

Financial Literacy Australia – Expectations for Evaluation

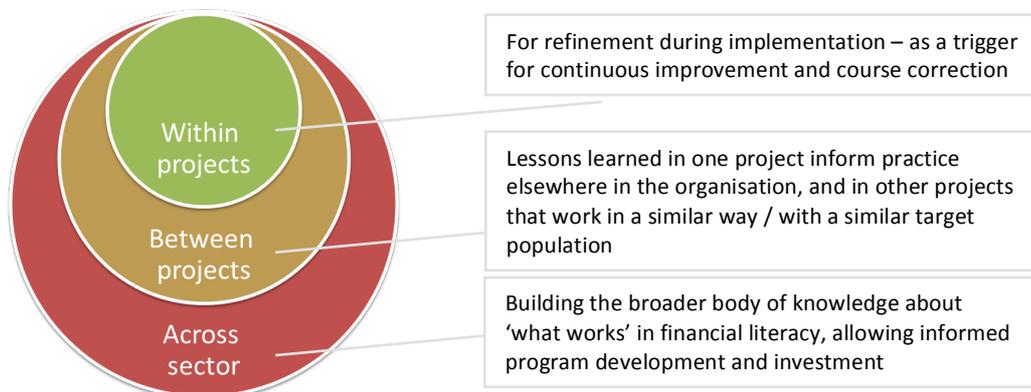
This document has been prepared for FLA grant applicants and the evaluators who work with them. It sets out FLA’s expectations for the evaluation of the projects it funds.

1. FLA’s evaluation agenda

The main goals of evaluation in the FLA Grants Program are:

- to objectively assess the project’s outcomes;
- to understand the key factors that lead to those outcomes; and
- to identify and share lessons learned from the project.

The insights from evaluations have value within projects, between projects and across the sector.



Most of the projects supported by FLA are pilots or demonstration projects (i.e. the stage following a pilot). Some of these projects will focus their evaluation on ‘concept development’ – testing the feasibility of a particular service model in a given context, and what modifications might be worth exploring. Other projects may be further down the track, focusing their evaluation on assessing the program’s outcomes and efficiency before taking the program to other potential partners, or exploring the extent to which a ‘proven’ program translates into a different context. The appropriate focus of an evaluation depends very much on the maturity of the program and its existing evidence base.

FLA is seeking authentic reflection about outcomes and lessons, based on solid evidence. FLA’s goals for evaluation cannot be achieved if an evaluation is inherently geared towards ‘celebration of success’ or public relations. Evaluation is not done in order to ‘demonstrate’ a program’s effectiveness – as if its effectiveness is a given that simply needs to be made visible.

Financial literacy is a complex social problem, and each program has its own operational context, target audiences, and strategies for effecting change. FLA is not troubled if an experimental project is

not ‘successful’, as long as there are clear learnings that can be shared with the broader financial literacy community.

Innovations may be the “brainchild” of individuals or groups who are strong advocates for particular directions, follow their instincts and are disdainful of appealing to evidence as a strategy for change and have little interest in alternative perspectives. Evaluative thinking is not consistent with only considering positive evidence or with approaches and directions that are already decided or entrenched to produce “good news”.

Earl, L. and H. Timperley (2015)
Evaluative thinking for successful educational innovation
OECD Education Working Papers, No. 122, OECD Publishing, Paris.

2. FLA grant applications

FLA runs a two-stage grant application process, as described on the FLA website:

- The first stage is an Expression of Interest (EOI), in which applicants briefly set out the potential of their project. FLA receives 150–200 EOIs each year.
- In the second stage, FLA invites shortlisted projects to submit a full application. Organisations have 2-3 months after being shortlisted to develop the full application. In 2016, FLA invited 14 applicants to submit a full proposal; it expects to fund 8-10 of these.

Section 2 of this document focusses on the second stage of the process, i.e. the preparation of a full application.

2.1 Project design

Each application needs to have clear objectives, which describe the outcomes expected from the project. Most applicants are seeking to improve financial literacy or behaviour among a particular target population. Applications need to be specific about both aspects of this, i.e. who the target population is, and what the intended financial literacy or behavioural outcomes are. Further discussion of outcomes is found in Section 3.

