**Russia Financial Literacy and Education Trust Fund**

**Financial Capability Survey Pilots**

**in Low and Middle Income Countries**

**Call for Proposals**

The Russia Financial Literacy and Education Trust Fund is soliciting proposals from low- and middle-income countries to participate in the testing of a survey instrument to measure financial capability. The Trust Fund will provide both financial support and methodological guidance to countries selected to participate in the program. This is a cross-country research effort, with a common framework and core questionnaire currently being developed by the Trust Fund team, an advisory team of international experts, and a group of countries that were initially selected in 2010. It is expected that at least 4 countries will be selected to join the group of pilots, to test and implement the common questionnaire designed to measure levels of financial capability that is expected to be completed and ready for testing by the end of June 2011.

Proposals should be submitted by Trust Fund accredited World Bank staff. A maximum grant of $100,000 may be provided. The grant requested should not exceed 2/3rds of the cost of the survey. Separate funding for selected projects will be made available to cover the costs of participation in workshops organized by the Trust Fund to support preparation of the surveys and to share experience and analysis of the results. All the grant recipients will be required to: (1) adopt the common questionnaire, (2) adhere to the Trust Fund timetable and methodological guidance and (3) attend all the workshops.

1. **Background**

The Trust Fund was established in October 2008 to support the advancement of financial literacy and capability programs in low and middle income countries. The Trust Fund is pursuing these goals through the development of methods and best practices for the assessment of the level of financial capability and a closely related set of methods for the evaluation of financial education programs.

Countries across all development stages have acknowledged the increased responsibility placed on individuals for making financial decisions that affect their present and future welfare, and the need to improve their citizens’ ability to make these decisions and to manage their interactions with the emerging financial products and services for effective life course planning. Financial education and training programs aim at improving the levels of financial capability, hence it is crucial to assess overall levels of this capability to guide policy development and strategy, and to identify the specific areas that require improvement before any financial education intervention is planned. Without this there is a danger that policies and implementation strategies will be poorly matched with capabilities and important needs will be ignored or, conversely, that resources will be allocated to raising levels of financial capability in areas where the need for improvement is a great deal less.

In order to develop methods to assess the level of financial capability in low- and middle-income countries, the Trust Fund has established a Financial Capability Measurement program that will produce operational guidelines and a technical “toolkit” to guide efforts to undertake surveys of financial capability at a national level in these settings. The work in this area is developing a conceptual framework for defining financial capability and will provide practical guidance on how to designand implement surveys that measure financial capability in a way that is comparable with the methods developed in other countries but takes account of the very different conditions in LIC and MIC countries. It will include guidance on how to analyze and present results within a framework that can be used to produce cross-country comparable results.

An early initiative to develop a comprehensive framework for measuring financial capability across a national population was undertaken by the UK Financial Services Authority (FSA). This project explored how the conceptual definition of financial literacy originally provided by Noctor *et al.* (1992) can be translated into an operational definition (Kempson *et al.*, 2005). Using focus groups to understand what people mean by the term ‘financially capable’, the study identified four main areas of behavior denoting financial capability: 1) managing money (record keeping, living within one’s means), 2) planning ahead (dealing with the long term and the unexpected), 3) making choices (monitoring and choosing financial products), and 4) staying informed (e.g. use of information and advice, dealing with complaints) and it also developed methods for collecting data and measuring these capabilities in an integrated manner. The FSA operational definition has informed national surveys in several other countries and has become a standard in high-income countries. It offers the promise of serving as a foundation for similar efforts in low- and middle-income countries although likely with very significant modifications to adapt the approach to the very different conditions in these settings.

The approach adopted by the Trust Fund consists of developing the conceptual framework and the methodology for assessing levels of financial capability in two stages. In the first stage, qualitative research methods, including focus groups and in-depth interviews, are being used to explore the concept of financial capability in low-income settings and to inform the design of questions that can be used for a national survey across different countries. This includes extensive cognitive testing of the questions. At the end of the first stage, a questionnaire will have been developed and be available for countries to adopt as a survey instrument. In the second stage, national surveys will be carried out to test and implement the questionnaire and quantitative methods will be used to produce a cross-country analysis of financial capability levels.

