Impacts of Financial Literacy Training on Refugee Youth Outcomes

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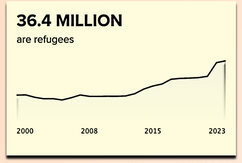
Paper

Motivation

- The number of refugees displaced is on the rise
- About 75% of the global refugees are hosted in low- and middle-income countries
- An increasing crunch on humanitarian assistance from several recent global crises is causing the WFP to scale down its various humanitarian operations in many countries



(Source: UNHCR)

- WFP is shifting from in-kind to cash assistance, and increasingly through digital transfers, to empower refugees and promote their self-reliance while improving the effectiveness of its operations
- The beneficiaries must be equipped with the tools to navigate the transition from in-kind to digital cash assistance successfully
- The WFP and the Finnish Refugee Council (FRC) collaborated in Uganda to undertake a financial literacy (FL) training program for refugees before initiating the digital transfer of aid

Objectives and Contribution

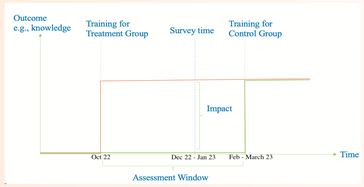
- To study the direct and indirect impacts of a six-week FL training program for refugee youths on several outcomes related to their financial well-being
  - ➢ Does training refugee youth (16-24) with an FL program impact the refugee youth's knowledge of financial services?
  - ➢ Does the training program impact their financial behavior, goals, and access?
  - ➢ Are there any effects on their confidence?
- To the best of our knowledge, no prior research has assessed the effects of a FL program on refugee youth in any context, let alone in a developing host-country setting

Why youth?

- Young refugees are likely to assume the role of household heads soon. The possible integration of a refugee family with the host Ugandan population could happen through the refugee youth
- Youth tend to be more technologically adept at operating electronics. The older refugees, including household (HH) heads, rely on younger members for assistance with navigating digital platforms

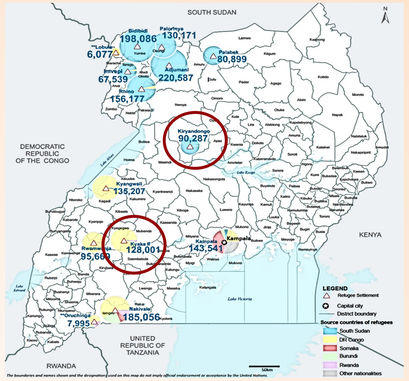
Setting and Data

- Uganda is the largest refugee-hosting country in Africa (Open-door refugee policy); hosting over 1.5 million
- Total settlements 13. 2 out 12, were randomly selected: Kyaka-II and Kiryandongo
- The training was rolled out based on geographical locations, by administrative blocks in both settlement
- Before the training, a list of interested youth was prepared
- As the training program reached each block within a settlement, the interested youth in that block could take part in the program
- There were enough funds to collect one wave of data
- Therefore, a "midline" survey strategy was adopted to exploit the variation in the timing of the rollout