The application also needs to describe how the project will achieve these outcomes. To this end, applicants are asked to draft a program logic and attach this to their application. Through a diagram and supporting narrative, the program logic should set out:

- the context and need for the project, including which particular aspect of the problem/issue is being tackled
- the key program activities/outputs and the audiences reached
- the intended program outcomes, and the pathway by which the program activities are expected to bring these about
- key assumptions about how the program will work
- any external factors that are expected to have a significant bearing on its reach and impact.

The program logic will assist FLA to assess the application. The process of developing it will also help the applicant:

- clarify the focus of their efforts
- clarify their program outcomes
- make their ideas and assumptions explicit
- check that proposed activities have a reasonable prospect of achieving their purpose
- plan their evaluation (see Section 2.2 below).

By the time the application is submitted, the project should be planned in enough detail that it can be approved without further negotiation. FLA is happy to discuss any queries in the lead-up to submission and review draft applications before the due date.

That said, most project plans get varied and refined as they progress. This is not a problem, as far as FLA is concerned. If the cost or time requirements of a significant aspect of the project cannot be scoped at the application stage, this can be structured as a later stage in the project with separate approval.

2.2 The evaluation component of the grant application

FLA will generally only fund a project if it includes an evaluation by suitably qualified evaluation personnel (research projects are the main exception). Sometimes the evaluator is within the organisation, but more often an external evaluation consultant is used (see Section 3.3).

Commissioning and managing the evaluation is the responsibility of the grant recipient, not FLA. Accordingly, organisations need to include the ‘big picture’ of the evaluation plan within their grant application. At a minimum, this should include:

- the purpose and intended uses of the evaluation
- key questions the evaluation is seeking to answer
- proposed methods for answering them, including data sources
- who the evaluator will be, or a process for selecting them
- any specific ethical issues or risks in the evaluation, and how these are addressed in the evaluation proposal
- an estimate of the cost for the evaluation, incorporated in the overall budget.¹

By the time their final application is due, some applicants will have developed their thinking about evaluation further than this, e.g. having identified evaluation criteria and standards, or having developed a separate evaluation work plan. Additional details along these lines are welcome as part of the application, but are more important where the evaluation is more sophisticated or novel, or a larger component of the program budget.

In cases where key details of the evaluation are to be developed after the funding is approved, applicants should include ‘finalisation of evaluation framework’ as a checkpoint in their project plan.

2.3 After grant approval

After FLA funding is approved, it is up to the organisation to initiate the evaluation. There is usually an intensive period at the beginning of the project when:

- An evaluation consultant is chosen (if not done already)
- The evaluation plan is refined, through discussions between the evaluator and the organisation
- A survey may be crafted and trialled before the financial literacy work starts with participants.

In cases where key details of the evaluation were not developed before the funding was approved, FLA will need to approve the final evaluation framework in the early stages of the project before further funding is provided.

¹ This is usually based on a number of days’ work for an external or internal evaluator. This may be a ballpark figure, or based on a proposal from one or more evaluators. FLA may vary the grant later if the estimate proves inaccurate.

3. The design and conduct of evaluation

3.1 A focus on outcomes

The language of outcomes is all about the consequences of our actions.

When we run this program, what happens next? For whom?

And then what happens?

What difference does this program ultimately make in the lives of the people who we hope will benefit?

What is the pathway of impact?

We are primarily interested in outcomes related to financial literacy.

Defining financial literacy

Financial literacy is the internal capacity of a person to act in their best financial interest, given their socio-economic environmental conditions. Financial literacy encompasses:

- knowledge and skills
- attitudes, beliefs and motivation
- habits.

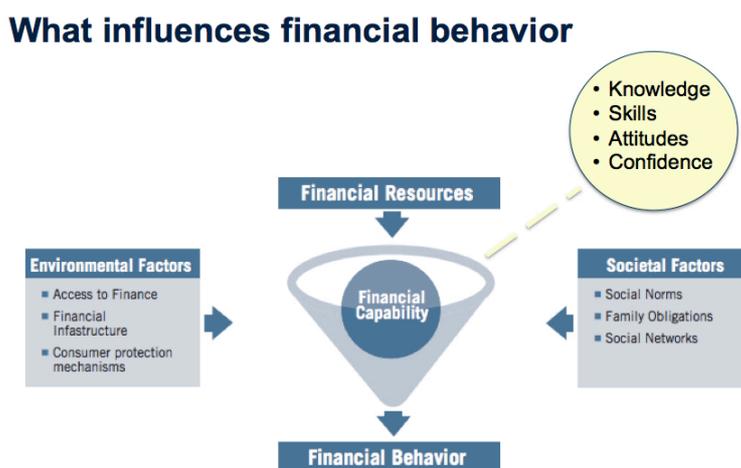
A person's socio-economic context includes positive and negative influences, and also determines the financial options available.

