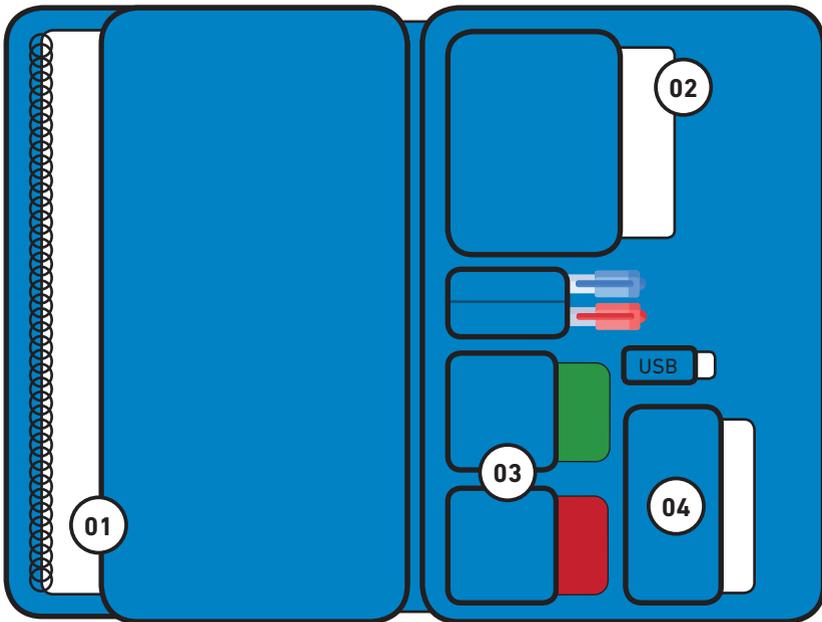


# Financial literacy

A 5-week training program

## English

# Trainer's toolkit



- 01 Flip chart
- 02 Curriculum
- 03 Income & expense cards
- 04 Scenario cards

# How to use this book?



Flip chart



Group work



Workbook



Homework



Scenario cards



Roleplay



Discussion



Income+  
expense cards



Activity



End of module

An introduction to financial literacy

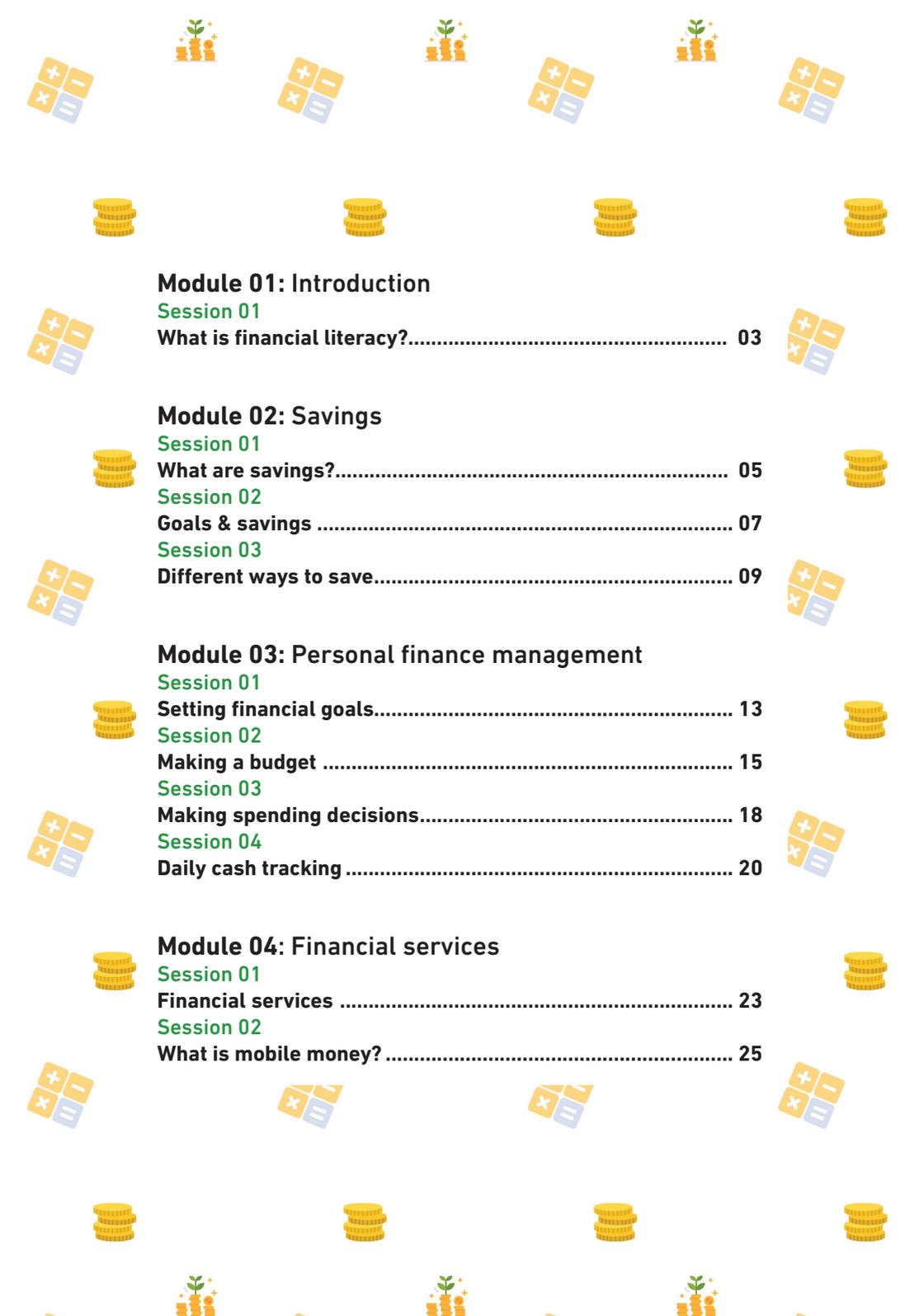
# Foundation course



10 sessions



4 modules



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## What is financial literacy?

### Session 1

Financial literacy refers to a set of skills and knowledge that allows individuals to make informed and effective decisions regarding money matters.

Financial literacy is a combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

Being financially literate means that you understand the basic financial principals such as:

- Saving your money
- How and where to open an account
- Keeping proper records of your financial transactions
- How to access financial assistance

### Why is it important to be financially literate?

- An Individual who is financially literate makes good decisions on money matters
- Has money to meet emergencies and for other important things (from his/her savings)
- You will also be able to convince others to lend you money
- There is a big chance that one will not make poor financial decisions that can harm his or her family and business
- To have knowledge that improves

one's understanding of personal financial issues

- To have skills that enables one to apply financial literacy knowledge to manage one's personal finances
- To develop confidence and attitude that enables one be sufficiently self-assured to make decisions relating to one's personal finances



### Financial literacy enables one to:

- Understand the key financial products you may need throughout your life
- Understand basic financial concepts like compound interest, investment return, risk, and diversification and so on
- Discuss money and financial issues – even if you don't really like to talk about them
- Make good financial choices about saving, spending, and managing debt
- Respond competently to changes that affect your everyday financial well-being



#### Flipchart 01 What is included in financial literacy?

### Say:

Financial literacy starts with giving us the knowledge on how to manage our finances well. This means we know everything we need to make good financial decisions. But we then have to apply that knowledge in our daily lives, and use it to make smart decisions.

Therefore, financial literacy requires that we change from our current behaviour to the desired behaviour. This is a learning process and we have to be willing to change certain behaviour, to overcome our financial challenges and achieve our financial goals.

### Current behaviour

- Lives on a day to day basis
- Savings not linked to savings goals
- Borrows for emergencies
- Can't choose the right investment

### Desired behaviour

- Makes a spending plan, budgets and uses it to manage finances
- Has a savings plan with clear goals
- Maintains an emergency savings fund
- Chooses the right investment



### End of module 01

## What are savings?

### Session 1

Ask the groups what savings are. Encourage them to share their answers aloud. Supplement their suggestions with the following answers:

- Money that is put away in the present for use in the future
- Investments in animals or land that can be sold when cash is needed
- A way of building assets
- A fundamental part of money management

**Ask:**

What are the main reasons why people save? Allow the participants to share their answers aloud. Supplement their suggestions with the answers below:

- Sickness
- Weddings
- Funerals
- Old age
- Emergencies
- House
- Education
- Home Improvement
- Invest in business
- Childbirth
- Holidays

**Ask:**

Do you know what saving is? Allow the participants to share their answers aloud.

**Say:**

Saving is putting money aside for future use and spending. Saving can be in form of cash or an asset.



Group work  
Tell participants to form groups of 2 or 3

Each group then makes a list of some good spending and saving practices. Allow participants to do this for 5-10 minutes.

Ask the groups to share their answers aloud. Supplement their suggestions with the following answers:

- Make a budget for the coming week or month. This means that you list the expected money coming in and going out, and that you plan what you will do with the money. Plan how much you will save every day, week or month
- Stick to your saving plan!
- Before spending your money, ask yourself if you really need the item you want to buy
- Don't buy it if you don't need it
- If you don't spend money that you think you should, put that money on the side for later use. Don't just spend it because you can!
- Even saving a small bit of money is better than saving nothing
- Keep records of how much you actually saved and spent every day, week or month
- Look at your spending habits and determine how you can cut them down so that you can save more

- Put your savings in a bank or a savings and loan association (SLA). This will keep the money out of your reach, and will be easier to save

## Set saving goals

What are the savings goals for your family? Ask the group to share their answers aloud. After the participants have listed the goals, explain the following:

- Savings goals can be short-term or long-term.
- Short-term goals are those that will be reached in less than 1 year, such as paying school fees.
- Long-term goals are those that will take more than 1 year to reach, such as home improvements or buying a house.



Flipchart 02  
Setting goals

## Developing a savings plan for your own family

### Say:

Think about your savings goals for your own family. What do you need to save for, in the short term? What future long-term goals do you have? To achieve your financial goals, you will need a plan that states each goal, the amount of money you will need to achieve that goal, and the amount you will save each week or month over a defined period.

To make this plan, you must look at your income, determine how much you have available to set aside as savings, and decide your savings priorities. Which goals are most important to you? A clear plan will help you know what to do, increase your discipline to save and be more successful in reaching your savings goals.



Workbook: page 02  
'My dreams'

Tell the participants to look up the corresponding page in the workbook. Pick a volunteer from a group and ask him/her about one short term goal, and one long term goal. Draw and write these goals in the notebook in a very clear manner.

- Give the group an example of what a short- and long-term goal is. Your timeframe and saving capacity determines if it is a short- or long-term goal
- Mention that everyone has to set a short-term goal at the end of the 5-week training, which will be followed up during the M&E period.



Workbook: page 03  
Goals & savings

Pick a volunteer from a group and ask him/her about some of their short-term goals. Write these goals in the first column in a very clear manner. With the help of the group fill the other columns of the worksheet with realistic numbers and show how to use this tool.

### Explain:

These tools will help you plan better and to check if the goals you have in mind are feasible or not. Keep in mind how much you have to save in order to reach your goals within your time frame.



Homework:

**Each participant has to copy the two templates into their notebooks, fill them in and bring it for the next session.**

The trainer needs to follow up regularly and monitor whether the participants are able to save, and are working on fine tuning their short-term goal which will be refined at the end of the training period.

## Session 2

Ask the group to show the homework they have done. Make sure everyone has done it correctly and clarify the doubts, if any. For the Goals and Savings template on page 2 in the workbook, make sure the numbers are correctly put. If there is anyone in the group who has not filled the template properly, ask them to stay after the session and explain it to them again or repeat with the group before continuing. You can also have a participant who has understood it clearly to explain it to those who haven't.

### Explain:

Find out from each participant if the amount of total savings required each month to meet their goals is possible for them? If they saved close to that amount last month? For those participants who cannot save that much, advise them to fill the worksheet one more time and adjust the savings goal for each month.

Each participant should understand that sometimes one puts goals that are not achievable, and it is very important to set goals that are achievable and realistic.

### Ranking the importance of savings goals

#### Explain:

Review the savings goals you have set as it may not always be possible to reach all your goals. You should therefore prioritise your goals and rank them in order of importance using 1 for the most important, 2 for the next most important and so on.

When the groups have finished, ask 2 or 3 volunteers to answer the following:

#### Why have you ranked the savings goals this way?

Discuss the importance of saving for the most critical needs such as health, education and shelter.

#### Why is it important to set realistic financial goals?

Make sure that the following answers are mentioned:

- It helps you decide your spending priorities for the future
- It gives you discipline for spending and saving
- It helps you to avoid unexpected money shortages.
- It helps you feel less financial stress
- It helps to harmonize the family and work together towards the same goals



Scenario 01  
Omar's savings

### Saving for emergencies

Which emergencies do you think will have the most severe financial consequences? List the different emergencies that the group members mention aloud.

What are the emergencies that you are likely to face in a year? What will be the consequences for the family if they do occur?



Group work:  
Divide the group into small groups of 2-3.  
Give the groups 5-10 minutes to discuss these questions.

While the members are discussing, draw a table with two columns labelled 'type of emergency' and 'consequences'.

Ask each group to report on a different type of emergency and the consequences. Note down their ideas on a piece of paper.

### Say:

Emergencies mean that it's an immediate cost that will affect the family. The costs may include medical bills, rebuilding from a disaster, replacing stolen goods or keeping up loan payments even after you have lost your business. If a principal income earner is unable to work due to an emergency, the family will lose even more income.

### Ask:

What are the difficulties that a family can have in trying to set aside this much money?

What is your advice to them?

List the difficulties and the advice on a piece of paper.

### Make the following point:

Remember, the purpose of your emergency fund is to cover small emergencies. Most of us will not be able to keep enough money to cover big losses such as loss of our homes or a crop.

### Different ways to save



Flipchart 03  
Where to save?

Allow some participants to respond before giving the answers below:

- On an account in a commercial bank or credit Institution or micro deposit taking institution (MDI). This is a formal institution for saving money. Banks keep and manage your savings.

They are a safe option for keeping your money. They come with a monthly or yearly fee.

- With a Savings and Loan Association (SLA) or any other self-help group
- People from the same village or farmers group save their money together to make the money grow. SLAs give out loans to members and collect interest. The money generated from interest repayment is then shared among the members.
- With a registered Financial Cooperative (SACCO). A SACCO is a Savings and Credit Co-Operative. This is a legal entity with formal and defined structures and systems. Operations are very formal guided by the policies and procedures in place. They have an account with a commercial institution.
- Home saving, in a box/tin, under the mattress, or in a hole under the soil in the house. This is the least safe way of saving.
- Assets such as livestock and land are a method of saving because they hold value and can be resold (for the same amount of money at purchasing or more) at a later time.



Ask your neighbour:  
You have one minute to ask your neighbour what they think is the best option for saving and why?

Give participants 1-3 minutes to discuss with their neighbour, then let a few participants share their neighbour's answer.

### Session 3

#### Ask:

Do you remember the different ways one can save from the last session? Allow some participants to respond.



Flipchart 03  
Where to save?

### Advantages and disadvantages of different saving options

#### Say:

We will now discuss the advantages and disadvantages of the different saving options. Please try to understand them properly and ask if there are any doubts.

#### Ask:

What are the advantages and disadvantages of saving at a bank?

#### Advantages:

- A bank is a safe place for your money.
- Banks will keep proper records about your deposits and withdrawals
- You can take a loan from a bank if you have saved there for some time

#### Disadvantages:

- You earn a low interest rate on your money, so it does not grow on its own quickly

- There can be strict requirements to open an account.
- There are bank fees for keeping an account.
- When there is no network in the bank, you will not be allowed to withdraw your money
- You may require withdrawn money from the bank or the ATM which might be far away from home.

**Ask:**

What are the advantages and disadvantages of saving with an SLA?

**Advantages:**

- You have easy access to a loan
- It is easy to save because other people encourage you and save alongside you
- You get better interest on your savings
- It is safer than keeping money under your mattress or in a box at home
- In case of emergencies, you can access an interest free emergency fund
- Transactions are quick and transparent
- You have access to social support in case of trouble

**Disadvantages:**

- There is a risk of fraud if the members don't know each other well or if members do not follow rules and do not pay attention to the activities of the SLA

- You are required to attend meetings regularly so it is not for people who will not take time to do this
- The SLA rules normally bar other interested members / farmers from joining them beyond 30 members
- Your savings are easy to access, and you might be tempted to spend them

**Ask:**

What are the advantages and disadvantages of saving with a savings and credit cooperative Organisation (SACCO)?

**Advantages:**

- You have easier access to services such as big loans.
- It is a safe place to keep money
- There is an easy loan approval process
- There are no or minimal monthly fees on the account
- SACCOs do not meet regularly, apart from the AGM (annual general meeting)

**Disadvantages:**

- There are shares to buy and fees to pay for one to become a member
- Not all communities have SACCOs

**Ask:**

What are the advantages and disadvantages of saving in a box or under the mattress at home?

**Advantages:**

- There are no fees
- You are able to access your savings easily in case of an emergency

**Disadvantages:**

- There is a high risk of theft
- You don't earn any interest on your savings
- You cannot access more money than what you put in the box
- Your savings are easy to access, and you might be tempted to spend them

**Ask:**

What are the advantages and disadvantages of saving by buying livestock or land?

