



Save the Children



DOCUMENTING CHANGE IN YOUTH **FINANCIAL** **LITERACY**¹

YOUTH IN ACTION-ETHIOPIA

STUDY BRIEF-2015

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Save-University Partnership for Education Research (SUPER) Study Brief

YOUTH_{in}
ACTION
CREATING PATHWAYS TO OPPORTUNITY.

Introduction

Youth in Action (YiA) is a six-year learning and livelihood program. In partnership with The MasterCard Foundation, YiA aims to improve the socio-economic status of approximately 40,000 out-of-school young people, both girls and boys, in rural Burkina Faso, Egypt, Ethiopia, Malawi and Uganda. Through the development of youth's foundational skills (literacy, numeracy and financial literacy) transferable life skills and entrepreneurship skills, they are empowered to make informed pathway choices for the future. YiA supports the youth to choose between one of three pathways: enterprise, vocational training/apprenticeship and education. The program also supports them through small start-up funds, mentorship and peer-to-peer support.

In Ethiopia, launched in 2012, YiA aims to reach 9,050 girls and boys aged 14 to 18 with the focus on the enterprise pathway. In this pathway, youth are mentored to identify viable local business ideas - that they choose themselves - develop their business plans, and use the start-up fund to start their businesses. This practical learning opportunity links youth to financial services in their community for additional resources in order to improve their livelihood opportunities.

Save the Children works with international partners in order to advance the learning and research agenda. Hence, the Save-University Partnership for Education Research (SUPER) fellowship was formed to help measure, document, and analyze the mechanisms affecting the project's impact. Academic research fellows conduct in-depth formative studies as part of the partnership. In 2014, Ethiopia decided to document **Change in Youth Financial Literacy** in a SUPER study in cooperation with the University of Science and Technology.

Objective

The purpose of this study was to understand the self-reported changes in Knowledge, Attitudes, and Practices (KAP) around financial literacy among YiA youth. For this study, we defined financial literacy as knowledge about savings, budgeting, expenditure management, and planning for the future.

Methodology

We used a stratifying random sampling technique to sample youth from two cohorts (C3 & C5) in three *Woredas*,—Woldia, Raya Kobo and Habru—in the North Wollo zone in the Amhara region of Ethiopia. Our sample represented both genders, different ages (14-18) and varying literacy levels.

Data was analysed in two phases. The quantitative analysis provided basic descriptive data on the demographic and financial literacy KAP of youth. The information from this analysis was contextualized using thematic analysis of the qualitative data.

Method	Participant	Sample Size
Survey	YiA youth	100
	Non-YiA youth	50
Group interviews	YiA youth	48
	Non-YiA youth	23
	Parents	38
	Facilitators	18
Total		279

Research Questions

Question 1: What Improvements in Financial Knowledge did Youth Self-Report?

As we illustrate in the figure below, two out of every three YiA youth that were part of this study reported that they had *good* or *very good* knowledge about budgeting and where and how to save.

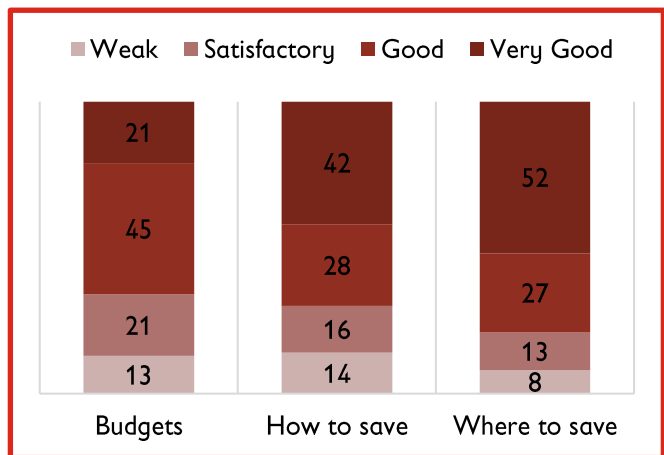


Figure. Self-reported knowledge about different financial literacy components

This is especially pertinent given that youth, facilitators, and parents reported that knowledge about savings and budgeting was one of the most valuable things that youth learned through the program. Even non-YiA youth noted that youth in YiA got more knowledge about savings and budgeting because of their involvement in the program.

Question 2: What Improvements in Financial Attitudes did Youth Self-Report?

This increase in financial knowledge translated into improved attitudes about savings and budgeting among YiA youth, as well as their immediate family members. YiA youth reported having more structured plans for how to save & spend their money, doing more price comparisons while shopping, and keeping records of earnings. During our group interviews, we noted that female YiA youth were clearer about the financial knowledge they had gained and demonstrated more confidence in how they could use this knowledge in their daily lives.

Additionally, community members, of where this study conducted, reported that savings, budgeting, and financial planning were not common for adults. However, because of the involvement of youth in YiA, parents reported being more likely to remind their children about opening a savings account or budgeting for livelihood options.

Additionally, a common theme among the parents that we interviewed was how their attitudes towards savings had changed because of the involvement of their children in YiA program. They reported being more aware about savings accounts and the importance of saving money for future needs. As one parent noted: *“In the past when we get money, we use all of it to buy more goats and for other household related consumption. But now, due to the saving knowledge that we have through our children, we save some of our money at the local Micro Finance Institutions”*

Most of the youth reported saving money to either increase standard of living (25%), become independent (14%) or start a business (13%). However, male and female youth did also report differences in how they spent their money on a daily basis. A common theme from the interviews was that male youth described spending on more recreational activities and out-of-home expenditures than females. Female participants reported spending more money on feed for livestock they were rearing and household needs.

Question 3: What Improvements in Financial Practices did Youth Self-Report?

While we cannot attribute behavioural change to this self-reported change in knowledge and attitudes, our study did find that YiA youth and parents reported higher levels of savings because of their involvement in the project.

94% of sampled YiA youth reported some type of savings, while only 72% of non-YiA youth reported the same. Of the youth who reported savings, non-YiA reported saving smaller amounts. Half of the YiA youth reported saving more than 100 birr (\$4,503 USD), compared to 28% of the non-YiA youth. This is illustrated in the figure below.

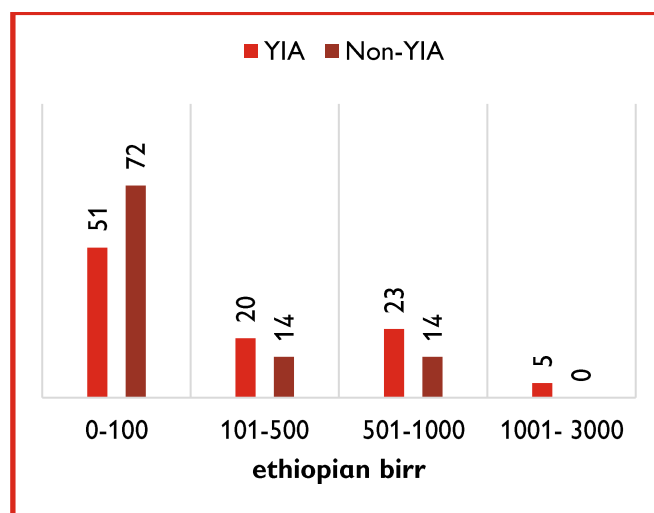


Figure. Percent of YiA and non-YiA youth who self-reported varying levels of savings amounts

Additionally, 100% of the sampled YiA youth in Gublafto and 50% of the sampled YiA youth in the Habru and Raya Kobo had opened a savings account for their parents/guardians. Approximately 70% of YiA parents reported saving more because of less youth dependence of their youth.