The final guidance and toolkit will be targeted to both policy makers and technical staff and will provide step-by-step documentation of the process leading from preliminary qualitative analysis to full national surveys. Technical advice and financial support is being provided to selected pilot projects to provide real-world case studies to develop and test the methodology.

To inform the development of the toolkit and provide technical support to the pilot countries participating in the development effort the Trust Fund has engaged a team of international experts including researchers who led the UK study as well as experts in survey design and cognitive psychology. The group of experts will provide intellectual guidance and technical advice to country teams throughout the program. This will be done through constant communications with country teams and most importantly in workshops for which participation costs will be separately covered by the Trust Fund. A first workshop is scheduled in late June 2011 to present and discuss the common questionnaire and to provide country teams with technical guidance in preparation of the survey, and a final workshop is expected to be scheduled in mid 2012 to discuss the results from the surveys. An additional workshop to discuss preliminary results may be scheduled in November 2011 if deemed necessary.

Because this is a cross-country research effort, each participant country is expected to participate in all the workshops and to adhere to the Trust Fund timetable and guidelines for implementing the survey and for presenting the results.

1. **Funding of Financial Capability Pilot Surveys under the Russia Financial Literacy and Education Trust Fund**

In April 2010, a first call for proposals was issued to select countries that would participate in both stages of the program. The Trust Fund selected 6 projects, covering 8 countries: Mexico, Colombia, Uruguay, Papua New Guinea, Tanzania, and a joint project for Namibia/Zambia/Malawi. Between October 2010 and January 2011, each country has conducted up to 12 focus groups to contribute to the development of an empirically based definition of financial capability. These groups have identified personal characteristics, skills and behaviors associated with financial capability, and notable similarities have been found across countries. Based on the results of the focus groups, key topics to be included in the survey questionnaire and a set of potential questions have been identified. These questions are being tested and refined through a rigorous process of cognitive testing through two waves of 15 in-depth interviews in each country in the spring of 2011. Through a continuous process of feedback, analysis and synthesis the Trust Fund team, the experts and the pilot country teams will develop the final baseline questionnaire that will be used in all countries for the national survey stage. The questionnaire is currently scheduled to be completed by the end of June 2011.

The primary objective of this call for proposals is to select additional low- or middle-income countries that will join the group of pilot countries selected in the first stage, to test and implement the newly developed financial capability questionnaire in a national sample of households. It is expected that the probability sample will allow for national level, rural/urban and at least regional breakdowns of the data. The ability to disaggregate to lower levels is an advantage but not necessary. The expectation is that at least 4 additional countries will be selected to test the new questionnaire in countries and regions that have not participated in the survey development stage of the program.

Teams implementing the selected projects will be required to participate in a workshop that will be organized by the Trust Fund in late June 2011 to review the questionnaire, to receive technical guidance from the group of experts and to resolve any issues that arise in terms of the survey plans of each country (sampling techniques, sample size, interview mode, etc). Given the aim to develop broadly applicable methods and to produce comparable data, all the countries are expected to follow the guidelines provided by the Trust Fund team and to participate in knowledge and information sharing with the other teams. Following the June workshop, countries are expected to complete the fieldwork in July – October 2011 and to send cleaned datasets together with some basic statistical analysis to the Trust Fund team by the end of November. Guidelines for preparation of the basic descriptive statistics will be provided by the Trust Fund.

Each survey should cover a nationally representative sample of the population contacted through face-to-face interviews. Financial capability will be measured using the questionnaire developed in Stage 1. Additional information will need to be collected on basic demographics, household characteristics, economic activity status, and proxies for the level of income and wealth. The sample size should, therefore, be sufficient to generate statistically reliable results across subgroups in the population. Proposals submitted to the Trust Fund should, therefore, include details not only of the proposed number of people to be interviewed but the underlying rationale for the number proposed. Some estimate of the response rate, based on previous surveys in the country, should be indicated and allowed for in the sample size and design.

The main domains of financial capability that have been identified through the focus groups as relevant to low- and middle-income countries are (i) day-to-day money management and (ii) planning ahead. It is expected that the final module of questions will take between 30-45 minutes to administer; all questions will have pre-coded replies and the degree of filtering within the questionnaire will be kept to a minimum. As an illustration of the types of questions that could eventually be included, the preliminary interview guide used in the first wave of in-depth interviews is available upon request.