Financial literacy is usually categorised into several domains, e.g.:

- managing money well day-to-day
- preparing for and managing life events (eg, planning ahead, insurance)
- dealing with financial difficulty.

The terms "*financial literacy*" and "*financial capability*" are generally used to mean the same thing.

The figure below (adapted from the World Bank, 2014) illustrates the range of factors that influence financial behaviour.

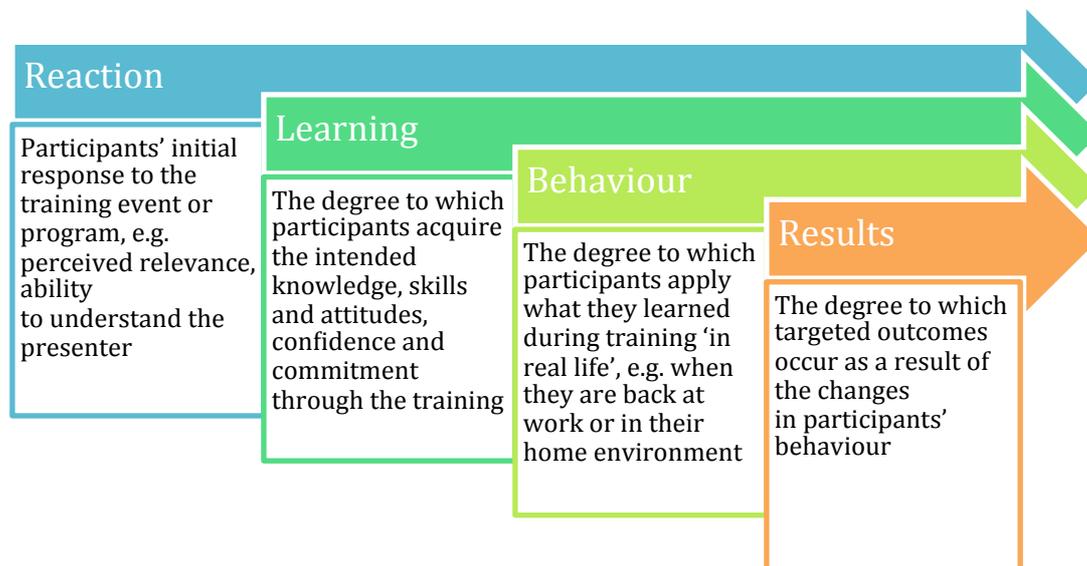


Being clear about what we mean by ‘financial literacy outcomes’

In practice, financial literacy programs usually try to influence both knowledge/skills and attitudes/confidence, in order to achieve a change in behaviour. Most programs are quite targeted, seeking to influence only a couple of financial behaviours (e.g. budgeting, saving, planning ahead, or staying in control).

Financial literacy projects should clearly define which behaviours they are intending to influence, i.e. who will be thinking, feeling or behaving differently as a consequence of our activity, and in what way. Within this, it is important to conceptually ‘tease out’ the intended outcomes into some sort of hierarchy (e.g. short, medium and long-term).

The diagram below is an example of hierarchy of outcomes, based on the [Kirkpatrick model](#) for evaluating training programs.



This model is salient for many financial literacy projects, for several reasons:

- Financial literacy projects often gather evidence at the ‘reaction’ level to identify strengths and weaknesses of program delivery and motivation of participants. However, evaluations rarely stop here, as ‘reaction’ tells us nothing about what happens next.
- Most projects include evaluation of ‘learning’ (i.e. changes to knowledge and/or attitudes), as well as of ‘behaviour’. This usually requires following-up participants 3-6 months after the intervention. This tests whether learnings have been retained and whether behaviour change is sustained in the reality of day-to-day life, after initial enthusiasm may have ebbed and problems may have emerged.
- A few project evaluations will also measure the change in longer term outcomes, such as increased wealth, reduced debt or reduced stress. These ‘results’ (i.e. wider impact) are difficult to measure, as the financial literacy intervention is usually only one of several potential influences on people’s lives. Projects that aim to measure ‘results’ are likely to need a control group, to isolate the impact of the project.