**Advantages:**

- There are no fees or procedures
- You can sell livestock or land in case of an emergency
- Livestock and land can grow in value and make you passive income, e.g. renting out land

**Disadvantages:**

- There is a risk of illness and death with livestock, or even theft.
- For livestock and at times land, you spend money on maintenance.



### Roleplay Why should you save?

Tell the participants to form groups of 3 or 4 depending on the group size.

**Say:**

We are going to do a role play where the main character has to spend more money than he or she expected.

Assign each of the problems below to a group. You can also invent a problem.

**Problem 1:**

School fees have risen and must be paid before the children can go to school.

Characters: wife, teacher, husband, children

**Problem 2:**

The wife falls ill and needs medication.

Characters: husband, wife, children, doctor.

**Problem 3:**

The children are back for holidays and they need to eat a healthy diet.

Characters: wife, husband, children

**Problem 4:**

An input supplier asks to be paid in advance. Characters: husband, wife, children, supplier

Tell the groups assigned to problem 1 and 2 that the main character has savings. Tell the groups assigned to problem 3 and 4 that the main character does not have any savings.

Give the groups 10 minutes to create and practice their role play.

Ask each group to perform their role play in front of the whole group.

After all groups have performed their role play, ask the whole group the following questions:

- What are the advantages of having savings?
- Is it always possible to find money for an emergency when you don't have savings?
- What can the consequences be if you do not find money when you have an emergency?
- If someone lends you money at the last minute, what will she/he ask for in return?
- Is it better to borrow money at the last minute or to have savings?

#### Key message:

Consider the advantages and disadvantages of each savings option before choosing the one that works best for you.

#### Meeting with savings service providers

##### Say:

Next, we will discuss the questions one has to ask the providers of savings service before deciding where to save. It is very important to meet with different providers and compare them before deciding whom to go with.



Workbook: page 04  
Questions to ask  
at the bank

#### Module summary:

Rules of thumb for savings:

- Save as soon as you earn. That is, put the savings aside before spending
- Try to save 10%-20% of your income (e.g. for every UGX 100,000 save a minimum of UGX 10,000 -20,000)
- Don't carry a lot of cash, avoid the temptation to spend it!
- Spend carefully
- Keep savings out of reach in a safe place
- Good savings behaviour requires discipline
- Discipline is learned through practice!



**End of module 02**

## Setting financial goals

### Session 1

#### Say:

This training will teach you how to plan and manage your money. You will learn to set your financial goals, to make a budget and how to track your cash flows to make better financial decisions.

People everywhere work to have enough money to meet their day-to-day spending needs, pay down debts, keep the business going, meet future needs for housing, pay for school and marriage for their children, and ensure a secure old age. Often there is not enough money to reach all these goals.



Scenario 2  
**Michael and Faith's financial situation**



Scenario 3  
**Carol and Robert: reaching their goals**

#### What is a financial plan?

A financial plan is a tool to help you decide how to earn more and use your money to achieve your goals.

#### Ask:

How can financial planning be helpful to you and your family?

Summarize their ideas and be sure to include the following:

- Helps you decide your spending priorities for the future
- Gives you discipline for spending and saving
- Helps avoid unexpected money shortages
- Help you feel less financial stress

#### What can you do to make your own financial plan?

Ask for volunteers to share their ideas. Decide goals or objectives for the future, decide how much money they earn and how they will use my money to save and invest to reach my goals.

#### Identify examples of expenses



Expense cards

#### Ask:

What are the ways that people spend their money?

Hold all the expense cards in hand and one by one, place these cards in front of the group as they are called out by participants. When the participants have finished, ask for volunteers to come where the cards are placed and classify them, organizing them into categories of similar expenses

The expense cards are examples only. Participants may suggest different expenses, when this happens take one of the blank cards and write them down and place them together with the other cards. Ask for two volunteers to sort the expense cards into groups that are

similar. Ask them to put the cards that are similar next to each other.

Assist the volunteers and encourage the participants to call out their ideas. Encourage participants to give reasons for their suggestions. When the cards are organized, review them with the group.

**Say:**

Look at the expenses again. What are the expenses you pay once in a while as opposed to every day or every week? How do you plan for expenses that occur only once in a while?

Summarize their answers and say:

It is important for good money management to plan for expenses that do not occur regularly. You have mentioned many ways this can be done, including saving and putting off purchases until the money is available.

**Identify examples of income sources**

**Say:**

We have talked about the ways that we spend the money. Now let us talk about where that money comes from.



Income cards

**Where does money come from?**

Hold the cards for sources of income in your hands and place the cards in front of the group one by one as they

are called out by the participants. The sources of income options are examples only. Participants may suggest different income sources, when this happens take one of the blank cards and write them down and place them together with the other cards. Ask the participants to sort these sources of income into similar types of income.

**Ask:**

Which of these sources of income are infrequent or irregular? Why?

Ask volunteers to talk about their infrequent sources of income. Check the cards with the sources they mention.

When you get income in one large amount every once in a while, how do you plan to use it to pay for expenses throughout the year?

Summarize participant responses and say to the group:

It is nice to get a large amount of income at one time. It is important to think about how to use this money wisely to pay off debts, make sure you can meet basic necessities and save to meet expenses that will occur in the future.

**Explain:**

In the next sessions we will learn what a budget is and how to make one. This tool will help you plan for both regular and infrequent expenses and income.

## What is a budget?

A budget is a summary of estimated income and how it will be spent over a defined period.



Flipchart 04  
Family budgeting

### Say:

We are here to learn how to manage money. A budget is an important tool for this. It is a plan that divides your income among necessary living expenses, savings and investment during a certain period.

In order to budget, we must know how much money we have coming in and how we want to spend that money during a set period of time that we choose. To budget, it is important to identify and organize spending.



Workbook: page 07  
Income vs. expenses



Homework:  
Each participant should do the income vs. expenses activity with their family members in their household

Tell the members to bring their notebooks with the copied template filled out correctly for the next session.

## Session 2

Start the session by asking all the participants to show the results of the income vs expenses activity that they did with the other members of their household.

### Why is a budget useful?

A budget:

- Allows you to assign your income to different types of expenses
- Helps you make decisions about spending and saving
- Encourages cautious and disciplined spending
- Allows you to take control of your financial situation
- Helps you organize and manage money more effectively
- Helps you plan for your future and meet your financial goals

### Ask:

How do you currently manage your income and expenditures to meet your family's needs?

What can you do to improve budgeting in your household?

Give the participants up to 5 minutes to exchange ideas. Then ask 3 or 4 volunteers to report back to the large group. Summarize their ideas, ensuring that the following points are mentioned:

Ways to improve budgeting:

- List all income sources
- List all expenses
- Plan ahead to prevent spending more than your income
- Save surpluses to meet future expenses when income is low

**Say:**

Today we have defined budgeting and in the last session we talked about the key elements of a budget; income listed by source and expenses, listed by type of expense such as basic necessities, loan repayment, business and optional expenses. We saw how a budget includes a line for savings. We talked about how all of us currently manage our money and what we can do to improve our own budgets.

**Steps to creating a budget:**

- Review your financial goals
- Estimate amount of income by source
- List all expenses and amount needed for each one
- Make sure your expenses are not more than your income
- Decide how much you will save
- Review and adjust as needed



Flipchart 05  
Budgeting process



Scenario 04  
Sandra makes a budget

## Making a budget



Workbook: page 08  
Projected family budget

What are the estimated income and expenses over a period of 1 month?

Pick a volunteer from a group and ask him/her to copy the worksheet into their notebook and roughly enter the numbers as applicable to his/her current income and expenses.

Ask the rest of the group to observe carefully and they can ask questions any time they have a doubt. As you explain each step, demonstrate how to do it using the volunteer's example.

### Income

On the projected family budget worksheet, define the sources of income and make sure they are listed on the left column. If any source is missing, then the participant can cut a source that does not apply to him/her and write the missing one in that row. Some of these sources may provide income every month and some may provide income only at certain periods of the year

Estimate the expected income by month from each source and write it in the appropriate box on the worksheet. Some income may come infrequently in larger sums. To figure out what this irregular income is on a monthly basis, determine how much you receive annually and divide this by 12.

Add up the total income for each month.

Now, ask all the participants to fill their respective tables for income. Move around in the group and offer to help anyone who needs it. The participants should use a calculator on their phone, if they have, to make sure the sums are done correctly.

### Expenditures

On the family budget worksheet, write the expenses for each category of expense: savings (as we want the participants to set this aside and learn to save) debt payment, necessities, optional expenditures and so on.

Estimate the expenses for each category for 1 month. There may be some expenses only once a year or once every quarter. If there is an infrequent expense like this (eg. school fees), it is useful to spread it across months in the budget.

To figure out how much your irregular expenses would be on a monthly basis, calculate the total expense per year and divide by 12.

Add up the total expenses for each month on the family budget worksheet.

Now, ask all the participants to fill their respective tables for expenses. Walk around the room and offer to help anyone who needs it.

The participants should use a calculator on their phone, if they have to make sure the sums are done correctly.

### Compare income and expenditures

Subtract the total spending for each month from total expected income for each month.

#### Ask:

What can you do if the number is positive? (Save more, pay off debts)

What can you do if the number is negative?

(Cut spending, find ways to earn more until you can control your spending)



Flipchart 06  
Income vs expenses

#### Say:

Make sure you budget what you think you can save each month on the savings line. The target savings for each month should be the amount that comes using the goals and savings worksheet. Remind the participants that these savings are required to meet their goals.

Making a budget helps the household to remain aware about their monthly income and expenses and in turn help achieve their goals.



#### Homework:

Ask all the participants to try to fill the sheet again together with the other members of the household.

They have to put in the amounts in this worksheet as close as the actual amounts they receive or spend.

### Session 3

Start the session by asking the group to show the homework they were asked to do. See if all the participants have done their worksheets correctly. If needed, clarify the common mistakes before proceeding.



**Scenario 5**  
**Peter stays within his budget**

### Making spending decisions

**Say:**

We are going to talk about prioritizing expenses. Very few people in the world have so much income that they can pay for everything they want to buy or do. Most of us must make difficult decisions and trade-offs, especially during times when our income does not cover all of our expenses. There are no perfect answers when it comes to prioritizing and choosing among expenses, but there are some general guidelines.

Today we will talk about how you currently make these decisions, and we will highlight some common ways to help you set your own personal financial priorities and handle your financial difficulties in the future.

How will you decide which are the most important things to use your money for this month?



**Group work:**  
**Participants form groups of 2 or 3 people and discuss how they want to prioritize these expenses**

- Which are the most important?
- Which are the least important?

Which questions do you have?

Walk around to the teams to answer any questions. After the teams have finished, invite 2 of them to present their decisions. Ask them to present their priorities in order of importance and let them describe their reasons for the order.

**Compare priorities with what the expert financial planners recommend**

**Explain:**

Expert financial planners recommend the following order of priorities for spending:

1. Save for future goals and needs
2. Take care of debt
3. Meet necessary day-to-day expenses

**Ask:**

Why do you think the experts recommend these priorities?

Invite a number of volunteers to answer. Make the following points if the participants omit them:

- Debt is costly
- When payments are missed, the loan costs grow even higher. Loan fees on late payments can increase the

amount of money you owe and increase the risk of having to make loan payments with money intended for basic necessities.

- Failure to make payments can lead to the loss of future access to credit.
- When debt is out of control it can threaten the well-being of your family.
- Basic expenses must be taken care of for the well-being of the household.
- Money not needed to pay debt and necessary expenses is available to set aside for the future or spend on optional (treats or luxury) items.

### Stay within your budget

#### Say:

Expert financial planners say that people must make a regular habit of paying off their loans, paying for basic necessities and saving something. There are many competing priorities for very little money.

Please take a minute to think about your own financial situation and answer this question:

What are your 3 most important financial priorities after feeding your family? Why?

Ask 2-3 participants to share their choices aloud in order of priority.

#### Say:

It is one thing to make a budget and another thing to stay within the budget.



#### Group work:

Form groups of 2-3 and discuss how to answer the following question: What makes it hard to stay within a budget?

Give the groups 5 minutes. Ask for volunteers to share why people have trouble staying within a budget.

#### Say:

Many people have these experiences. Some manage to stay within the budget, managing their income and expenses.

### Daily cash tracking

#### Say:

In order to help reach the saving goals, there is another easy tool to help you with it. It's the daily cash tracking tool.

Divide the monthly savings target you have set by 4, which gives you the amount you need to save every week.

This tool helps you keep track of your savings, if you are able to save the weekly target, it also helps you to keep track of where you are spending and how much you are earning. After using this tool for a few weeks, you can adjust your budget worksheet to make it more accurate.



Workbook: page 09  
Daily cash tracking

Demonstrate how to use the tool, and count using real UGX notes for those that are illiterate and fill the tracking sheet for the current day of the week only.

Explain that savings that are not kept at home are recorded on this sheet in order to determine the actual cash on hand (in the household). Ask the participants to help you fill in day 2 and day 3.

Make sure all the participants understand how to use this tool and clarify any doubts they might have, before they leave at the end of the session.



Homework:  
**Ask the participants to use the tool for the entire training period**

Remind them that the good practice is to fill the days cash tracking at the end of each day, so that they don't forget.

If there was no income or expense or saving for any of the days, then the participant has to write 0. No numbers should be made up.

## Session 4

(preferably within 2-3 days of session 3)

Start the session by asking the group to show the homework they were asked to do. See if all the participants have completed their daily cash tracking worksheets correctly in their notebooks and if needed, clarify the common mistakes.

Ask the group to continue using this tool on a daily basis to get into the habit of tracking, and explain that they should continue using the tools even after the training period has finalized.



Scenario 06  
**Mary's story**

## How to stay within your budget?

- Remind yourself often what you planned to spend
- Put in the budget something for unexpected spending needs
- Keep savings out of reach so you do not spend them
- Keep track of what you spend
- Make sure you do not spend more than what is budgeted
- If you spend more for one item, spend less for something else
- Make a list of ways to cut planned expenses
- Get the family to participate in developing and sticking with the budget
- When investing money in business, consider what to do if the investment fails

**Module summary:**

Personal financial management calls for understanding household financial needs:

- Tracking cash inflows and outflows
- Setting financial goals
- Developing a financial plan
- Personal financial planning
- Helps one decide your spending priorities for the future
- Gives one discipline for spending and saving
- Helps you avoid unexpected money shortages
- Helps you feel less financial stress

Three things you can do with money:

- Spend on day-to-day needs such as food, housing, transportation, clothing, healthcare, debt repayment, and other non-essential needs such as taking alcohol
- Save money for unexpected expenditures e.g. emergencies, medical bills, death, someone selling their property due to an emergency
- Investing money in income generating activities to earn income over the long-term.

How to stay within your plan

- Often remind yourself what you planned to spend on

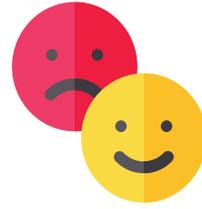
- Put something for unexpected spending needs in your plan
- Keep savings out of reach to avoid unplanned expenditure
- Keep track of what you spend, make sure you do not spend more than is planned
- Get the family to participate in developing and sticking with the plan

Ways to cut spending

- Consume less of non-essential items (such as alcohol)
- Lower expenses on life events such as marriages, funerals and other forms of parties
- Plan ahead to buy necessities when the prices are lower and buy less on credit
- Carry less money or save money in a safe place; the temptation to spend it won't be there



**End of module 03**



## Financial services

### Session 1

#### What are financial services?

Introduce the session by reviewing the different types of financial service providers available in their community.

**Ask:** what are the financial service providers in your community where you obtain financial services?

Divide the group into smaller groups. Let each group give examples they know.

They should include Banks (like Equity Bank and Centenary Bank), Credit Institutions (like Post Bank and Opportunity Bank) Micro – Deposit Institutions ( like PRIDE Uganda and FINCA) Microfinance Institutions, SACCOs, VSLAa, Money Lenders, etc. Probe to learn if they keep savings at home in special containers, or under the mattress, and include them on the list.

**Say:** Remember the types of financial service providers we have just discussed and think about the types of services they offer (think about all the various types of services you know of or have heard about).

**Ask:** Now that you know the financial service providers, what are the financial services members of your community obtain from those institutions?

Let the participants go back into their smaller groups. Give each group blank

paper to write down every kind of financial service that they know of that is offered by the financial institutions.

When the groups are finished, ask the first group to come up and present. The remaining groups can add on what group one will have presented.

Make any needed corrections and additions by discussing the list of possible financial services available in their community that may include:

**Savings:** Different types of accounts are offered by different financial Institutions ( for example ordinary and fixed deposit accounts)

**Loans:** Different financial institutions offer different types of loans with different terms for various purposes.

**Insurance:** Insurance products cover specific events, e.g. Accident or Death

**Payment Services:** Institutions transfer money from a client's account to designated recipient, e.g. remittances to family members or bill payment

Clarify any questions that participants may have before you precede to the next section.

#### Agency banking

**Ask:** What is agency banking?

**Explain:**

Agency banking is a channel that commercial banks use to provide services to the financially excluded people.