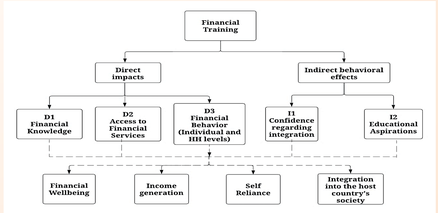


Balance test of Respondent and HH Characteristics

Variables	Control	Treatment	Difference
Panel(a): Respondent Characteristics			
Respondent age	19.49	19.43	0.06
	(4.58)	*(5.12)*	*(0.36)*
Respondent is female	0.56	0.53	0.03
	(0.50)	*(0.50)*	*(0.04)*
Enrolled in school	0.64	0.71	-0.07**
	(0.48)	*(0.45)*	*(0.03)*
Currently in secondary school	0.30	0.34	-0.04
	(0.46)	*(0.47)*	*(0.03)*
Respondent is HH head	0.13	0.17	-0.04*
	(0.33)	*(0.38)*	*(0.03)*
Panel (b): HH Characteristics			
HH size	7.40	7.84	-0.44
	(3.38)	*(4.76)*	*(0.30)*
% of female headed HHs	0.68	0.66	0.02
	(0.47)	*(0.48)*	*(0.03)*
Proportion of female in HH	0.53	0.51	0.02
	(0.20)	*(0.22)*	*(0.02)*
HH head age	41.11	39.24	1.87**
	(11.93)	*(13.75)*	*(0.94)*
HH head completed secondary education	0.16	0.31	-0.15***
	(0.37)	*(0.46)*	*(0.03)*
# of HH members earning income	2.51	2.81	-0.30
	(2.97)	(4.19)	(0.26)
Dependency ratio	2.15	2.00	0.15
	(1.68)	(1.85)	(0.13)
N	390	354	744



- Treatment (T) group completed their financial training 1-2 months before the survey in both settlements
- Control (C) group had enrolled in the program but were yet to receive the training
- We conduct t-tests for differences in means of respondent and HH variables between T and C samples to check for balance
- The T and C groups are mostly balanced



Conceptual Framework

As shown in the figure, the outcomes and channels through which financial training impacts individuals are categorized. There are 3 categories of direct outcome variables and 2 categories of indirect outcome variables. These serve as dependent variables in the regression analyses. Both direct and indirect impacts potentially lead to long-term outcomes, depicted in the four boxes at the bottom

Empirical Strategy

- We do not have data on those refugee youth who did not enroll in the training
- Thus, we cannot obtain an average treatment effect (ATE)
- Instead, we can estimate a local average treatment effect (LATE)
- Instrumental variables that affect the treatment assignment are typically used in LATE estimation for predicting the compliers in the control clusters
- In this case, due to the initial registration into the FL training program, we do not need separate identification of the compliers into the control clusters (Assumption: Selection bias arising from self-selection into the FL training program, if exists, does not vary by blocks)
- We employ different estimators with IPWRA being our estimator of choice

Results and Discussion

- We present 2 outcome variables from each of the sets of outcomes to show the effects
- The program was successful in providing knowledge about available financial services
- Guided refugee youth in obtaining access to mobile phones and sim cards
- The refugee youth after the training are more likely to participate in household financial planning
- The refugee youth feel more confident about integrating into the Ugandan society
- We only identify the short-run effects
- The potential long-run impacts of such training on making refugees self-reliant are important because of the increasing shortfalls in humanitarian assistance

Estimation of ATT using the IPWRA Estimator

	Direct Effects						Indirect Effects			
	D1. Financial Knowledge		D2. Access		D3. Changes in Financial Practices		I1. Confidence		I2. Educational Aspirations	
Estimated Effect	*(1) Knowledge of financial services*	*(2) Knowhow of Mobile Money usage*	*(3) Access to financial services*	*(4) Access to a mobile phone*	*(5) Savings goal*	*(6) Participation on HH expenditure decisions*	*(7) In using Ugandan financial services*	*(8) In becoming financially successful in Uganda*	*(9) Currently enrolled in school*	*(10) Aspiration for higher education*
ATT	0.34***	0.08***	0.27***	0.12***	0.37***	0.16***	0.36***	0.27***	0.08	0.06
	(0.03)	*(0.01)*	*(0.05)*	*(0.03)*	*(0.09)*	*(0.05)*	*(0.06)*	*(0.08)*	*(0.09)*	*(0.04)*
PO mean (without training)	0.43***	0.82***	0.35***	0.61***	0.45***	0.70***	0.54***	0.54***	0.65***	0.62***
	(0.03)	*(0.02)*	*(0.02)*	*(0.03)*	*(0.07)*	*(0.04)*	*(0.06)*	*(0.09)*	*(0.10)*	*(0.06)*
N	743	743	743	743	743	743	743	743	743	743

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