Outcome evaluation designs

The level of methodological rigour in an outcome evaluation depends on a number of factors, including the nature of the project itself, the evaluation design, the practical situation and the available budget.

FLA is keen to fund some evaluations where a high level of rigour is appropriate and feasible.

However, across the body of evaluation work, FLA’s main priority is for each evaluation design to be appropriately focused, realistic and able to draw at least some credible conclusions about outcomes.

Within this, note that:

- There is an important place for the collection and analysis of valid qualitative and quantitative data.

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- Sampling matters – not just sample size, but also sample composition. For example, a 10% response rate in an ‘opt in’ follow-up survey may leave the evaluator in the dark about whether it was just the enthusiastic minority who responded, or just the critical minority who responded. This makes it very difficult to draw any firm conclusions.
 - A pre-and post-survey may be sufficient if the elapsed time is short and the program effect is large. However, for programs with small impacts or studies that have a longer duration, a control group may be required to demonstrate causation.

In their grant applications, organisations should propose an evaluation design that meets its evaluation objectives. If an evaluation seeks to comment on ‘results’, the design needs to live up to that. If a suitable evaluation design cannot be found for ‘results’, the aims of the evaluation should not overpromise.

Standard survey instruments and metrics for FLA funded projects

Additional information about evaluation of financial literacy projects can be found on the [FLA website](#), including a list of ‘how to’ guides and links to other useful resources. This includes a generic survey template that can be used to collect pre- and post-program feedback from participants. This questionnaire was developed by Prof. Roslyn Russell, and comes with a set of guidance notes for use. Projects are welcome to use some or all of the questions in this survey, but are not obliged to use it.

There is not yet a single standardised set of indicators that articulates what is meant by ‘financial wellbeing’. FLA has commissioned the University of NSW (Centre for Social Impact and Centre for Social Policy) to construct a financial wellbeing framework and measurement system. This will be completed in April 2017.

3.3 Conduct of evaluation projects

Who conducts the evaluation?

Evaluation of an FLA-funded project requires an appropriate mix of independence and expertise.

- In most instances, project evaluations are conducted by an external evaluator. These evaluators are usually consultants, who are members of the Australasian Evaluation Society. Academics are often experts in certain research techniques and their subject area, but organisations should not assume that an academic will be familiar with evaluation techniques, or have a well-developed understanding of the distinctions between evaluation and research.
- Some projects will use an external evaluator working in combination with in-house staff (e.g. in-house staff doing data collection).
- Where there is significant in-house expertise and suitable provisions are in place for the evaluation to be at ‘arms length’ from the project management, an internal evaluator may be appropriate.

Evaluation budgets

The scope and focus of evaluation needs to be shaped to fit each individual project, depending on what stage it is at, as well as the maturity of internal evaluation capacity in the organisation itself.

Quality project evaluation work needs to be adequately resourced. FLA does not have a ‘rule of thumb’ about what proportion of the project budget ought to be allocated to evaluation. Rather, it asks its grant applicants to propose an evaluation budget based on the work necessary to achieve the evaluation objectives.

For past pilot projects the evaluation budget has varied greatly, from 10%-50% of the overall budget.

FLA involvement in project evaluations

As the funding body, FLA should be considered to be a key stakeholder in project evaluations. FLA's role includes:

- approving the final evaluation plan (if it is not already finalised as part of the full grant application)
- being consulted about proposed changes to the evaluation scope
- receiving updates on the evaluation findings, as they are available
- reviewing draft evaluation reports before they are finalised
- accepting final evaluation reports.

Evaluation risks and ethics

It is crucial that organisations and the project evaluators anticipate and actively manage any ethical considerations or risks associated with the evaluation. This particularly includes ensuring informed consent, maintaining privacy and ensuring that people's participation (or non-participation) in the evaluation does not expose them to any personal risks or affect the level or quality of service they receive from the organisation.

Organisations should refer to the Australasian Evaluation Society [Guidelines for Ethical Conduct in Evaluation](#) for detail.