The questionnaire used by individual countries may include additional topics as required by specific needs, provided their inclusion does not affect the way the core questions are administered (e.g. additional country-specific questions should be added at the end of the common questionnaire) and that it does not excessively increase the length of the questionnaire. Participant countries that wish to include additional questions should coordinate and where possible should use questions already tested in previous surveys (an example is the set of financial numeracy questions currently being tested by the International Network on Financial Education).

The common questionnaire can be implemented in a standalone survey or through a module attached to a larger existing survey, as long as methods used by that survey are consistent with the guidelines developed by the Trust Fund. In this case, the proposal should discuss how the financial capability module is planned to be integrated in the existing survey. If available, the full survey instrument and the position of the module in it should be attached to the proposal. This will be reviewed to determine what effect, if any, this positioning of the questions might have on the comparability across countries.

The Trust Fund aims to produce a publicly available set of comparable micro data. Participant countries are therefore expected to follow the Trust Fund’s guidelines for data collection, processing and analysis, which will be provided in the June workshop and through subsequent guidance. In addition, country teams will be required to supply digital files (in STATA/SPSS format if possible, or in open-source format otherwise) containing anonymized[[1]](#footnote-1) microdata collected in the interviews. Data collected through the survey must be made available to the World Bank and will be made available to the public through dissemination on the World Bank/Trust Fund website. Because the data sets will be disseminated full documentation of the survey (pilot test, codes, field work, sample design and sample weights, and data structure as well as any coding used to construct variables) will need to be produced along with the cleaned data sets.

Each country team will be required to produce some basic descriptive statistical analysis under the guidance of the team of experts. This is expected to require mostly frequency and bivariate analysis of individual questions.

A more technical analysis using advanced statistical techniques will be prepared by a team engaged and coordinated by the Trust Fund. The data collected in the survey will be subject to detailed analysis, possibly using factor analysis to create overall financial capability scores from the replies; regression analysis to identify factors that, together, help explain the scores, and cluster analysis to segment the population according to their replies.

Country teams will be invited to collaborate on this analytical effort according to their interest and expertise in the required methodology. Ideally the intent to participate in this analysis should be discussed in the proposal, particularly in regard to identifying the requisite expertise and institutions in the respective countries that would be expected to participate in this process, although a final decision on the country team’s involvement in the analytical work and consequent budget revision implications will only be taken at a later stage in the process.

The results of the analysis will be presented and discussed at a final workshop expected to be scheduled in mid 2012. The methodology for the development of the survey instrument, conduct of the analysis and presentation of the results will be disseminated on the World Bank/Trust Fund website, dissemination events organized by the Trust Fund, and related publications.

1. **Eligibility**

Grant proposals will be required to meet the following characteristics in order to be eligible to receive funding:

1. The Trust Fund will finance projects in low-income (IDA) and middle-income (IBRD) [countries](http://go.worldbank.org/VQL6L02HC0) only.
2. The grant requested is no more than $100,000 and there is additional co-financing of the survey so that the grant does not exceed two thirds of the total cost of the survey. There is no restriction on the source of co-financing.
3. Grant recipients must commit to participate in workshops that will be organized and separately funded by the Trust Fund and in multiple rounds of feedback from fieldwork to the Trust Fund advisory team of international experts.
4. After the grant is awarded, support and guidance for survey design and implementation will be provided by the Trust Fund advisory team. Grant recipients must commit to closely adhering to instructions provided by the Trust Fund team during the development, testing, data collection and analysis process to ensure cross-country comparability of the results and the achievement of a common framework that is suitable to be adopted in the widest possible range of countries.
5. Grant recipients must also commit to adhere to the timetable in Section 6.
6. **Application process**

Proposals must be submitted by a Trust Fund accredited World Bank staff who will serve as the Task Team Leader (TTL) for the grant, possibly within the relevant country office or region sector. Potentially interested countries are invited to contact the Trust Fund team if they need assistance in contacting World Bank staff who may be interested in serving as a TTL for the project.