Agency banking, in its simplest form, is where a commercial bank secures the services of an agent to provide marked financial services on their behalf outside of the traditional avenues of tellers, ATM machines and bank premises.

Examples of Bank Agents include Merchants, SACCOs and others

Tell participants that in Agency banking, the cash or float is entirely for the agents. The Agent simply utilizes the bank structures to deliver services on a commission.

**Requirements for accessing agency banking services**

Explain to the participants the requirements of accessing Agency banking services:

- You should be having an operating account in the bank (bank client)
- You must be having a Smart card issued by your Commercial bank
- You must have a personal identification Number (PIN) code issued by the Bank or the Bank must have captured your biometrics/ finger prints
- You must have the required identification documents (in the refugee context; Attestation document and Refugee ID card)

**Advantages and disadvantages of agency banking****Ask:**

What are some of the advantages and disadvantages of Agency banking? Let the participants give their answers before sharing the few examples:

Some of the advantages of agency banking:

- It is easy and possible to save on your bank account
- It is easy to access and withdraw one's money on your account
- It is easy to deposit one's money on your account
- No need to travel long distances, the agents are within the community
- You can withdraw cash or purchase items from the agent at the time of need
- If one agent has no money, you move to the next agent near you
- The money is secure on the beneficiary account since it's essentially being kept with the bank

Some of the disadvantages of agency banking:

- The bank agent may have no sufficient amount of money to serve you at that moment
- The service machine (point of sale

device) may be faulty or the network may be off

- There can be incidences of fraud especially while withdrawing; like agents giving less money than requested for
- If the clients/beneficiaries in an area are not many, there may not be many agents which may make it hard to access services
- If someone knows your PIN and can access your smart card, they may withdraw your money without your consent

### The do's and dont's in agency banking

- Always bring your identification along with you for money withdraw (e.g refugee attestation document)
- Never write down your PIN where someone can access it
- Always confirm with the agent that he has enough cash before you transact
- Never keep your PIN code together with your bank card
- Use either your fingerprint and/or PIN to withdraw cash or purchase food
- Never tell your PIN code to anyone, not even the money agents or the merchant
- Request for a machine generated receipt, even if the operation fails.

- Always keep receipts of all your transactions
- Your bank card will be blocked if you provide the wrong PIN code 3 times in a row
- Request to sign or register against your transaction in the agents book after every transaction
- Never leave your card or PIN code with the bank agent
- Ensure to confirm that you have received the correct amount of cash before signing in the agent's book
- Never use your Smart Card as collateral to access money or goods on credit
- Loss or having problems with your bank card? Report it immediately
- Never pay cash to the agents as bank charges, charges can only be deducted automatically from the account during the transaction process

## Session 2

### What is mobile money?



Flipchart 07  
What is mobile money?

- Mobile money describes the services that allow electronic money transactions over a mobile phone

- Mobile money is a fast, secure, affordable and convenient way of sending money anywhere in Uganda
- Mobile money transactions include: transferring funds between accounts, depositing or withdrawing funds from an account, or paying bills
- To use mobile money, you will need a mobile money account, on which you can keep your money in the form of e-money, which you can withdraw as cash at any time
- To get a mobile money account, you have to register with your network provider. Anyone can register. Different network providers offer mobile money services

Ask participants to share their views about different mobile money service providers and their experiences in using mobile money.

### How do you register for mobile money services?



Flipchart 08  
How to register for mobile money

#### Explain:

Requirements for using mobile money:

- User of a mobile phone with a SIM card of one of the mobile money service providers, e.g. Airtel, MTN, Africell etc.
- Have a valid Identification card
- Have a mobile money enabled SIM card
- Complete registration form

#### Steps to register for mobile money:

- Go to a service centre of your mobile network operator (e.g. MTN, Airtel, Africell) and say that you want to register for mobile money
- You have to bring a photocopy of your ID or passport, and a passport photograph
- The agent fills in the customer registration form that you sign
- After entering the customer details on the phone, the agent must allow you to enter your own secret pin number. You need that number to use and access your mobile money account.
- There are no charges for customer registration.

#### Mobile money services

##### Ask:

Has anyone ever used mobile money?  
What can mobile money be used for?

##### Say:

Mobile money enables registered customers to use the following services:

- Send and receive money across networks

- Withdraw money from an agent or an ATM
- Conveniently buy airtime for your phone or send to another number (on the same network)
- Buy data for accessing internet
- Make Payments (for example utility bills, goods & services, fees and taxes to URA)
- Make bank transactions (check bank balances; send money from your phone to your bank & from your bank to your phone or to another bank account)

**Say:**

You can deposit money with mobile money:

- When you want to transfer cash to your mobile money account.
- You give physical cash to the mobile money agent and obtain an equivalent amount of mobile money on your phone.
- Only registered users can load mobile money
- There are currently no charges in Uganda for depositing money on your account with mobile money

**Say:**

How can a mobile money user withdraw money?

- When you withdraw, you convert some money from your electronic account into cash

- You can do this at any mobile money agent or service centre
- To withdraw from your own mobile money account, you will be required to present some form of identification, have a phone, and know your mobile money personal Identification Number (PIN) code
- You usually pay a charge for withdrawing money, which varies depending on the amount

**Say:**

How can a mobile money user send money?

- As registered user, you can send money to anyone, whether registered or not, with or without a phone.
- If sending money to a person who has a mobile money account on the same network, he/she will receive the money on their mobile money account and will be notified by a text message.
- When sending money to a non-registered user, the system will ask you to enter a secret code (4-digit number). It will then provide a Token ID (11 digits). You have to share the token ID and the secret code with the recipient only. The recipient has to give both to an agent to receive the money.



## Advantages and disadvantages of mobile money

### Ask:

Why do you think it might be convenient for you to use mobile money? How could using mobile money help you?

Ensure that the following advantages and disadvantages of mobile money are mentioned:

### Advantages

- You do not have to travel with large amounts of cash to transfer money to another mobile money account which someone may steal from you. You can transfer the money electronically, right from where you are
- All mobile money transactions must be confirmed using your PIN number. Therefore, if you do not share your PIN with anyone, no one can steal or access your money, even if you lose your phone or forget your PIN
- Transactions are made immediately, as long as there is network
- It saves you time and transport  
You do not have to bring cash to your recipients physically. If you have funds on your mobile money account and you want to send someone money, you can do it electronically without travelling anywhere
- Opening your mobile money account is free of charge. However, for some mobile money transactions you will be charged a small fee, for example for sending money
- Using mobile money is easier and cheaper if the people that send you or receive money from you are registered mobile money users on the same network
- To deposit and withdraw money from your mobile money account, you have to travel to the next mobile money agents, who are readily accessed in communities

### Ask:

What do you think are the disadvantages of using mobile money?

What are your concerns about using mobile money?

Ensure that the following disadvantages of mobile money are mentioned:

### Disadvantages

- Network problems may delay transactions. However, if you are in a place where there is usually good network, transactions should be very fast and efficient
- Safety of PIN, at times individuals or spouses share a PIN
- Agents cheating their customers who may not know the charges and how much balance there is on their accounts.
- Requirements for refugees to get SIM cards are stringent

**Explain:**

There are important things to note when using mobile money services to avoid being cheated or having money stolen from your mobile money account:

- It is not advisable to share your PIN with someone else
- Never keep your PIN together with your SIM card
- Always demand to look at the charge sheet for the different levels of transactions of withdrawing and sending money
- Always confirm the amount and name of the person you are sending to, before inserting the PIN

**Knowing your rights****Ask:**

As customers of different financial institutions (e.g SACCOs, Banks etc) what do you understand by the word rights? Share with the rest of the group members.

Tell them that a right is what you deserve as a customer of a financial institution.



Flipchart 09  
Knowing your rights

**Ask:**

What is your understanding of the different pictures you see on the flipchart?

After the group members have made an attempt, explain what their rights are:

- Being listened to in case of a problem (redress): you can speak to the humanitarian agency, implementing partners, office of the Prime Minister or the financial service provider in case you have a problem. Make your issues known so that they will be addressed
- Dignified treatment: you should always be treated in a respectful manner. Do not be forced to wait for too long or wait in uncomfortable places. Let the provider know if you are uncomfortable
- Transparent Information: make sure you always receive complete, accurate and understandable information regarding your financial transactions. Ask to have all the costs disclosed. You can request to know the cost in absolute amounts not in percentages which are not always clear. Ask how much money you will be given (total disbursement) and how much money you will be receiving ( less charges). Do not pay any fee not specified on the fee charge sheet
- Protection from aggressive financial service providers: do not allow yourself to be pressured to join any financial institution or take their products without full knowledge of the implication it may have on you
- Convenient access to your money: you should access your money whenever you wish to do so, but most important as per financial need
- Privacy to client information: Your information should be kept private

## Knowing your responsibilities

### Ask:

What is your understanding of the word responsibilities?



Flipchart 10  
Knowing your  
responsibilities

Let the participants share their understanding of the different pictorials and summarise their understanding with the points here below as their responsibilities:

- Provide correct and accurate information about self and family
- Respecting and following the rules and regulations of the financial service providers.
- Respect for service providers and other partners
- Integrity: Do not offer any bribe or any undocumented gifts as a condition for a service. Corruption always involves two people-do not cause or allow your agent to be corrupt.
- Report any abuse.
- Observe patience.

## Complaint and Feedback Mechanisms

Tell the group members that registering complaints and getting feedback is part of their rights.



Flipchart 11  
Complaint and feedback  
mechanisms

Explain the different complaint and feedback mechanisms that exist in their community and how to use them.

- Demand to know the toll-free helpline for the humanitarian agency, implementing partner and financial service provider for complaints and feedback. For example, 0800 210 210 is a helpline for WFP and 0800 323 232 is a help line for UNHCR
- Make use of the litigation desks that handle multiple issues including complaints
- Participate in community and zonal meetings to register your complaints among other things
- For those who know how to write, place your complaints in suggestion boxes placed at different distribution points and at implementers' offices
- Make use of common protection referral forms found with Refugee leaders to register complaints or feedback.
- Make use of the mobile complaint's clinics in your communities
- Use other feedback mechanisms like other community and financial meetings, community radios, baseline surveys etc.



**End of module 04**

# Advanced course



7 sessions



3 modules



## Module 05: Income generating activities: selection, planning and management

### Session 01

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## Define an income generating activity (IGA)

### Session 01

Ask participants to define an IGA and try to draw out responses that cover the following:

- An income generating activity is a business run and managed by an individual or a group of people with the purpose of making profits to increase their household income
- It is an activity in which the owner usually focuses on increasing income

The main point to draw out is that:

- Owners of IGAs should maximize the amount of income they make from their business and also increase reinvestment to grow the business



Workbook: page 13  
Examples of IGAs



Workbook: page 14  
Reasons for success or failure

### Identifying reasons for success or failure

Ask the participants to form pairs and each pair to ask each other about their personal IGAs or those of their family. Discuss IGAs that are successful that they still do or would like to do again,

and IGAs which have been unsuccessful which they do not do any longer.

Now ask the participants to share the points they discussed in term of success and failure. The answers that usually come up can be put into 5 main categories.

### The five important points before selecting an IGA



Workbook: page 15  
5 important points before selecting an IGA

Before selecting and planning an IGA, members should always ensure that the following 5 important points are considered carefully:

#### 1. Knowledge skills and time

Which knowledge and skills do you have that can be used for an IGA?

If you see an opportunity for an IGA but do not have the required knowledge and skills, how can you or your family members start an IGA?

Do not use examples that are unfamiliar in the members' village, or too costly. Ensure that the group discusses opportunities related to NGO programs, government programs and working for others who have existing businesses.

IGAs will take time, and you need to consider whether you and your family members have the time for the IGA.

Can you estimate the time involved in some examples of IGAs? Can you be sure family members also have the time to perform their roles at the right time?

- Time spent making the products or performing a service
- Time spent travelling to buy supplies
- Time spent travelling to transport products to a marketplace, or to the place where you perform the service
- Time spent on other IGAs

## 2. Market and customers

### Say:

Now we think we have the knowledge, skills and time for an IGA. But before we try to sell a product or service, we must be sure that enough customers will want to buy what we are selling. There are some important questions we should ask as we think about that, which we will now review together.

### Ask:

Are we sure that the product or service that we know how to provide is something that enough people will want to buy? How do we know that? Have we studied what people are buying now?

The product or service that group members can provide may not be as attractive as other similar products or services. For example, locally made clothing may not be as attractive as clothing which is imported and sold for the same price.

Am I able to provide the product or service at the place where customers want to buy it? Am I able to transport myself and my goods to that place, and ensure that customers have an opportunity to buy from me?

For an IGA to be successful, goods and services have to be sold where customers want to buy them from. This might be the customers' home area or the weekly market. Individuals and their families need to have the time, and be able to travel to where they need to sell goods and services.

Do many people know how to provide what I want to sell in my IGA? If so, do I think I can do it better than others, so that I am still successful?

Individuals or group members may choose to invest in an IGA because they see others doing it. But too much competition results in bad business for everyone as the supply is higher than the demand.

When there are many people doing a particular IGA, new IGAs should only be started by someone who has new and better ideas that can compete with the other IGAs. Being original and creative pays off!

### Ask:

What else do you need to consider before deciding which IGA to start?

Allow some participants to respond before giving the following answers:

**Tools and equipment:**

- Which equipment and tools will be required?
- How many do I need of each?
- What will they cost?
- Where can I get them?
- Can they be borrowed or hired?
- Will the equipment need repair?
- Who will do the repair?

**Raw materials/inputs:**

- Which raw materials and other inputs will be required?
- What quantity and quality do I need?
- What will it cost?
- Can I get these inputs locally?
- How will I transport these items to the production site?

**Production method and site:**

- What will be the production method?
- Am I experienced with this method?
- Do I know how to solve any problem that might arise?
- Do I know where to get help?
- Where will the activity operate?
- Is this site suitable?
- If any energy source is needed, is it available?

**Labour:**

- How much time is required for this activity?
- Can my family members and I spare this amount of time?
- Will I need any workers with special skills?
- If so, are these people available?
- If so, what will they cost

**3. Business profitability**

Expected sales, working costs and start-up costs

If a business is to make a profit, it must subtract its costs from its income and the difference should be a positive figure. There are two types of costs to think about: start-up costs and ongoing costs.

**Start-up costs:**

This is the amount of money you will need to start the business. These are things that you only need to buy once, covering many production cycles.

**Working costs:**

This is the amount of money you will need to run the business, once you have started it. The amount is usually linked to a production cycle, which is the time it takes for a product to be made and sold. For agricultural and livestock activities this will be several months but for small-scale trade could be as little as a day.

You will need to be sure you have enough money to meet both types of costs. The Trainer selects one of the IGAs of the participants as an example and discusses with the group about the estimated start-up costs, monthly working costs and monthly sales. In the end, it should be checked if the IGA would be able to cover for the costs and leave some profit at the end of the month.

**Say:**

There are 3 main expenses that have to be paid regularly and that the money for these expenses must be set aside before

any money can be supplied to the family.

These are:

- Buying new stock on a regular basis (if it is a business that has daily sales), not just when the stock is almost all sold
- Repaying loans
- Savings for recovering start-up costs, investing in expansion of the business or investing in another family business

#### 4. Sources of capital

**Say:**

In this section we will review the sources of money to start an IGA, and discuss the good and bad points of each source.

Personal savings are the safest form of money to start IGAs:

- If your IGA fails, you do not owe this money to anyone
- You do not have to share decision making with anyone else
- You can determine what to do with the profits the IGA makes
- No collateral
- If you have an emergency and need personal savings you may not have any
- It may take time to raise the required amount of savings

#### Family

If you do not have enough personal savings, then money from family is the next best option. They might become a

partner in your IGA, or they might lend you the money either at a cost or no cost.

- If your IGA fails, a family member may not pressure you about repayment
- If you have to share decision-making, you are sharing it with a family member and not an outsider
- If you must pay some of the profits in exchange for start-up money, you are paying that money back into the family
- No collateral
- You may not want to share this with your family members, so you may prefer the privacy of borrowing from your VSLA or another source outside the family
- If the IGA fails, losing family savings can lead to tension
- A family member may want discounts or free goods and services if they have lent you the money

#### Loans from a VSLA

These loans are riskier than family or friends, but have many advantages

- You remain in control of decision-making
- You remain in control of the use of any profits
- Easy access
- No collateral
- Positive support and advice from other group members
- You benefit from the profits made by the VSLA

- Flexibility in loan repayment and understanding from members
- The loan term of a VSLA (3 months) may be too short
- Loan amounts from a VSLA may not be big enough
- If the business fails and you cannot repay this loan, it will affect your reputation in the community
- If the VSLA charges flat interest, this can be expensive

### Loans from a bank or a micro finance institution (MFI)

These loans have the highest risk but have some important advantages for better established businesses (not start-ups)

- The loans are usually available for longer term than those from a VSLA
- Loans are usually available in larger amounts
- Institution is likely to be far away and needing several visits
- Procedures take time and are complicated
- Loan repayment on a fixed schedule may not be suited to the income of an IGA
- Loans usually need collateral, which puts your assets at risk of being sold, should you completely fail to pay
- The relationship is formal and distant. Some institutions are usually unsympathetic to problems that arise to the business that may be no fault of the borrower

### Loans from a money lender

- Quick and simple
- Local access

- Loans can be of longer duration than a VSLA
- Very high interest compared to all other sources
- Collateral requirements. In most cases the collateral is lost because of very high interest.

