



Peru – Impacts of Financial Education for Conditional Cash Transfer Beneficiaries in Peru⁵⁹

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For decades, nongovernment organizations around the world insisted that microcredit was the best means of lifting people from poverty. There is an emerging consensus today that savings instead might be the best approach. Evidence shows that the poor actually save (Rutherford 2001) and that financial inclusion is more than just giving bank accounts (Dupas & Robinson 2013). Believing that financial education is central to anti-poverty endeavours, Peru launched the Savings Promotion Pilot (SPP) as a joint civil society-Government initiative.

The SPP focused on the poorest Peruvians, the conditional cash transfer (CCT) recipients because they had very low rates of formal savings. In 2011, 20 percent of Peruvians had an account at a formal financial institution, but only 9 percent actually saved during the previous year (Global Findex 2011). Among the poorest 40 percent of Peruvians, less than 3 percent had formal savings (Global Findex 2011). That rate was estimated to be even lower for Juntos CCT beneficiaries, who are not only the poorest but also are mainly rural and Quechua-speaking women. According to the baseline, only 1 percent of the target population of the SPP was saving at a bank.

The target group was receiving the Juntos transfer through personal bank accounts, which established a minimum initial level of financial inclusion. The SPP included the main component of financial education (sessions and monthly or less-frequent follow-up), and a small incentive component (food bundle of around US\$60 for savers only), which was later discontinued.⁶⁰ Financial education under the SPP was implemented from June 2010

59 This paper summarizes the results of the impact evaluation of the Savings Promotion Pilot Programme for Juntos Families, based on Boyd and Aldana (2015), and includes a discussion on the role of National Governments in Impact Evaluation. The views and opinions expressed here are those of the author, and not necessary those of the people or organizations involved in the implementation and evaluation of the pilot.

60 Cole et al. (2009) found significant impacts from small incentives to savings accounts' opening, which disappeared when linked to a financial education programme.

to March 2012, in 17 districts (non-randomly selected) of five regions in the Peruvian highlands.⁶¹ It included four modules focused on formal savings promotion.

The first module created awareness about the SPP and encouraged Juntos recipients, mainly women, to form groups of up to 30 people to receive financial education later. The second one taught how the financial system worked (the roles of government and financial institutions) and clients' rights. The third module explained the basics of formal financial services (advantages and disadvantages), focusing on savings accounts. The last one was a productive development module, which promoted entrepreneurship among beneficiaries and the use of financial products like credit and insurance. The four modules were designed to be taught one per month, but that did not always happen. Most districts did not receive the last module, which led to scattered intervention.

Since participation was not compulsory, the SPP take-up rate was around 50 percent, reaching nearly 7,000 people, 95 percent of whom were women. However, due to the non-uniform intervention, the evaluation regarded only the three regions where the fourth module was not delivered (979 observations), and for which baseline (gathered in July 2010) and follow-up survey (in July 2012) data were available. To assess the impact of the SPP under this context, we used a propensity score matching with differences in differences (MDD).⁶² The following results work on the SPP (ITT), which shows the minimum impacts of the pilot.

The first expected impact of the SPP was to build confidence in the financial system among Juntos recipients. The SPP increased the probability of knowing that savings at a bank are secured by 5 percent. The SPP also increased by more than 16 percent the proportion of those who wanted to save at a bank. And it increased the proportion of those who actually saved at a bank (since the beginning of Juntos) by more than 15 percent, from nearly 0 percent, thus raising the formal savings rate for the target population to almost double the rate for Peru. However, only 25 percent of those who wanted to save at a bank had actually done so, suggesting that the existing financial supply was not satisfying the demands of the SPP target population.

The large impact of the SPP on the proportion of savers contrasted with the non-significant impact on the amounts saved at a bank (at data collection time), which had a high variance. However, we found impacts on the proportion of people saving 20 soles (around US\$7) or more at a bank. Besides, small formal savings amounts at the data collection time may not be reflecting the total impact of the programme on savings (formal and informal), since households could have already invested part or all of their savings.

In fact, the impacts of the SPP on welfare variables, mainly assets and consumption, were positive and significant. We found a 9 percent impact on livestock acquisition, 11 percent for big farm animals (e.g. cows) and 7 percent for small farm animals (e.g. guinea pigs). These

61 At the beginning, 24 districts were randomly selected for intervention, but budgetary issues did not allow reaching all of them. Thus, intervention in the 17 districts was not randomly assigned.