The Trust Fund is Bank executed and can therefore cover the costs of Bank Staff to develop, execute or supervise projects. Proposals may be submitted for projects that are either Bank-executed or Recipient-executed or a combination of the two if required. However, due to the more complex administrative process and the time required by the implementation of a Recipient-executed grant, a Bank-executed framework is strongly suggested. If a Recipient-executed framework is proposed, applicants should confirm that they will be able to meet the Trust Fund’s timetable. The cost of Bank staff time for supervision of a recipient-executed project should be indicated separately in the application form. Please note that the overall budget available for preparation and supervision during the life of the Trust Fund is extremely limited. TTLs should explore the possibility of requesting co-financing for supervision of recipient executed grants from their unit’s Bank Budget if feasible.

Applications with a detailed budget should be submitted by the TTL by sending the completed application form (see Annex 1) and a proposal (see the template in Annex 2) by email to Valeria Perotti ([vperotti@worldbank.org](mailto:vperotti@worldbank.org)) between March 1, 2011 and March 31, 2011. The proposal should provide a brief (10-page maximum) document addressing the eligibility requirements and describing the background and policy relevance of the project, activities, timeframe, detailed budget, full details of the sampling, institutions/organizations involved in financing or implementing the project, expertise and previous experience of the research team, preferred execution framework (Bank executed or Recipient executed) and justification for such preference. If the team plans to attach a financial capability module to an existing survey, the survey questionnaire (if available) should also be attached with an indication of where the new module would be placed. Additional supporting materials can be submitted as appropriate.

1. **Selection process**

In addition to the eligibility requirements, the Trust Fund will evaluate the submitted proposals by giving preference to proposals that:

1. Are from countries in Eastern Europe and Central Asia (ECA), Middle East and North Africa (MENA), or South Asia (SAR) regions.
2. Indicate a strong commitment from the government through significant co-financing, commitment of staff or institutional support.
3. Allow for coordination with other projects to be financed by the Trust Fund in different countries.

A specific aim of the Trust Fund is to achieve diversity in the countries selected for participation and, if feasible, for at least half of the surveys to be implemented in low-income countries.

The Trust Fund management will review proposals with support from the advisory team and will select proposals based on the quality of project, quality and expertise of the team directly involved in the data collection and analytical activities, level of support from national institutions and other local partners, and according to other preference criteria stated in this Call for Proposals. Initial decisions will be communicated to TTLs by April 15, 2011. Proposals may be accepted contingent on satisfactory revision to address specific issues at this time.

1. **Deliverables**

Grant recipients will be required to provide the following deliverables to the Trust Fund management. Preference will be afforded to projects that can provide these within the anticipated timeframes. The following time schedule and list of deliverables for stage 2 is preliminary and will be reviewed and updated by the Trust Fund management upon completion of Stage 1 activities (early June 2011).

June 23-24, 2011 Participation in the Trust Fund workshop for preparation of survey implementation.

July 22, 2011 Copy of the final questionnaire, both in English and in the language(s) used for interviews.

November 25, 2011 Data files containing all the cleaned microdata gathered through the interviews, with appropriate coding and in STATA/SPSS format if possible (or in open-source format otherwise). The data files must be provided both in English and in the original language used for the interviews and must include any weights that have been developed to make the sample representative of the population of interest. The data files must also include basic demographic information (age, gender and education) of interviewers, and interviewer identifiers matched to each interview record.

The data must be accompanied by full documentation (in English) describing the sampling method used, the sampling frame, the method used to calculate weights, response rates, interview mode, pilot tests, field work, etc.; presenting the data structure as well as any coding used to construct variables; and including a description of the main issues encountered in the whole data collection process.

Basic descriptive statistical analysis of the data will also need to be provided to the Trust Fund team according to guidelines to be agreed on in the June workshop.

A final workshop is expected to be scheduled in mid 2012 to present the results of the surveys. All teams will be required to participate in this workshop.

1. **Grant implementation process**

Funding provided by the Trust Fund will be made available to the Task Team Leader upon completion of the administrative procedures required to activate the Grant. Detailed instructions for submitting a Grant Funding Request will be provided to TTLs of selected proposals. TTLs should carefully choose the appropriate execution framework as this may affect timing of grant implementation. To inform this decision, TTLs should note that the following steps need to be taken:

**For Bank Executed proposals:**

1. TTL creates an Activity Initiation Summary (AIS) for the project, in accordance with Bank guidelines and her/his unit’s procedures.
2. TTL completes and submits a GFR.
3. The TTL’s Sector Manager approves the GFR.
4. Trust Fund window manager approves the GFR.