## 5. Household Income

This section is about being sure that your choice of IGA is right for your household. One of the reasons that IGAs fail is pressure to take money away from the IGA to meet household expenses. Households with very irregular money flow should focus on IGAs with low start-up costs and which produce quick and regular income, such as buying and selling of items that people need every day - cooked foods for example.

In summary one should always consider the following important points before selecting an IGA:

- Knowledge, skills and time: do I have the knowledge and skills for my IGA and do I have the time to operate, manage or supervise it?
- Market and customers: will enough people buy my product or service?
- Business Profitability: is the IGA profitable?
- Sources of capital: do I have enough money to start up and operate the IGA?
- Household income: will the income from the IGA, when added to other family income, be enough to pay household expenses?



Homework:  
Ask participants to think of their IGA choice after this session, each person in the group should start focusing on one most preferred IGA

In the next session every participant should be ready to discuss their IGA selection. Each person should be ready to talk for a few minutes, and explain:

- Why they have decided to have the knowledge and skills for their IGA
- Where their market and customers will be, and where they will sell their goods or services
- How much they have estimated as start-up costs plus ongoing costs for a period that will enable them to become profitable
- What they have estimated as monthly sales, monthly costs, and likely monthly profit (gross and net)
- Why they feel that their IGA selection is appropriate for their household's investment capacity and income status

## Session 2

At this point, ask each member to develop their IGA presentation, covering the five main points.

Each member makes their presentation, answering questions and allowing the group to discuss. Ensure that the discussions are very positive, and if the group

feels that the person is not assessing their IGA or their household properly, have the group help them. Do not allow anyone to get discouraged – instead make sure everyone feels like they are advancing their thinking during these discussions.

Make sure each presenter covers the five important points:

- Why they have decided to have the knowledge and skills for their IGA
- Who their customers will be and where they will operate to sell their goods or services?
- What they have estimated as their net business profits from the enterprise, based on start-up costs, ongoing costs and projected income
- Where they think they will be able to raise the capital needed to start the IGA
- If they think the enterprise will contribute enough to household's Income to justify planning and starting the IGA

Use the five Important points to guide a discussion of each presentation and give them a score.



Scenario 07  
Aisha's shop

## Planning an IGA

Each participant will now work through planning details for their chosen IGA, with you providing 'guiding questions' that they will discuss. Take a few minutes for each question, and the pairs will help each other to answer the questions for each IGA.

Guiding questions (cover them all):

- Do you or anyone else who will do the work, need more knowledge and skills? If so, how will you acquire these skills?
- What do your intended customers want most, and how will you communicate to them that you have a good or a service that will satisfy their need?
- If you need a place to sell your goods, have you made those arrangements and have you also arranged for transportation?
- When will you start your IGA? Is it necessary to start at a particular time of the year, and if so, will you be ready?
- What equipment and supplies do you need, and where will you get them?
- How much have you calculated for start-up costs and 3 months of ongoing costs?
- Do you have those funds from savings? If not, will you save or borrow funds?
- If you will be borrowing money, are you sure that borrowing is advised for

your IGA choice and household status?

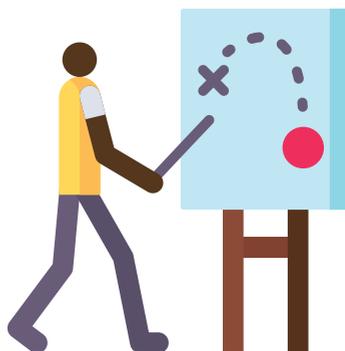
- If you need electricity, water or fuel for your IGA, is it available?
- Have you made all the necessary arrangements with any authorities?
- Is your IGA location secure from theft?



Workbook: page 16  
Planning your business

The participants should prepare a simple chart of all the things they expect they will have to do before they start the business and for at least 6 months after getting the capital together and starting out.

Ask one participant who seems to have been fully engaged in the session to describe the steps they will undertake and fill in the template as an example for the whole group. Make sure everyone has understood before you move on.



Tell the group members to note the following for their business:

- Name of the business: state the business you are doing or intend to do e.g chapatti making
- Sources of funds: highlight where the money for the business will come from
- Products and or services: what are the products or services you would want to offer to the market?
- Market for the product/service: identify who your target customers will be
- Competitors: identify who is in the same business with you? What are their weaknesses and strengths? What is your competitive advantage?
- Sector analysis: understand the sector (agriculture or non-agriculture) in which you want to operate. What favours or disfavours the business you are in
- Demand analysis: how has the demand been over the past period (increasing or dropping) are the customers only local or you have external ones also?
- Supply analysis: where will your inputs (stock or seeds and fertilizers) come from?
- Management: who will take full charge of the management of the business?



**End of module 05**

## What are investments?

### Session 1

#### Say:

Investing is putting your money to use so as to allow it to grow. An investment can be in form of property such as livestock (cows, goats, pigs), land (rental units, commercial buildings), business (market stalls, grocery shops, boda-bodas) or shares and bonds from which you can earn profits.

People invest:

- To have enough money to meet all their needs
- To have money work for them and to generate more income in the future, which one can re-invest
- If you use your money for consumption, for example for buying a TV, the money is gone and will not help you to generate more income in the future.
- To create wealth and security
- To Increase the ability to earn more income
- To establish income generating facilities for old age
- To create jobs for self and family

#### What are some examples of investments?

Allow some participants to respond before giving the following answers:

- Starting a retail business
- Buying equipment
- Putting up buildings
- Starting a poultry business

- Buying shares in an SLA
- Buying livestock



Flipchart 12  
Different investment options

Explain the different forms of investments:

#### Business

Businesses can be set up for services, production, processing and exportation. Many people sell goods and services through retail and wholesale shops. Common forms of businesses include: saloons, boda-boda, schools, restaurants, retail and whole sale shops, hotels etc.

#### Farming

In Uganda, many opportunities are available for investment in agriculture in form of production, processing and exportation. Investments can be done for example in poultry, piggery, fishing, tree planting, crop production (like maize, coffee, or matooke), fruit farming, processing and packaging.

#### Assets

Investment in property or land can be profitable when the market is right. Before you invest, it is important to make a good analysis of the value, environment, cost involved and the demand for the assets you want to invest in.

## Fixed deposit or certificate of deposit

When you invest in a fixed deposit, you lend your money to a financial institution and benefit from the interest they pay you. You can invest in a fixed deposit by paying money into an account set up for you by the financial institution.

You will be given proof that you have invested and you will receive interest, either periodically or once at the end of the investment period. It is an obligation of the financial institution to pay you the interest

## Some good investment practices



Group work:  
**Make groups of 2-3.**  
**Each group should make a list of good investment practices**

Allow the participants to do this for 5 minutes. Ask groups to share their answers aloud. Supplement their suggestions with the following answers:

- Make a budget before you invest. List the expected income, regular expenses and contingency for the next weeks/ months, and see how much money you will have left to either save or invest somewhere
- After making a budget, plan before you invest in your business. This means knowing how much time, money and effort an investment will cost, and when you will be able to make this investment happen

- Ask for advice from professionals before you invest
- Save money (put money aside) before you invest money in something
- Start with small investments, so that your risk is also small at first. As you make money, you can make greater and more expensive investments
- Make investments that make your money and business grow. If you invest in a chicken, the chicken will lay eggs which you can sell
- Keep records. Write down how much you invest, what the investment is, and if you are making money from it

## Key message:

Make wise investments to grow your business! Think before you act!



Homework:  
**Ask all the participants to fine tune their business or investment plan**

Tell the participants to look up and repeat the exercise in the workbook on page 10, 'planning your business' (module 5), and to use the questions in the workbook on page 11, 'questions to ask before making an investment'.

Participants should make sure that their plan is realistic and feasible in accordance to their current situation, and that they are able to implement by themselves. If not, they need to adjust and rethink their plan.

## Session 2

Start the session by asking all the participants to share their homework. Each participant should present their business or investment plan/idea in front of the group. Make sure that the other members give input and advice and guide them to make good decisions.



**Discuss:**  
Tell participants to find a partner and to answer the question: what are the advantages of investing?

Allow pairs to discuss for 5 minutes. Ask pairs to share their answers with the rest of the group. Make sure that the pairs have mentioned the following answers:

- Your business grows
- It is a form of saving
- The money that you receive from an investment can be higher than the money you have put in the investment

### Ask:

What is a risk in terms of investment? Allow the participants to respond before sharing the definition:

- A risk is the chance of making a loss on an investment or getting different returns than what you expected.
- A risk may also be the possibility of losing some or all of the original investment. For example, investing in livestock may be risky if your animals are hit by a disease, you lose all the animals and can't get back the money

you originally had before you bought the livestock.

### Ask:

What are the risks when you invest? Allow the pairs to discuss for 5 minutes. Ask pairs to share their answers aloud. Make sure pairs have mentioned the answers below.

- You need money to invest so it is difficult for some people to get started with their first investment
- You need time and patience. There's no such thing as 'get rich quick'
- Investing can be risky. You risk losing your money if the investment fails

### Ask:

How should you manage risks? Allow the pairs to discuss for 5 minutes. Ask pairs to share their answers aloud. Make sure pairs have mentioned the following answers:

- Plan well and in advance
- Start with small investments
- Seek advice from those who have made similar investments
- Do not invest all savings in one activity (no putting all eggs in one basket)



**Activity:**  
Share your experience!

**Say:**

We will now share our experiences with investment. Walk around in the room and tell someone your good or bad experience with an investment that you made, and what you learned from it.

After sharing your experiences with each other, walk around again and tell your experience to another person, and so on.

After 5 minutes, let some people share some experiences they heard from their partners, and what they learned from them.

**Key message:**

Assess the risks and rewards of each venture before investing your money.



Scenario 08  
Ronald invests  
in his farm

**Questions to ask yourself before investing**

Ask participants to think what would be the questions they should ask before deciding whether to make an investment or not. They should think of the discussions held so far about investments.



Flipchart 13  
Questions to ask

- How does the investment work? Do you understand the investment well enough to explain it to someone else?
- What are your goals? Are you looking for safety, income or growth? Or both growth and income?
- What are the risks of this investment? Are you comfortable taking these risks?
- How much do you expect to earn on this investment? Is this realistic?
- How long do you plan to invest? Is this a short, medium - or long-term investment?
- What are the costs to buy, hold and sell the investment? And will you pay taxes on the money you earn?
- What other investments do you have already? How does this investment fit with your other investments? How will it change your asset mix?

**Importance of diversification****Say:**

- Not all types of investments perform well at the same time
- Different types of investments react differently to world events, interest rates and other factors in the economy
- When one type of investment is down, another may be up
- Having a mix of different types of investments may help smooth out your returns



## Flipchart 14 Importance of diversification

### Module summary:

- An investment is an act of committing resources to an endeavour with an expectation of letting your resources grow
- An investment can be in form of property such as livestock (cows, goats, pigs), house (rental houses), business (market stalls, grocery shops, boda-bodas) from which you can earn profits”.

### Why invest?

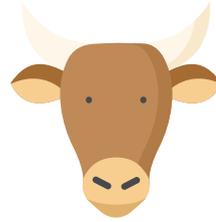
- Create wealth
- Increase the ability to earn more income
- Create jobs for self, family and others

### Different investment options:

- Farming Business
- Trade
- Service
- Transport
- Saving on a fixed deposit account

### Sources of funds for investments:

- Personal savings
- Loans
- Grants
- Re-invested profits



## Risk management:

- Every investment comes with a risk. There is a risk of losing money, get stolen, mismanaged, destroyed or damaged
- Monitor your investments closely to make sure they are not losing money and time
- Diversification of investment options. Don't put all your eggs in one basket! With diversification you reduce risk by spreading it across different types of investments
- You have the potential to earn more when the risk is high and vice versa



**End of module 06**

## My money vs someone else's money

### Session 1



**Activity:**  
Stage a demonstration with you as the client receiving money from a banker and a money-lender

#### Say:

May I have 2 volunteers? One of you will be a banker and the other will be a moneylender.

Give each volunteers a card that has UGX 10,000 written in large enough on it for everyone to see.

Say to the banker: I would like to take UGX 10,000 from my savings account, please!

Proudly show the audience the UGX 10,000 the banker gives you.

Say to the moneylender: I need UGX 10,000 as soon as possible, please. It is an emergency!

Hold up the UGX 10,000 from the money-lender for all to see.

Hold up both cards, 1 in each hand. Ask the participants:

What is the difference between this UGX 10,000 and this UGX 10,000? (The first UGX10,000 is my own savings; the second UGX10,000 belongs to the moneylender and is a loan.

He will charge interest for it and I must pay it back).

#### What is a loan?

Allow some participants to respond before giving the following answer:

A loan is money that the borrower can use temporarily. After a defined period of time, the money is repaid to the owner, usually with interest or a fee charged for use of the money.

#### Reasons why people borrow:

- To invest
- To respond to an unexpected emergency
- To consume, to purchase an item for which they do not now have enough money

#### Ask:

What are the reasons you have borrowed money?

Who has borrowed for more than one of these reasons? Please tell us what is the same about all 3 types of loan? What is different?

#### Make sure they mention the following:

- Loans for productive investment earn new revenue for the borrower.
- Loans for crises and personal consumption do not bring in new revenue and must be paid back from other revenue sources. Try to save and avoid borrowing for these purposes.

**Ask:**

Using your own money and using borrowed money—what is the difference?

Allow some participants to respond before giving the answer below.

- A loan costs money
- A loan comes with obligations for the borrower, including repayment with interest and, in some cases, group membership
- You are freer when you use your own money
- By borrowing, you get a greater lump sum than you might have using your own capital
- Borrowing allows you to get money more quickly than if you rely on your ability to save little by little

**Good loans vs bad loans****Say:**

There are different ways to finance your business. Some people use their own capital, reinvesting as they are able, one step at a time. Others borrow money to get started or to make a big change.

I will read two stories that show us different pathways to business growth. Listen and think about which of these business women are most like you.



Scenario 09  
Rose's story



Scenario 10  
Mercy's story

**Ask:**

What should you know before borrowing money?

Allow some participants to respond before giving the answer below:

- The amount of your loan payment, including principal, interest and fees
- The sources of income and/or savings you have to make those payments
- When you will actually get the loan money in your hands (will it be before you need it?)
- That the asset you are buying with the loan will outlive the loan, and continue earning income for you
- That the price you can charge for your goods financed with loan money is high enough to both repay the loan and make a profit

**Key areas to consider before getting a loan**

Allow some participants to respond before giving the following answer:

- Loan size
- Loan term
- Interest rate
- Fees
- Grace Period
- Repayment schedule
- Costs of borrowing

**Say:**

If you ever have had a loan, you know that direct costs are the money you pay to the lender to have the loan. They include interest, fees and late penalties. We don't forget about them because we must be sure that we set aside enough

money every week or every month to make the payment. But sometimes we are not so aware of the other expenses that we have because of the loan, such as lost business or money we pay for transportation to attend meetings or to go to the bank.

Although these additional costs may not be part of the cash loan payment, they are real and should be considered when choosing a lender. These costs are called indirect costs.

### Definition of terms

Direct costs:

Money you pay to the lender for the loan. Includes interest, fees, insurance and late penalties. Usually these costs are included in your regular weekly or monthly payment.

Indirect costs:

Expenses you may have to pay because you have the loan, such as transport to attend meetings or to go to the bank. Can include wages you pay a worker to keep your business open when you are attending a meeting, or income you lose if you close your business to attend a meeting.

Ask for two volunteers to share the costs that they identified for their own loan.

**Ask:**

Among these expenses, were there any surprises for you? Were there any expenses that you did not think of in relation to your loan?

How can you reduce your cost of borrowing? (Plan ahead; consider all the costs of borrowing before choosing a lender; compare the lenders and choose the one that you can best afford).

## Session 2

Questions for lenders

**Ask:**

What are examples of the different lenders available?

Allow some participants to respond before giving the answers below:

- Individuals
- SACCOs
- SLA
- Company
- MFI
- Bank
- Off takers or produce buyers who enter into contract farming with farmers

What is contract farming?

It is an agreement between a farmer and a buyer. The farmer and the buyer agree ahead of time on the amount of crops to produce and at what price.

**What are some questions to ask lenders before deciding whom to take money from?**

Allow some participants to respond before giving the answer below:

- What is the interest rate?
- How often must the loan principal and interest be paid?
- What is the amount of each instalment?

- What amount of savings is required and how often must deposits be made?
- What fees must be paid to obtain a loan?
- What penalties are charged for late payments?
- Where are loan payments made?
- How far away is this from my place of business?
- How often do meetings take place?
- How long do the meetings last?

What is collateral?

Allow some participants to respond before giving the answer below:

Collateral is an object of value that acts as a guarantee that you will repay your loan or else give up the object. It can be something of value that you give/put up in advance and that you get back when you meet your payment or the lender can come and get it after you failed to repay the loan and interest. For example, a house, land, car or cow can be used as collateral to ensure loan repayment.

What is a guarantor?

