend a station at a given time so as to make it interactive and manageable. Learning is guided by a facilitator. Participants need about 2 hours and 30 minutes to complete all the five stations.

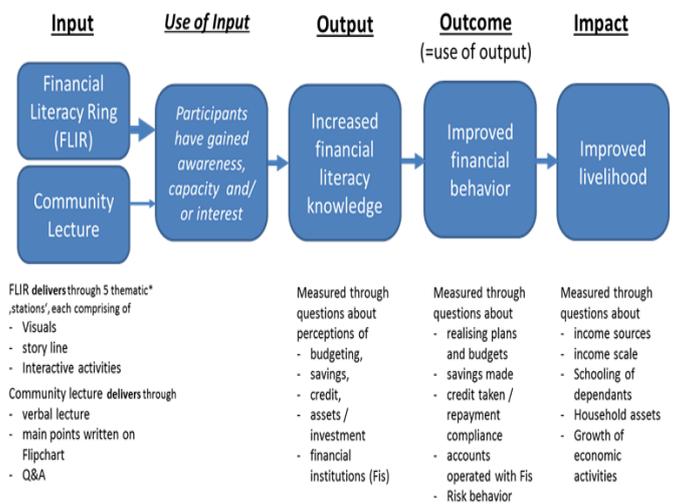
2. The Community lecture: The tool was 'standardized' to capture the five core FL messages as the FLIR. The lecture method is more prominent as the trainer majorly delivers the subject matter to the participants (like in a typical classroom setting) with

very limited active engagement of the audience. The lecture takes about 2 hours and 30 minutes.

The research team

GIZ- AGRUFIN, Mountains of the Moon University (MMU) and the German Institute for Economic Research (DIW) have brought together a team of experienced researchers including RCTs to take lead of this project. The research has strategically involved undergraduates and graduates from various Bachelors' courses (Banking, Community Development and Business) at MMU so that they get equipped in the fields of research as well as training the rural population. They were as well trained and equipped to take on different roles on the research project for example as team leaders, coordinators/mobilisers, trainers/ facilitators, enumerators and data analysts.

Theory of change



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Registered offices
Bonn and Eschborn, Germany
T +49 228 44 60-0 (Bonn)
T +49 61 96 79-0 (Eschborn)

Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
T +49 61 96 79-0
F +49 61 96 79-11 15
E info@giz.del www.giz.de

Agricultural and Rural Finance (AGRUFIN) Programme
Bank of Uganda, Plot 37/45 Kampala Road
T +256 414 253840
F +256 414 349552

Contact:
Dr. Dirk Steinwand
Dirk.steinwand@giz.de