**For Recipient Executed proposals:**

1. TTL creates AIS for the task.
2. TTL completes and submits a Bank-executed GFR for task preparation and supervision.
3. The TTL’s Sector Manager approves the GFR for task preparation and supervision.
4. The Trust Fund window manager approves the GFR for task preparation and supervision.
5. TTL proceeds with task development and review consistent with the Bank’s procedures and the unit’s requirements, including procurement plan and financial reporting and audit plan.
6. TTL completes and submits a Recipient Executed GFR for the project.
7. The TTL’s Sector Manager approves the GFR for the task.
8. The Trust Fund window manager approves the GFR for the task.
9. The TTL works with Legal Department to prepare the Grant Agreement to be signed between the World Bank and the Recipient.
10. **References**

Kempson, E., Collard, S., *et al.* (2005), *Measuring Financial Capability: An Exploratory Study*, London: Financial Services Authority.

Noctor, M., Stoney, S. and Stradling, R. (1992), *Financial Literacy*. Report prepared for the National Westminster Bank, London.

**For information please contact:**

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**ANNEX 1**

**Russia Financial Literacy and Education Trust Fund**

**Financial Capability Survey Pilots**

**Application Form**

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| --- |
| Country: |
| Task Team Leader: World Bank Unit: |
| Task Team Leader contact information: |
| Is the TTL Trust Fund accredited? Yes No |
| Proposal Name: |
| Grant Recipient: |
| Grant Recipient contact information: |
| Proposed framework: Recipient executed Bank executed |
| Is the project related to existing World Bank lending operations? Yes No |
| If Yes, which ones? |
| Is the project related to existing World Bank non-lending operations? Yes No |
| If Yes, which ones? |
| Proposed grant amount (USD. If recipient-executed, do not include budget for supervision by Bank staff): |
| Proposed budget for project supervision (only if Recipient Executed): |
| Total budget for the project (USD): |
| Share of total cost of the project to be financed by the Trust Fund: |
| Co-financing institutions (if applicable): |
| Implementing agencies/firms/organizations for fieldwork: |
| Other involved agencies/firms/organizations: |
| Will a new survey be implemented or will the Financial Capability questions be added to an existing questionnaire:  New survey Existing survey |
| Is the survey a longitudinal survey (i.e. plan to re-interview the same respondents with repeated surveys in the future)?  Yes No |
| Timeframe for testing, fieldwork, data cleaning and analysis |

**ANNEX 2**

**Russia Financial Literacy and Education Trust Fund**

**Financial Capability Survey Pilots**

**PROPOSAL TEMPLATE**

*Proposals do not need to follow a specific format. However, they should address the following topics in 10 pages maximum.*

1. Background and rationale for the project.
2. Meeting eligibility requirements.
3. Description of any pre-existing or planned projects to which the project may be linked.
4. Policy relevance of the proposed project, expected support by national institutions and links to current/proposed strategy at the national level.
5. Survey Implementation Plan. Please provide details as available (sample size, representativeness, survey methods, interview mode, etc.). In particular, please indicate whether the survey to be financed in stage 2 is expected to be repeated in the future and how frequently. If the survey is expected to be repeated, please clarify if this would be a repeated cross-section or a longitudinal survey, and discuss sources of financing. Applicants should also clarify if they are planning to implement a standalone survey or to attach a module to an existing survey. In the latter case, the survey questionnaire should be attached if available and the proposal should discuss how the new module is planned to be integrated in the existing survey.
6. Description of expected outcomes of the project and planned use and dissemination of the results.
7. Brief discussion of previous experience of implementing agencies/firms/organizations.
8. Brief discussion of qualifications of staff involved in implementation.
9. Justification of the proposed execution framework (Bank Executed or Recipient Executed).
10. Detailed budget by expense category, including a description of the type and amount of expenses to be covered by resources from the Trust Fund (please do not include the cost of participation in the Trust Fund workshops as this will be separately covered by the Trust Fund).

1. Anonymized data is simply data that has the names and addresses removed and any geographic data at low levels. Additional perturbations of the data are not desirable. Note, strata and primary sampling unit variables will need to be maintained in order for correct use of the data [↑](#footnote-ref-1)