A guarantor is a third person who promises to make the loan payment if the borrower is not able to repay. This person usually must have money or assets of his/her own to prove that s/he can pay the loan if the borrower defaults.

## Comparing lenders

**Ask:**

What is most important to you when choosing a lender? Is it the interest rate?

The type of loan offered? The location of the lender?



Workbook: page 20  
Important factors to consider when choosing a lender

Write the five most common factors (the workbook table is an example; you may have different row headings down the left side depending on what participants say).

Next, rank the attributes of each lender. For each attribute, rank them from 1 to 5 in the corresponding box. Do this for all the attributes for each lender and then review the ranking results with the group.

**Ask:**

- Which attributes received the most items? Why were these attributes preferred?
- Combine all the attributes that received the most points. What are the characteristics of your 'ideal' lender?

## Advantages and disadvantages of different loan options

**Ask:**

What are the advantages and disadvantages of taking a loan from an individual?

Advantages:

- Quick access to a loan from the lender
- Not many requirements needed to get a loan

Disadvantages:

- High interest rates
- Risk of misunderstanding (if no contract is written)
- High risks such as losing collateral or penalties if you can't pay the loan back
- Security threats for you and your family when you do not pay back

**Ask:**

What are the advantages and disadvantages of taking a loan from an SLA?

**Advantages:**

- SLA loans are easily accessible
- There is no collateral required
- Possible to ask for small loans

**Disadvantages:**

- Higher interest rates than commercial banks
- Loss of friendship or confidence in the community when you do not pay back

**Ask:**

What are the advantages and disadvantages of taking a loan through contract farming?

**Advantages:**

- Possible access to crop insurance
- Fixed price for your produce (no market fluctuations)
- Access to credit

**Disadvantages:**

- Can get below market price at the time of harvest
- Risk for both parties in case of no or low yields
- High risks such as losing collateral or penalties if you can't pay the loan back

**Ask:**

What are the advantages and disadvantages of taking a loan through a SACCO?

**Advantages:**

- SACCOs are a reliable source for loans
- You can access a higher amount of money than with an SLA
- An individual farmer can take out a loan

**Disadvantages:**

- The loan is still subject to approval, so it may be denied
- Interest and transaction charges are high
- There is a possibility of reducing the amount applied for

**Ask:**

What are the advantages and disadvantages of taking a loan from a commercial bank?

**Advantages:**

- Formal contracts are written so there can be no misunderstandings.
- Access to a big sum of money
- Longer period of repayment (compared to an SLA)
- Access to higher amount than an SLA or SACCO

**Disadvantages:**

- Many (and strict) loan requirements
- High interest rates and fees
- High risks such as losing collateral or penalties are applied if you can't pay the loan back
- You may have to travel long distances to get to the bank
- The bank may not be willing to disburse loans to individuals, only groups,

or the bank may give preference to businesses instead of farmers.

### Good borrowing practices



**Group work:**  
Team up and make a list of some good borrowing practices.

Allow the participants to do this for 5 minutes. Ask groups to share their answers aloud. Supplement their suggestions with the following answers:

- Before you know if you can take a loan, make a budget. This means to list your expected income and expenses for the coming weeks or months. Budget how much you think you can pay back every month, while also being able to pay for necessary things like food, medical bills, business expenses and emergencies.
- A loan is a debt. Pay it back as soon as possible.
- A loan is not for free! It comes with a cost. Calculate the amount of money that you have to pay back plus the fees and interest
- Plan in advance for how you will pay back the loan
- Keep records of your loan repayments
- Do not default. Defaulting means being unable to pay back the loan on time. This has severe consequences, such as losing your land, house or farming equipment
- Ask loan providers, financial institutions or cooperative members for information about loans
- Don't confuse loans that you take for business and for private reasons. If you take a loan for business purposes, use it only for the business purposes
- A loan comes with a contract. Read it carefully before you sign. Make sure you understand the contract, including loan requirements and repayment terms
- Avoid borrowing from a friend or family member. This can hurt your relationship
- Don't borrow from an individual that you don't know. S/he may be a loan shark charging high interest rates
- Make sure you have good collateral outside of your farming business. Protect your business: it is your source of income
- Obtain receipts of repayment from your lender to avoid confusion or conflict.

**Homework:**

Each participant should write down 2 incidents in their notebook when they took a loan (or borrowed money)



The description should include who the lender was, what the loan terms were (principal amount, fees, interest rate, time period), what was the mon-

ey intended for and used for; did they succeed to repay the loan; what went wrong?

If a participant has never borrowed money, he/she should try and meet someone in their neighbourhood and get this information from someone who has borrowed.

### Session 3

Start the session by asking the participants to show their homework, check if they have written the loan descriptions properly. Next, ask 3-4 participants to share their loan stories.



Flipchart 15  
The loan cycle

#### 1. The application process

This process has several purposes including;

- Obtaining the basic information from you which the lender needs to decide whether to grant the loan or not
- Assist you in selecting the appropriate loan program

#### 2. Appraisal process

The lender is primarily interested in two things: the amount you want to borrow and your financial situation (which includes your credit history).

The process gathers the information to help determine your ability and your desire and commitment to repay the loan. The results are documented by the

lender so that he/she can understand your ability and willingness to repay the loan.

#### 3. Approval process

Loan approval is a process that determines whether the loan is a good risk for the lender, and thus whether he should provide you the loan. The decision is based on the information gathered in the appraisal process.

#### 4. Loan disbursement

If the loan is approved, the disbursement is done, this means that the loan is paid out to you.

#### 5. Loan monitoring

Once you have received the loan money, it is important for you to keep track of how much money you have to pay and when to ensure that you pay back your loan according to the schedule. The lender will also check on you and monitor how you have used the loan money.

#### 6. Loan repayment

At this stage, you are expected to pay the loan as scheduled in the contract signed. Failure to do so may cause some unwanted actions or consequences. You must therefore only borrow what you can afford to pay back.



Flipchart 16a & 16b  
Rose's loan

#### Image 01

Rose is a shopkeeper. She sells clothes and products from her husband's farm. She has many customers but not enough

space in her shop. She wants to expand her shop so she can stock more products and make more profit.

#### Image 02

Rose has been saving in her box for some time now. She decides to open her savings box so that she can get money to expand her business. Unfortunately, her savings are not enough to meet her projected budget.

#### Image 03

She decides to top up by taking a loan from the bank/SACCO where she has an account.

#### Image 04

She makes inquiries about loan taking and the necessary requirements. She has all the requirements needed. She gets started with the process by presenting her identity card, collateral, guarantor, bank fees etc.

#### Image 05

Rose takes a loan of UGX 500,000 from a bank. The loan carries a 10% interest fees. She wants to repay the principal and interest balance over 5 months.

#### Image 06

Rose checks her budget and makes a new plan based on the money she has received. She rents the space next door and adds more merchandise to her shop.

#### Image 07

Starting this month, she will begin paying off the loan. She has to repay the loan in 5 months. The principal payment each month will be UGX 100,000. The interest per month is 50,000.

Every month, she will pay UGX 150,000 for 5 months.

Rose carefully follows her plan to pay off the loan and makes sure that every month; she makes her principal + interest payment of UGX 150,000.

#### Image 08

Lets review how Rose planned for and managed her loan from the very beginning. She planned for the initial bank fees (UGX 34,400). She also spread her loan repayment over 5 months, making it easier to pay back in parts. After the 5 months, she has paid off the entire loan and can now make more profit from her shop to save or invest.

### Defaulting / delinquency

#### Ask:

What does it mean to be defaulting a loan?

Not paying back the loan amount along with the other charges including interest in the agreed upon time is called as defaulting a loan. A defaulter/delinquent borrower is someone who is late making his/her loan payment.

#### Ask:

Why is defaulting/delinquency a problem? Why is it a big deal if I am a few days late with my payment?

Allow some participants to respond before giving the answers:

A few days late may not seem like a problem, but when a few days turns into a few weeks, it gets harder and harder to pay. The longer you wait, the more

you owe, and the harder it becomes to get the money you owe. By paying on time each week or month, you know it is coming and can plan for it.

**Say:**

A borrower is delinquent when he/she is one day and above late; he/she is also delinquent when he/ she is two months late.

**Ask:**

Which is more serious—1 day or 2 months?

(The borrower who is 2 months late faces a more serious problem. He or she has obviously had trouble repaying, and the amount he/she owes just keeps growing. In addition, he/she may have to pay late penalties).



**Activity:**

**Below are 4 problem statements, read them to the participants and then give them the three options.**

Ask them to think and say out loud which of the three options is the correct answer.

Before moving to the next problem statement, discuss the previous one with the group.

**Problem statement 1:**

Lucy borrows UGX 1.5 million to purchase a small used refrigerator for her home that costs UGX 900,000. Her original plan was to use the extra UGX 600,000 to buy maize in bulk to trade

and earn enough to pay the first three instalments of her loan.

But her sister Rita convinced Lucy to give her the UGX 600,000 instead and promised to repay the whole amount before Lucy's first instalment was due. Rita disappeared with the money. What could Lucy have done differently?

**Option 1:**

Given the sister the money in exchange for some collateral of greater value

**Option 2:**

Refused the sister's request and suffered her anger

**Option 3:**

Given her sister one-half of the UGX 600,000, and invest the remaining UGX 300,000 to earn the money she needs to repay her loan

**Problem statement 2:**

Anya borrows UGX 350,000 for her vegetable business. Sales are strong and she is excited to be making money. She celebrates by buying a new dress for herself and a new soccer ball for her son. But at the end of the month when she has to make a loan payment, she only has half the amount needed. What could she have done differently?

**Option 1:**

Set aside the amount of her loan payment first before buying presents

**Option 2:**

Made her purchases and planned to borrow the other half due from her sister

**Option 3:**

Taken a bigger loan at the beginning

**Problem statement 3:**

John got a loan from his village bank to add in his small shop. His business is small but steady and he has always made his loan payment on time. But when his son was injured in an accident, he took an emergency loan from his village bank to pay his medical bills. Then, he closed the shop to stay at home with his son, and found he could not pay the two loans he had. What could John have done differently?

**Option 1:**

Found someone else to stay with his son so he could keep the shop open

**Option 2:**

Sold something of value (e.g animals) to pay the medical bills instead of taking another loan

**Option 3:**

Doubled the prices in his shop to raise the money needed for the medical bills

**Problem statement 4:**

Michelle becomes ill and has to stay at home in bed for several weeks. Because she cannot work during that time, she earns less and cannot make her loan payment. Once she is able to work again, she owes more because of the late fees. With less working capital, she earns less. She is in a downward spiral and fears she will have to close her business. What should Michelle have done?

**Option 1:**

Talked to family members to see what

money they can put towards the loan payment so she can avoid the late penalties when she is sick

**Option 2:**

Saved a little each week or each day above and beyond what she needs for her loan payment to protect herself in such situations

**Option 3:**

Asked some of her customers to make the loan payment for her

**Keeping track of loan repayments**

Scenario 11  
Sara's story

Copy the loan tracking table on a big piece of paper and show it to the participants and ask for a volunteer to do this exercise with. Explain in detail and make sure the group has understood.



Workbook: page 21  
Loan tracking tool



Home work:  
The participants will copy the loan tracking tool into their workbook and fill it out if they have loans



Roleplay:  
The main objective is to show the consequence of not paying back loans on time and to brainstorm ways to handle it with an SLA.

### Characters:

- John, a farmer who has an outstanding loan with the group
- Sam, another farmer who wants to get a loan from the group
- The chairman of the SLA
- Other group members (at least 2)

### Setting: a meeting of the SLA

### Plot:

- John received a loan from the group several months ago. He invested it in a chicken business. Unfortunately, all the chickens died. He has failed to pay back his loan on time
- Sam is a long-time member of the group. He asks for a loan. He would like to buy seeds and other supplies because the rains have come
- The chairman of the group tells Sam that he cannot receive a loan because John has not paid his money back, so the group lacks the funds
- Sam becomes very angry. He attacks John and threatens to take some of his property and sell it to get the money he needs to start work. John defends himself. He feels it is unfair to expect him to pay back a loan when his chickens have all died
- The quarrel becomes intense. Other group members get involved

### Discussion questions:

- Have you heard of this happening in any of the groups in this community?

- What is likely to happen to the group when borrowers fail to pay back loans?
- How do you think the group should handle John for defaulting?



### Quiz: True or false?

- Loan capital belongs to the person who borrows it (false)
- A loan can help you start or expand a business when you don't have enough of your own money (true)
- If your area is affected by floods, pests or diseases you should never pay back your loan (false)
- If you must close your business, you do not have to repay your loan (false)
- If a thief takes all of your money or steals your produce, you do not have to repay your loan (false)
- Using your own money to start a business is less expensive than borrowing money (true)
- There are no consequences for missing a loan payment as long as you eventually pay (false)
- How much a person should borrow depends on her/his income (true)



Workbook: page 23  
Redefining your goal

As you are wrapping up the final session of this course, revisit the goals each participant set at the beginning of the training which they should have been fine tuning throughout the 5-week period. With the knowledge gained from this training, participants now have to redefine their savings goals for the 4-week monitoring and evaluation (M&E) period. Go through the guide in the workbook, and make sure their goals are realistic and well planned so they are more likely to succeed in reaching their goals in the coming 4 weeks.

### Module summary

What is a debt/loan?

A loan is money that the borrower can use temporarily. After a defined period of time, the money is repaid to the owner, usually with interest or a fee charged for use of the money.

Reasons why people borrow:

- To invest
- To respond to an unexpected emergency
- To consume, to purchase an item for which you do not have enough money

Advantages of getting a loan:

- Access to more money than you have in savings
- Access to money quickly when you need it for emergencies
- A loan will enable you to take advantage of investment opportunities or solve an immediate problem or crisis.

Main disadvantage of taking a loan:

- The cost of loans with interest and fees
- The responsibility of repaying your loan on time
- The requirements of a loan e.g. security

Two simple rules to help you control your debt:

- Don't borrow more than you can afford to repay.
- Save money regularly for emergencies so that you do not always have to borrow



**End of module 07**





Designed by:

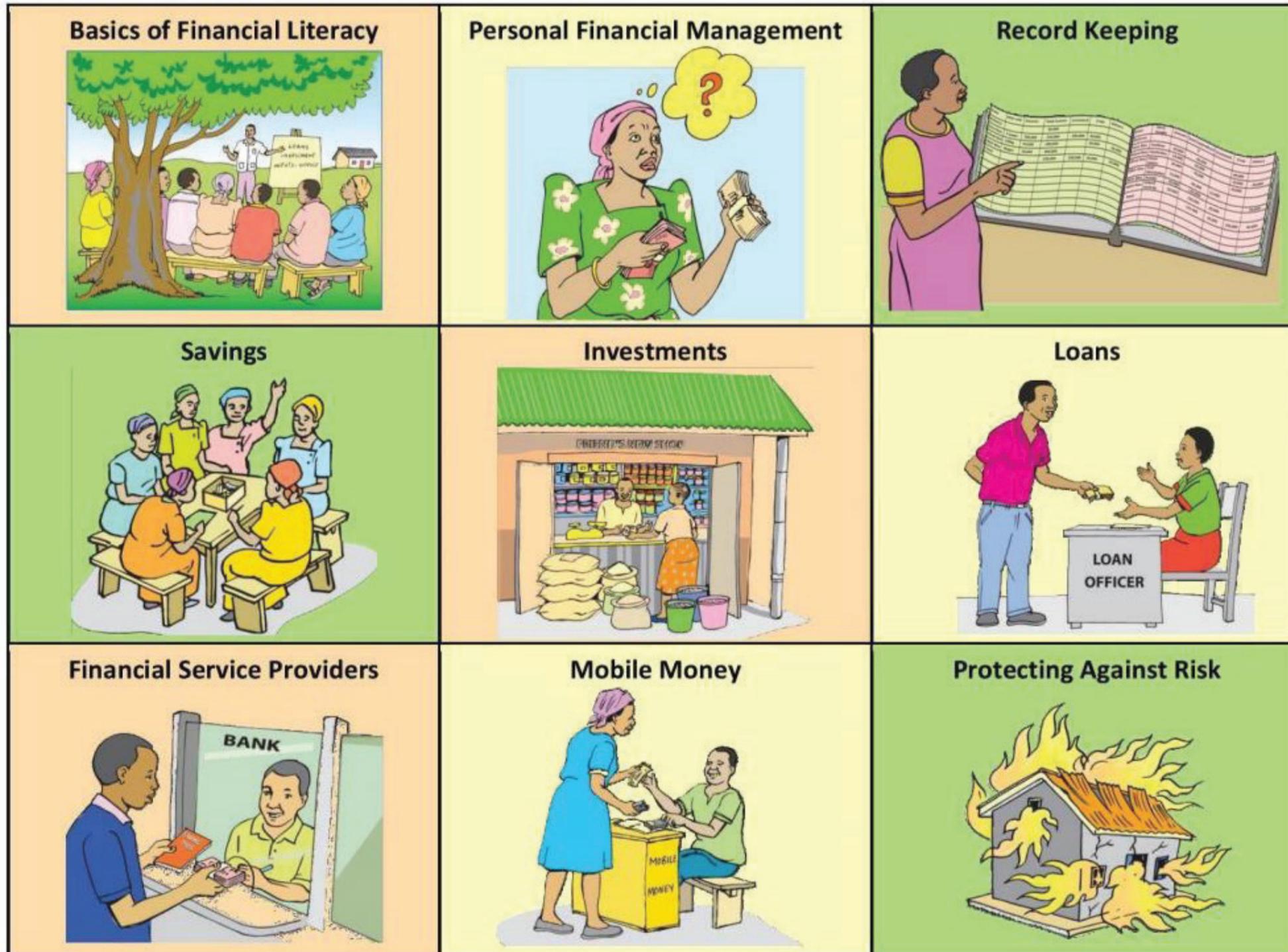
**PriB**  
scaling for impact

# Financial literacy

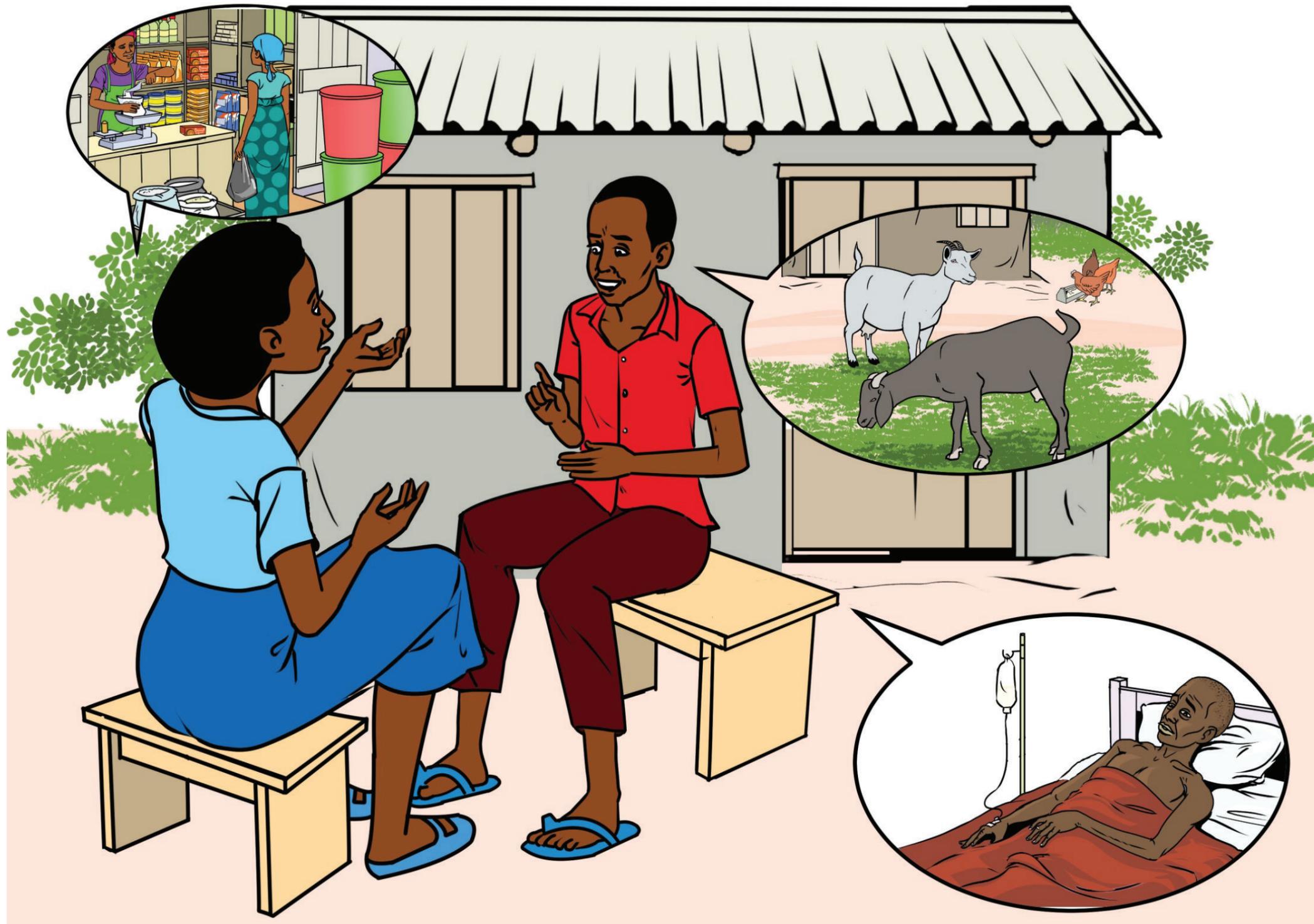
A 5-week training program

## English

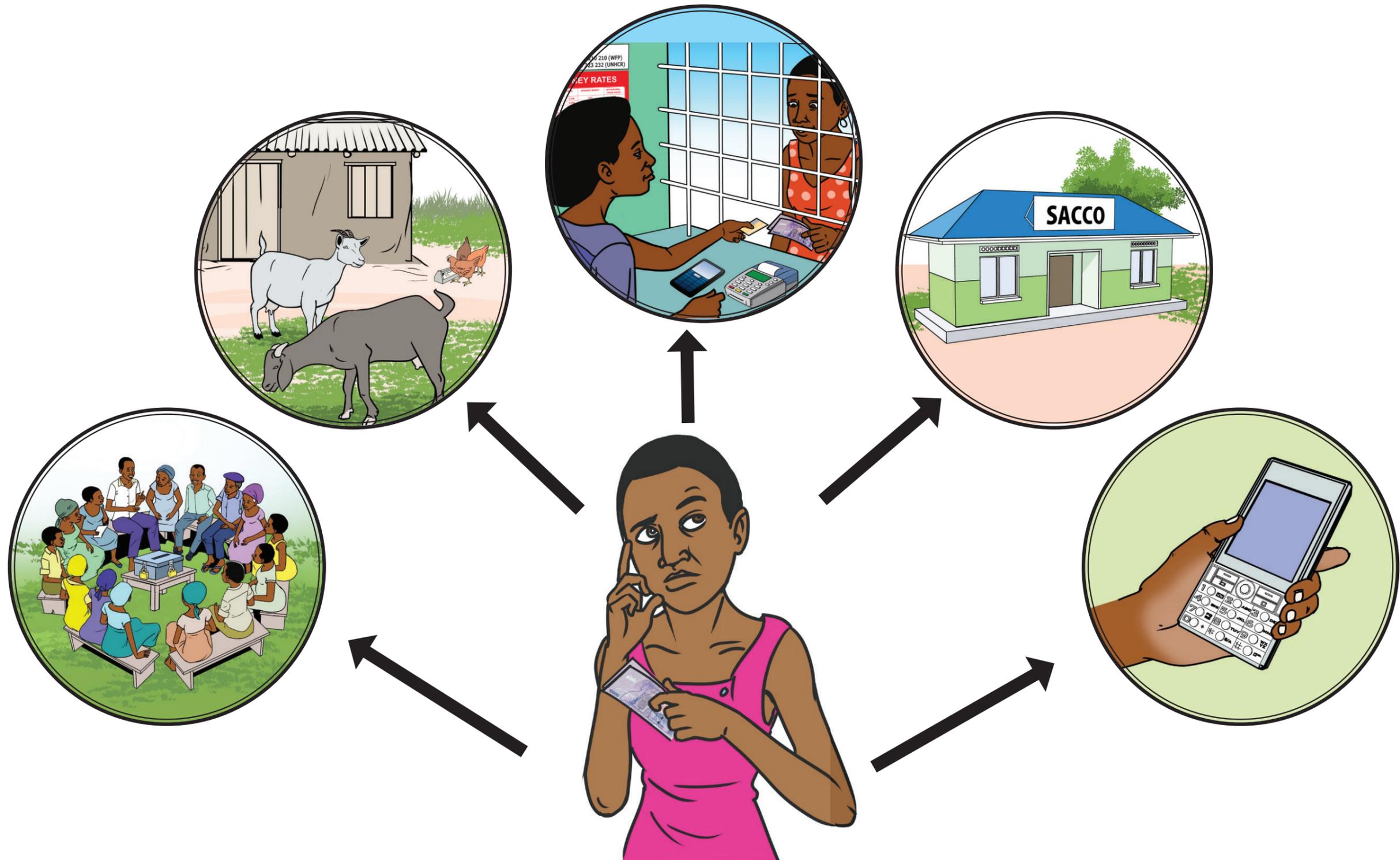
# 01 Module 01: what is included in financial literacy?



# 02 Module 02: setting goals



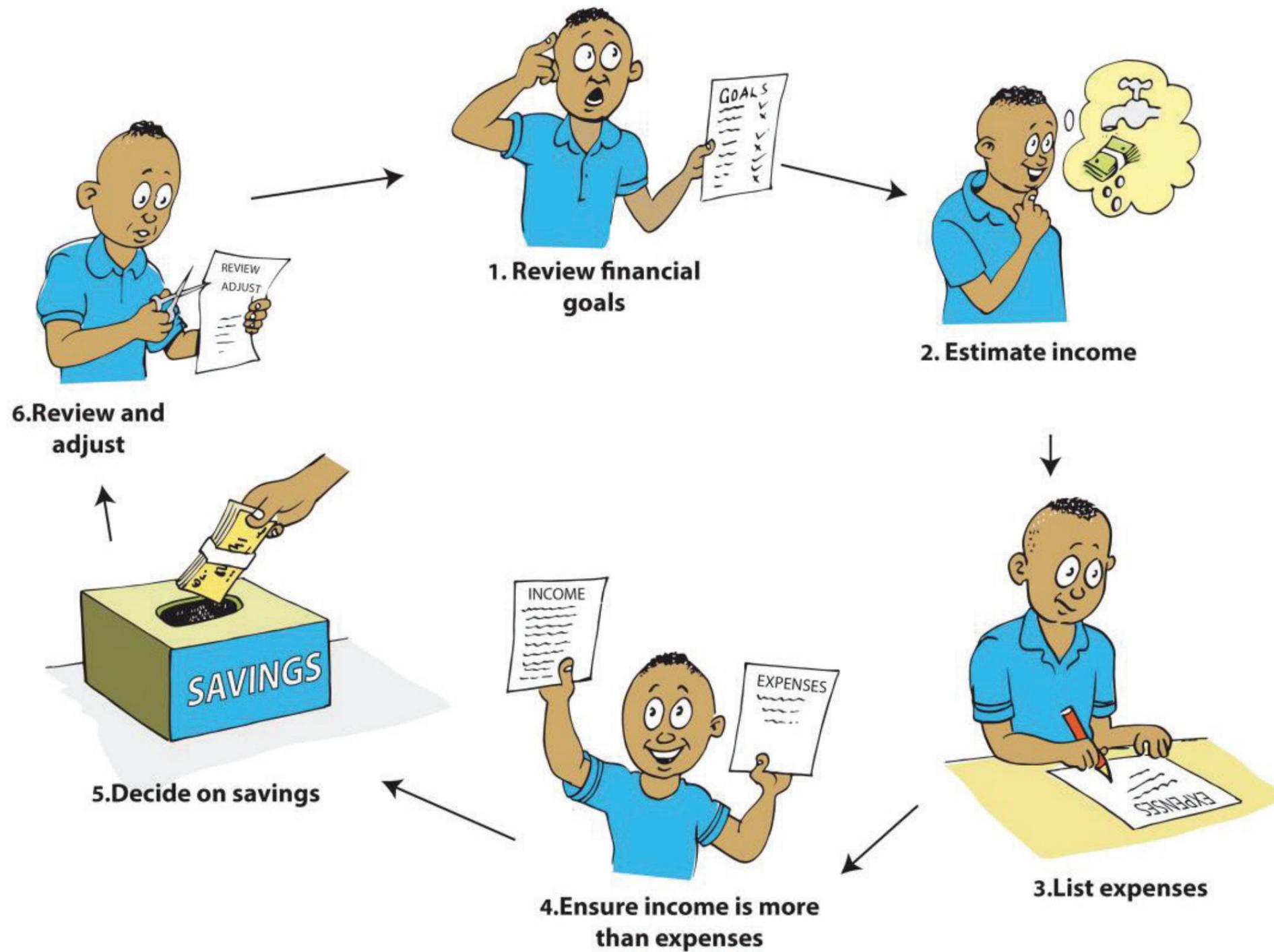
# 03 Module 02: where to save?