62 The control variables we used to do the propensity score matching were education, age, gender, level of political violence in the district (since it determined district selection), transaction costs (distance to the closest bank – Juntos pay point- in minutes) and a poverty index.

large impacts on animal purchasing compared to the non-significant impacts on formal saving amounts could be explained by the fact that savings (like rural income) have a cycle, and by the impact on the amount saved at home which was important though not statistically significant. On the other hand, we found no significant impacts on the proportion of women owning businesses, suggesting that programmes similar to the SPP targeting women do not promote business opening per se.

Regarding consumption, we did not find conclusive evidence on changes in health and education expenses due to the SPP, but we did find an impact of 24 percent on food monetary expenditures (though it may not imply an increase in food consumption value). Finally, we found an impact of the SPP on women empowerment at the community level (measured as participation in community decisions) of nearly 14 percent, presumably because of economic empowerment through savings; and a non-harmful impact on the social networks of Juntos recipients.

Overall, the impact evaluation of the SPP shows that a financial education programme without monetary incentives, which targets mainly poor women receiving CCT in rural Peru, can generate changes in their lives. We found positive impacts on the income generation capabilities (investment), which might derive from financial knowledge and savings; and also non-intended positive impacts on women empowerment at a local political level. The SPP boosted antipoverty policies (like the CCT programmes) and helped empower women, contributing to achieving the first and fifth SDGs.

Consequently, the evaluation of the SPP contributed to making financial education a public policy. Currently, financial literacy is a transversal component of the new Ministry of Development and Social Inclusion (MIDIS) activities. Besides, the Juntos programme now has the role of an information provider on financial topics, with emphasis on standardized messages (e.g. saving at a bank or having a credit does not preclude anyone from receiving Juntos transfer). More important, the evaluation results became the basis for the implementation of the Financial Inclusion National Strategy.

The evaluation became a tool for policy decision-making in a particular context. The National Evaluation Capacities were given to develop this evaluation because in the last years the Peruvian Government went through a process of 'technocratization'. When the evaluation was done, the Juntos CCT programme was under the MIDIS, which had a vice-ministry dedicated to evaluation; and the Ministry of Economy and Finance was asking other ministries to use indicators to measure their performance and sustain their expenses (Estévez 2015).

It is also important to note that the outcomes on policy influencing of the SPP evaluation had their basis in a long-run work from the civil society (Instituto de Estudios Peruanos, or IEP), which involved government entities (JUNTOS programme, Banco de la Nación, Technical Secretary of the Interministry Commission of Social Affairs, AgroRural) in programme implementation and evaluation design. Besides, it also had to struggle with changes that occurred during the evaluation. There were presidential elections in 2011 that led to important changes in the government and personnel. A beneficial change for the evaluation was the creation of the MIDIS, because the new minister was part of the IEP and pushed to

incorporate financial education into all social programmes. However, a negative change for the evaluation was the cut in the budget assigned to AgroRural for the intervention. Nonetheless, the evaluation team was able to contact the new policymakers and to involve them in the SPP through field visits and presentations of initial results (Estévez 2015), so as to pursue extra budget from Care Peru.

Finally, there is an important need to create formal channels for policymakers to contact researchers and vice versa. On the one hand, researchers need this channel to disseminate the findings on ongoing policies to the right policymakers. On the other hand, policymakers may use this channel to carry out new evaluations, by contacting qualified local researchers to conduct rigorous evaluations.

CONCLUSIONS AND REMARKS

The SPP is an example of how to use an impact evaluation to scale a good development practice. Even when the impact evaluation was not a randomized control trial, the established National Evaluation Capacities were the key to make the impact evaluation remarkable positive results (on formal savings, asset acquisition and women empowerment), the basis for a national policy.

The main lesson from the SPP experience is that for an evaluation to be used to replicate, scale or quit a programme, it is necessary to establish institutions and incentives that encourage the conduct and use of evaluations. Moreover, public servants need to be aware of the importance of evaluations and become involved in the different stages of the exercise, even amid political or personnel changes.

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