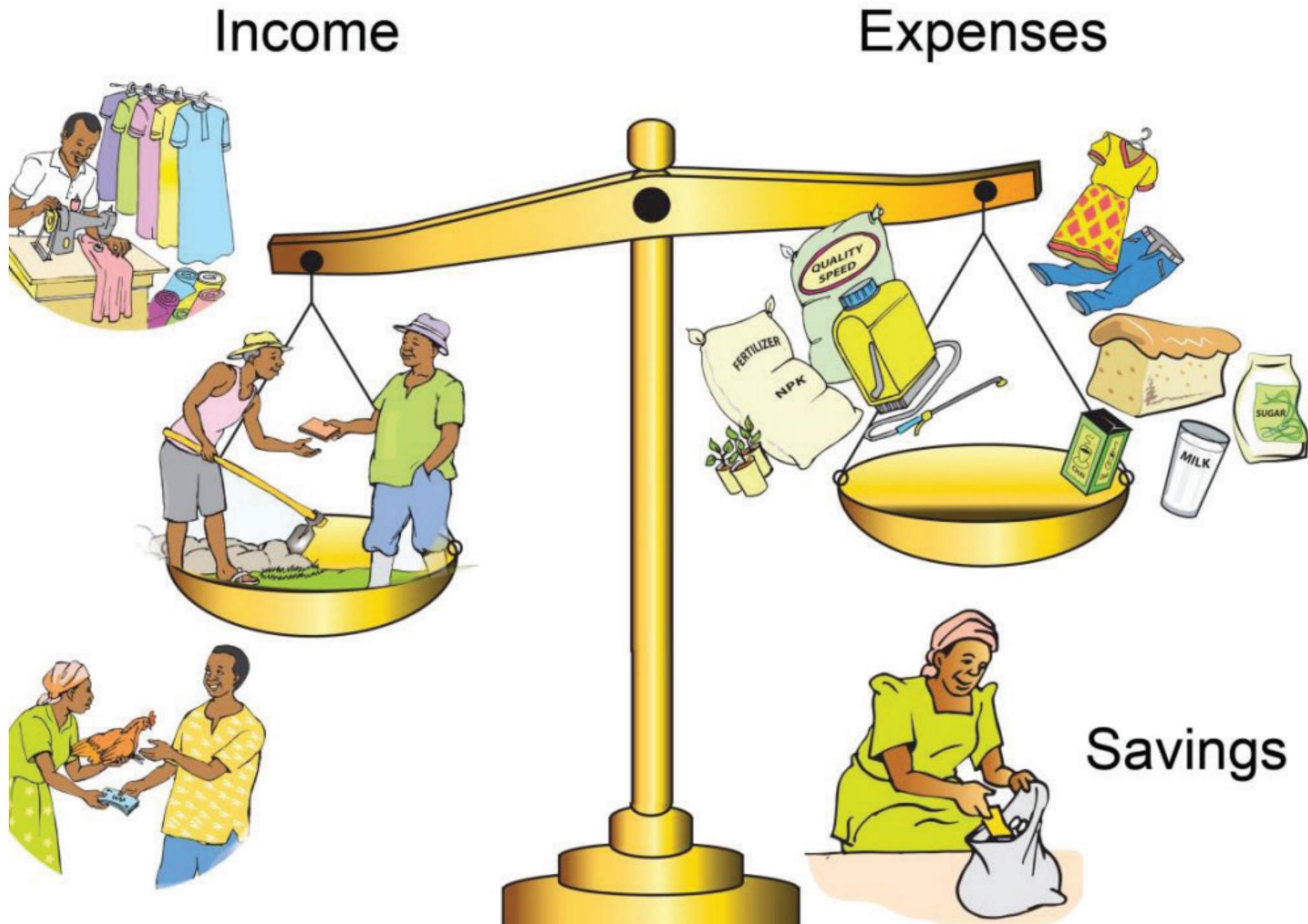
# 04 Module 03: family budgeting



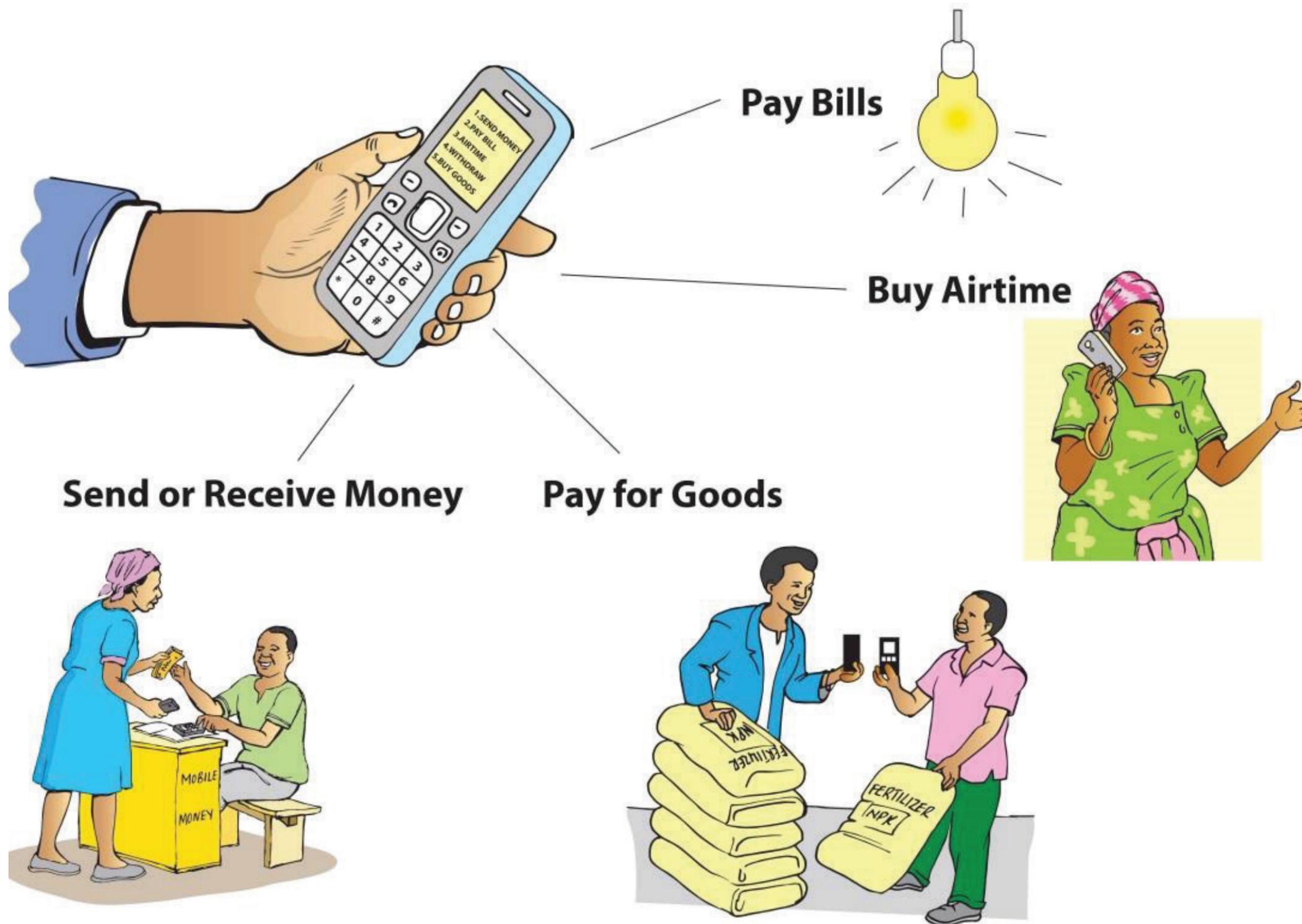
# 05 Module 03: budgeting process



# 06 Module 03: income vs expenses



# 07 Module 04: what is mobile money?



# 08 Module 04: how to register for mobile money?



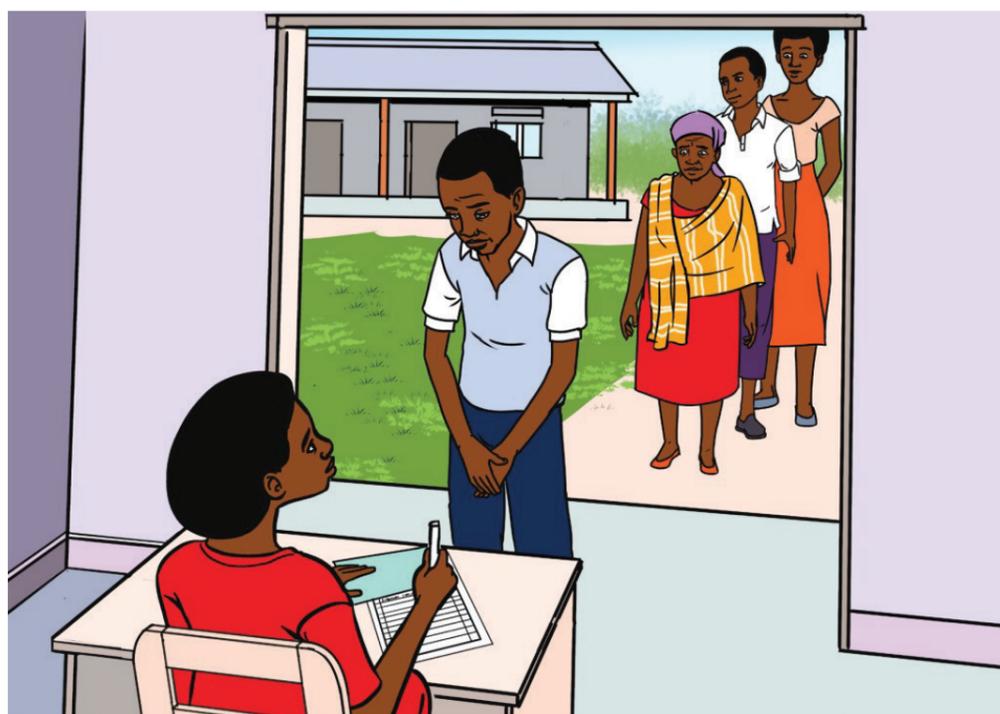
# 09 Module 04: knowing your rights



Transparent information



Dignified treatment



Privacy to client information



Protection from aggressive financial service providers

# 10 Module 04: knowing your responsibilities



Respect



Provide correct information about self



Don't offer bribes or gifts



Observe patience

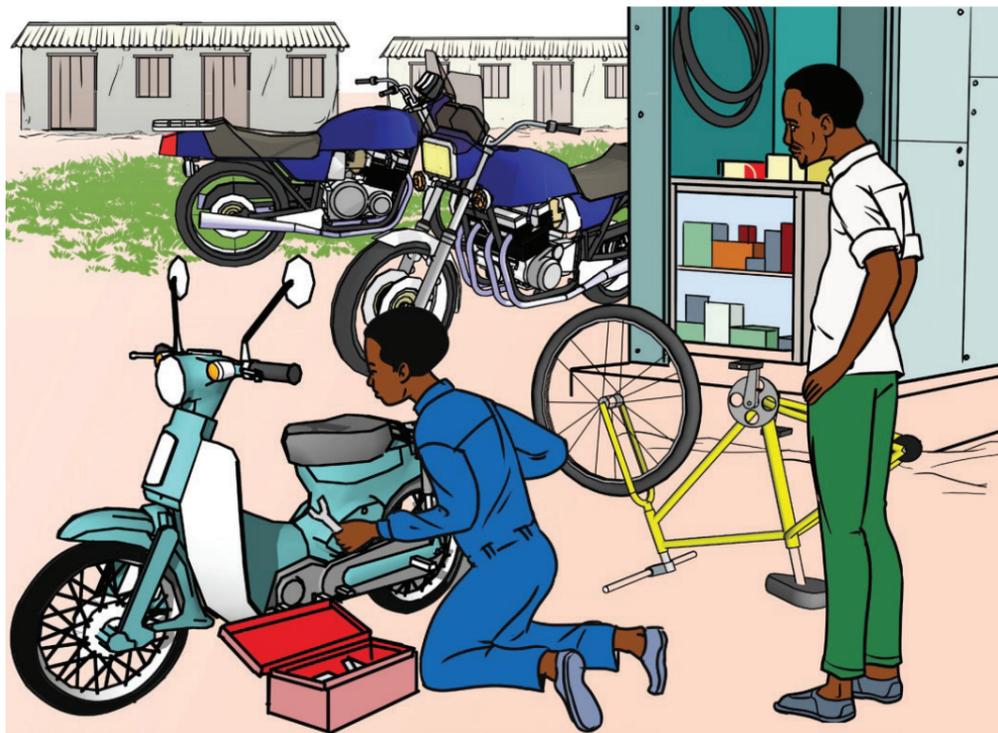
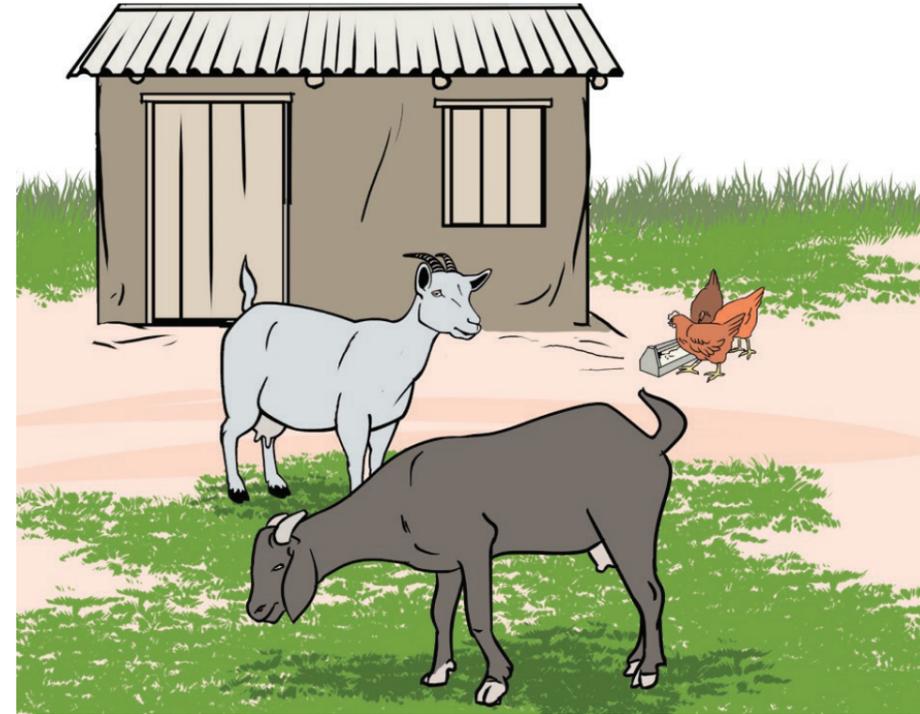


Report any abuse

# 11 Module 04: complaint and feedback mechanisms



# 12 Module 06: different investment options



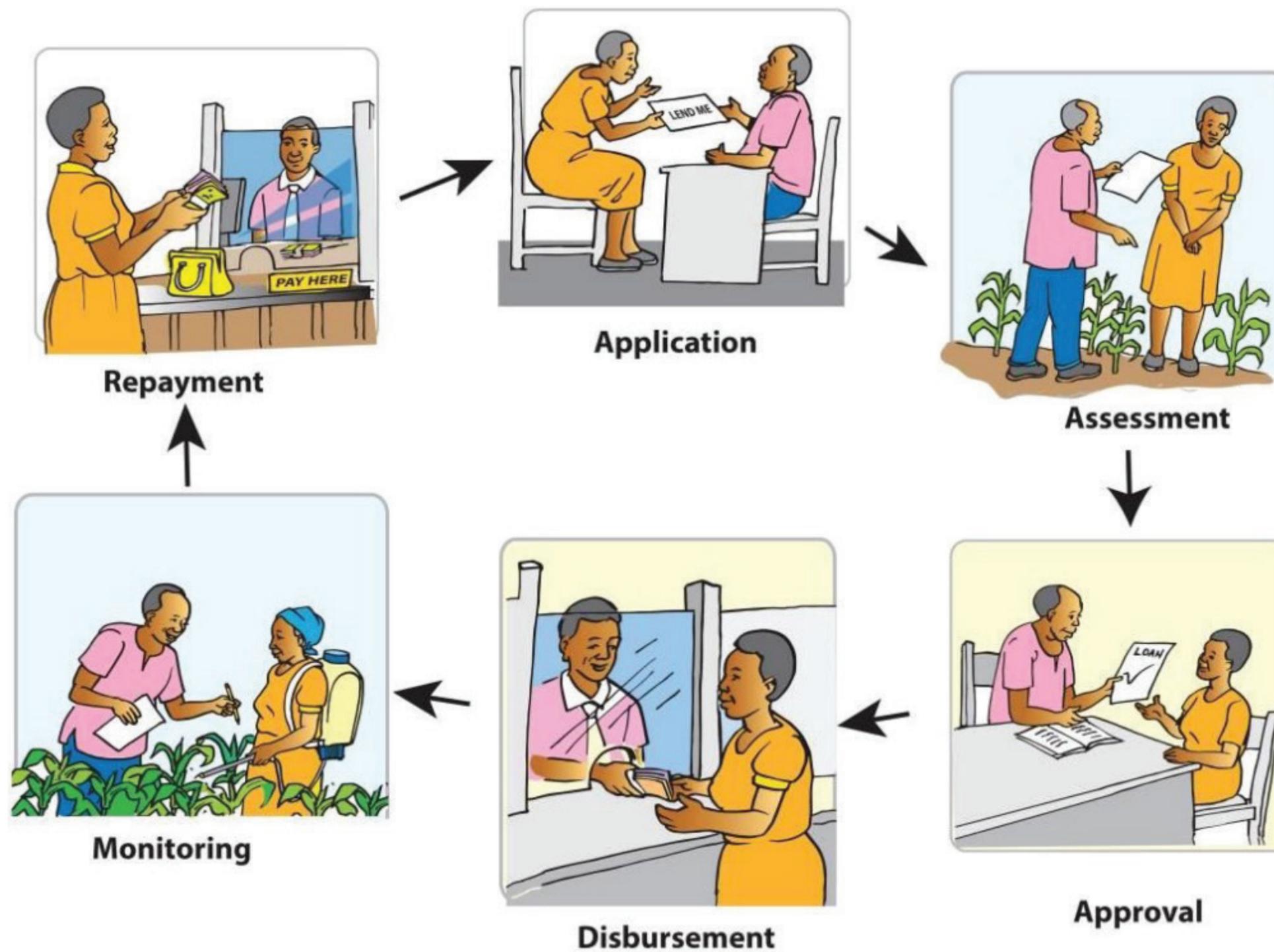
# 13 Module 06: questions to ask



# 14 Module 06: importance of diversification



# 15 Module 07: the loan cycle

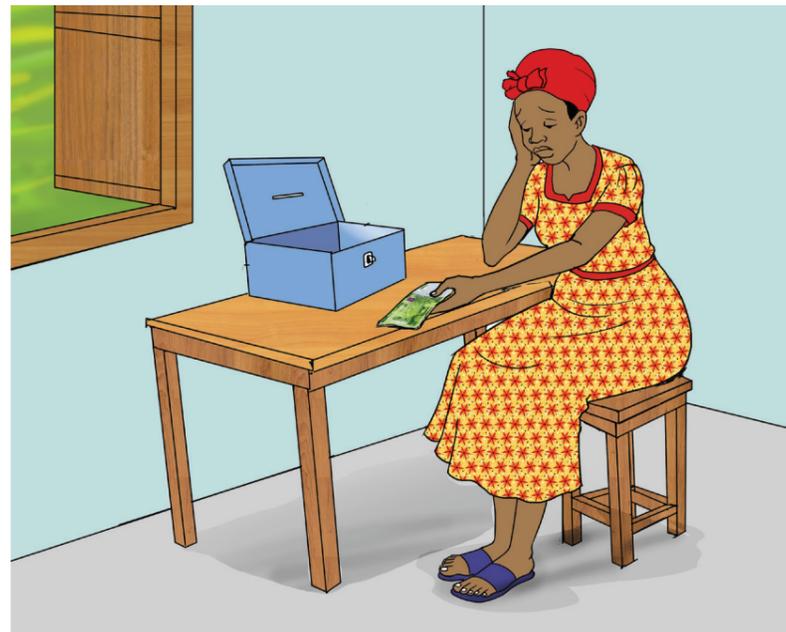


# 16a Module 07: Rose's loans

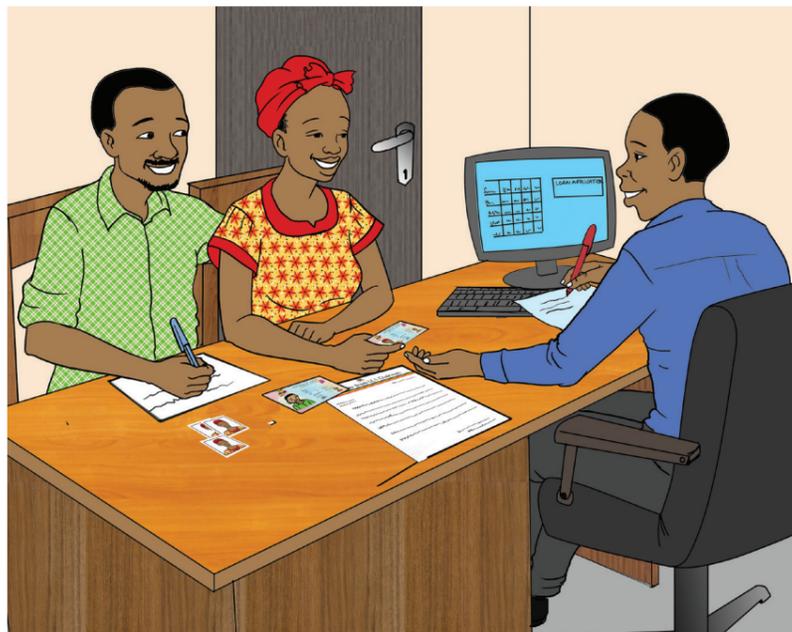
01



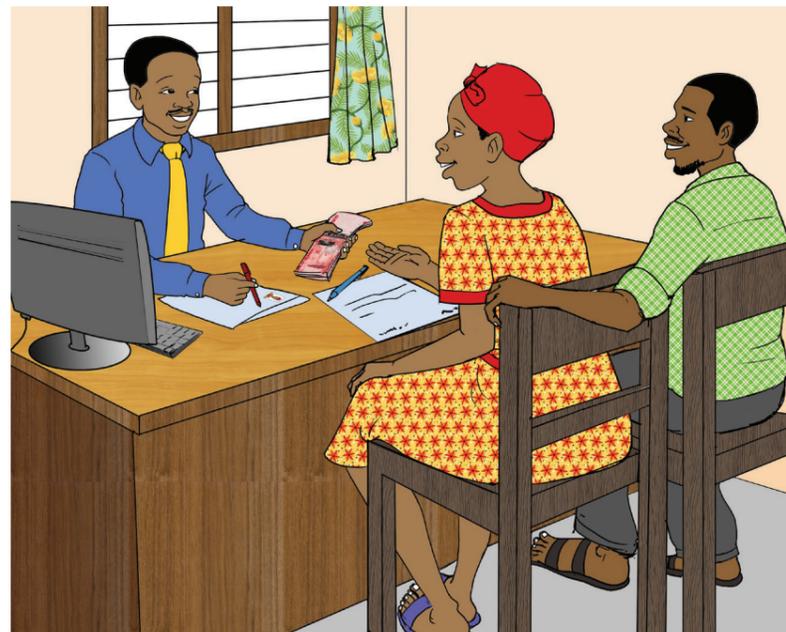
02



03



04



05



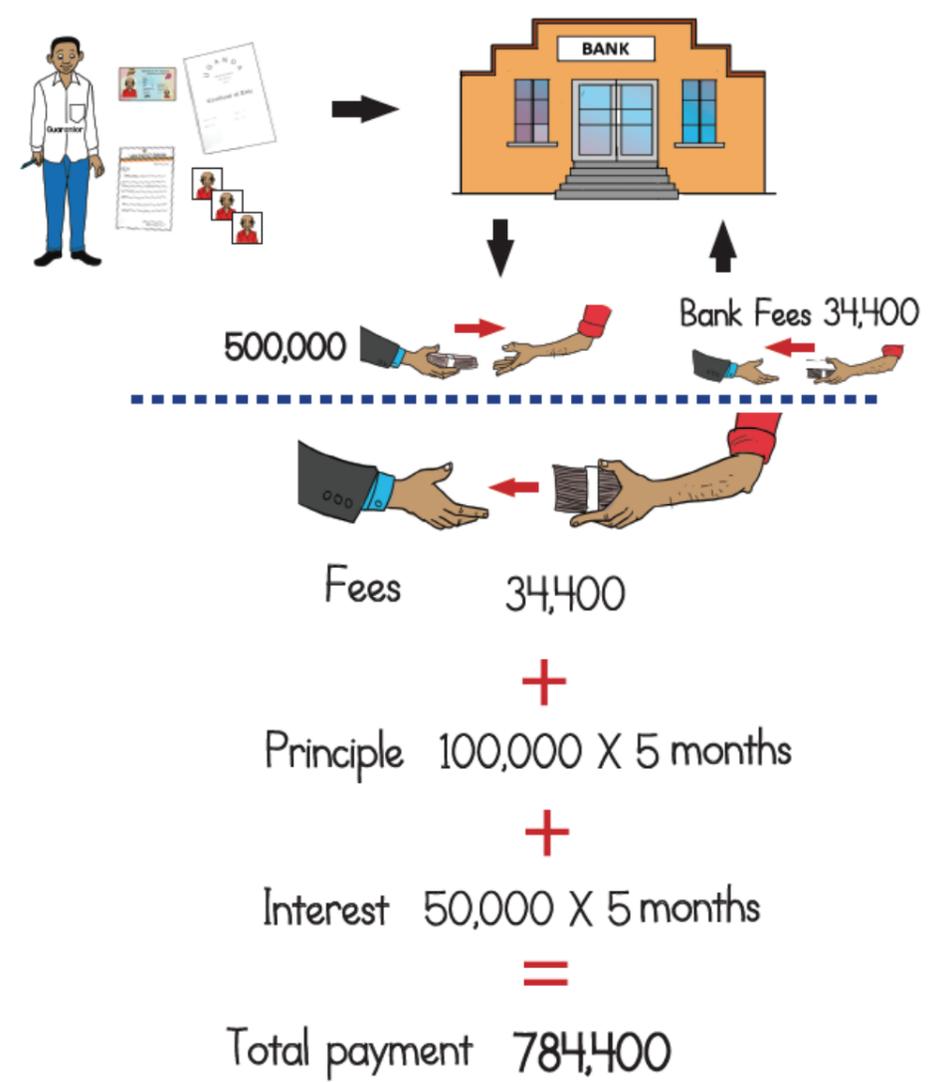
06

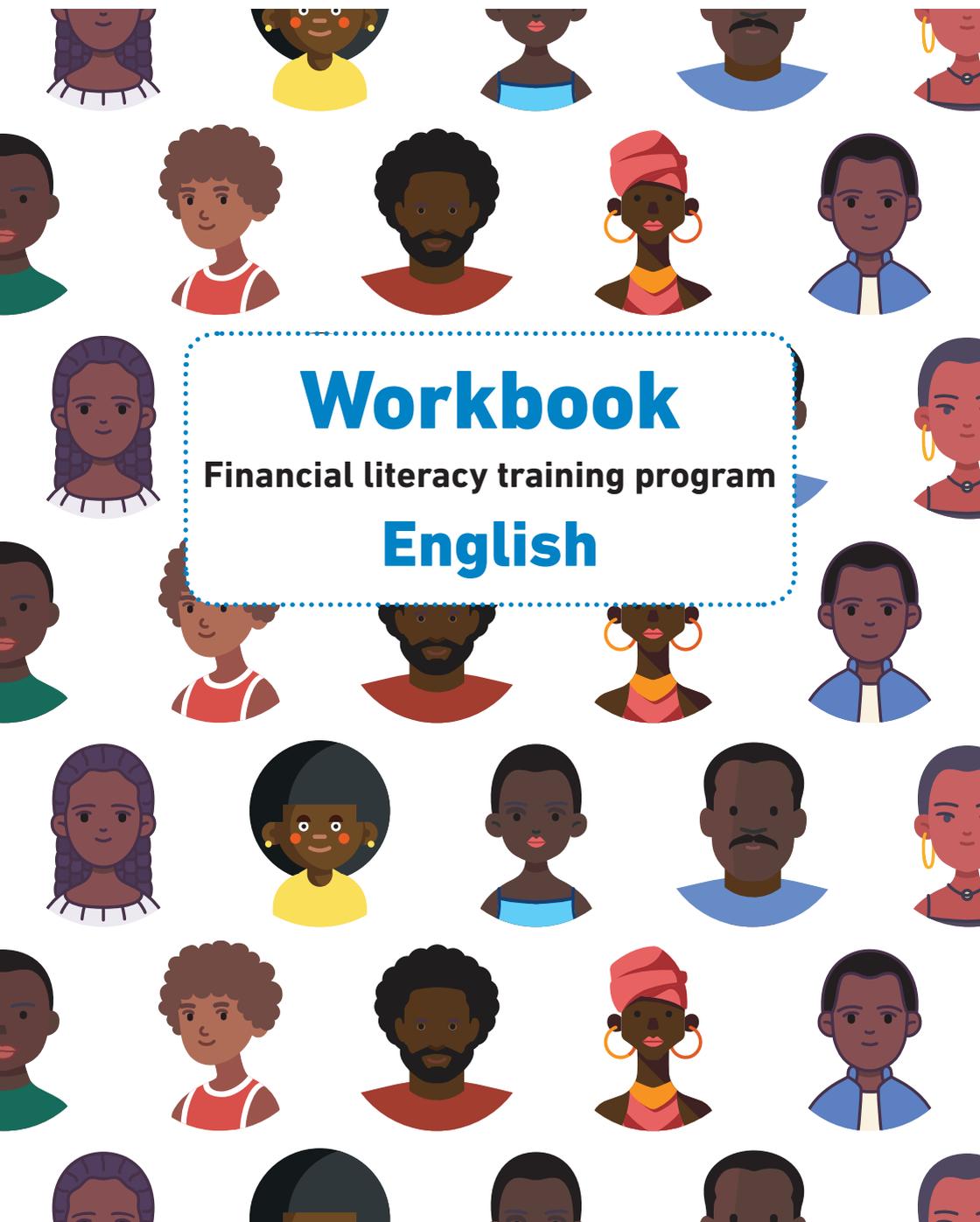
# 16b Module 07: Rose's loans

07



08





**Workbook**  
Financial literacy training program  
**English**

## Financial literacy

### Module 01 summary

Financial literacy teaches people concepts of money and how to manage it wisely. It gives one the knowledge, skills and attitudes required to adopt good money management practices associated with earning, spending, budgeting, saving and borrowing.

It is important to be financially literate in order to:

- Make good decisions on money matters
- Know how to save and be prepared to meet emergencies and unexpected events
- Being able to borrow money (take out a loan) to make an investment
- Decreasing the chances of making poor financial decisions that can harm your family and business
- To have knowledge that improves one's understanding of personal financial issues
- To have skills that enables one to apply financial literacy knowledge to manage one's personal finances
- To develop confidence and an attitude that enables one be sufficiently self-assured to make decisions relating to one's personal finances

Note:

Financial literacy becomes very relevant when we apply the knowledge and skills acquired in our daily lives, and use it to make smart decisions.

This requires a change from our current behaviour:

- Living on a day to day basis
- Savings without purpose
- Borrowing for emergencies
- Failing to choose the right investment to the desired behaviour (e.g making a spending plan)

Being financial literate means that you will be able to:

- Use a budget to manage your finances
- Have a savings plan with clear goals
- Maintaining emergency savings
- Being able to choose the right form of investment



## My dreams



Example: Rose's dream  
Rose is a shopkeeper who sells clothes and products from her husband's farm. She has many customers but not enough space in her shop. She dreams of expanding her shop so she can stock more products and make more profit.

**Ask yourself: what are your dreams?**

Short-term goals are those that will be reached in less than 1 year, such as paying school fees.

**What is your short term goal?**



Long-term goals are those that will take more than 1 year to reach, such as home improvements or buying a house.

**What is your long term goal?**



**Practice!**  
**Draw & explain**  
**your goals in your**  
**notebook**

## Goals & savings



Savings goal



Amount needed



When?



Pr. month

*I.e school fees*

+ 88,000 UGX

*Every 4 months*

+ 22,000 UGX

+ UGX

+ UGX

+ UGX

+ UGX

*Total amount*

= UGX

*Total pr. month*

= UGX



Practice!  
Copy your goals into  
your notebook

### Please note:

As you go through the training, keep revising your goals and make adjustments. At the end of the 5-week training, make a final revision by using the guide on page 23, and decide what your goal

will be for the 4-week monitoring & evaluation (M&E) period after your training. Your goal should be realistic and feasible for this period of time, so make sure you can realise it!

## Questions to ask at the bank

### Access to savings & flexibility of withdrawal:

- How often can I make withdrawals?
- Is there a minimum amount I must withdraw?
- What withdrawal penalties does this account have?
- Is there an ATM network?

### Requirements for opening deposit account:

- How much savings is required?
- What documentation do I need?

### Convenience & ease of use:

- What are the bank's hours?
- How long is the wait to be served?
- Do clients receive account statements? How often?
- Do you offer telephone or electronic transactions?

### Safety:

- What is the reputation of the institution?
- What insurance or guarantees safeguard client's funds?

- Interest earned on savings
- What is the interest rate on savings?
- How does it compare to other institutions?
- How often is interest paid?
- How is interest calculated?

### Cost of savings:

- Which fees are charged?

### Liquidity:

- How easy is it to withdraw funds from the account?
- Will the full amount be available?
- Are fees charged if the funds are withdrawn before a specified date?



## Savings

### Module 02 summary

#### We ought to remember that:

Savings is money put aside by an individual or household for use in the future.

Saving is a key to good money management, it helps an individual and households manage risk, deal with emergencies, smooth income, build assets, and meet financial goals.

People save by putting money aside when it comes in and by spending less when it goes out.

You can use savings to meet both expected and unexpected needs. They help to smooth cash flow, allow for optional expenditures, and invest in assets and businesses.

In case of emergencies and crises, savings enable you to respond immediately.

Savings play a key role in meeting financial goals. These can include short-term goals (weeks or months) such as buying stock of goods for a business or paying school fees or long-term goals (over one years), such as to buy a land or build a house.

#### What are the required good saving habits?

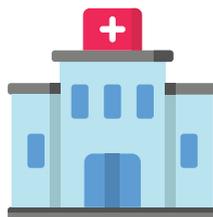
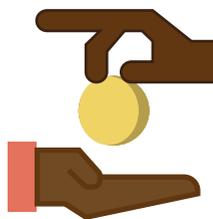
- Make a budget for a week or month and list expected sources of money and how much is coming in and also the expense items and money going

- Plan how much you will save every day, week or month and stick to your saving plan!
- Before spending your money, ask yourself if you really need the item you want to buy. Don't buy it if you don't need it
- If you don't spend money that you think you should, put that money on the side for later use. Don't just spend it because you can!
- Saving a small bit of money is better than saving nothing
- Keep records of how much you actually saved and spent every day, week or month
- Look at your spending habits and determine how you can cut them down so that you can save more
- Put your savings in a bank, a SACCO or a savings and loan association (SLA). This will keep the money out of your reach, and will be easier to save



### Rules of thumb for savings:

- Money management depends very much on your personal discipline
- Save as soon as you earn. That is, put the savings aside before spending
- Try to save 10%-20% of your income (e.g. for every UGX 100,000 save a minimum of UGX 10,000 -20,000)
- Don't carry a lot of cash; avoid the temptation to spend it!
- Spend carefully
- Keep savings out of reach, in a safe place
- Pay off debts
- Save for emergencies separately



### Note:

- Good savings behavior requires discipline
- Discipline is learned through practice!

## Income vs. expenses



Date



Income



Expense

	+	+
	+	+
	+	+
	+	+
	+	+
	+	+
	+	+

Weekly total:

=

=

## Family budget

### Income

UGX

---

Aid organisation  
 Business income  
 Farm Income  
 Wages/job salary  
 Other (selling WFP food etc.)

---

Total =

### Expenses

---

Savings  
 Debt payments  
 Loans (VSLAs/banks)  
 Money lenders

#### *Necessary household expenses:*

Food  
 Charcoal  
 Soap/pads  
 Transport  
 School fees  
 Scholastic material  
 Other (solar, milling grains etc.)

#### *Business spending*

Supplies  
 Other (rent, transportation etc.)

#### *Optional spending*

Clothes  
 Other (utensils, braining hair etc.)

---

Total: =

## Daily cash tracking



Date



Starting cash



Income



Savings



Expense



Ending cash

Monday	+	-	-	=
Tuesday	+	-	-	=
Wednesday	+	-	-	=
Thursday	+	-	-	=
Friday	+	-	-	=
Saturday	+	-	-	=
Sunday	+	-	-	=
Weekly total	=	=	=	=

## Budgeting: personal finance management

### Module 03 summary

- Understanding household financial needs
- Tracking cash inflows and outflows
- Setting financial goals
- Developing a financial plan and a budget

#### Note:

A budget is a summary of estimated income and how it will be spent over a defined period of time.

#### Benefits of personal financial planning:

- Helps one decide spending priorities for the future
- Gives one discipline for spending and saving
- Helps you avoid unexpected money shortages
- Helps you feel less financial stress

#### Three things you can do with money:

- Spend on day-to-day needs such as food, housing, transportation, clothing, healthcare, debt repayment, and other non-essential needs such as taking alcohol
- Save money for unexpected expenditures e.g. emergencies, medical bills, death, someone selling their property due to an emergency
- Invest money in income generating

activities to earn income over the long-term

#### How to stay within your plan:

- Remind yourself regularly what you planned to spend on
- Put something for unexpected spending needs in your plan
- Keep savings out of reach to avoid unplanned expenditure
- Keep track of what you spend, make sure you do not spend more than what you planned
- Get the family to participate in developing and sticking with the plan

#### Ways to cut spending:

- Consume less of non-essential items (such as alcohol)
- Lower expenses and spend modestly on life events such as marriages, funerals and other forms of parties
- Plan ahead to buy necessities when the prices are lower and buy less on credit
- Carry less money or save money in a safe place to avoid the temptation to spend it



## Financial services

### Module 04 summary

Financial services are offered by banks, microfinance institutions, SACCOs, VSLAs, money lenders and others.

#### Savings:

Different types of accounts are offered by different financial Institutions ( for example ordinary and fixed deposit accounts)

#### Loans:

Different financial institutions offer different types of loans with different terms for various purposes.

#### Insurance:

Insurance products cover specific events, e.g. an accident or death

#### Payment services:

Institutions transfer money from a client's account to designated recipient, e.g. remittances to family members or Bills payment

#### Agency banking

Agency banking is where a commercial bank secures the services of an agent to provide marked financial services on their behalf outside of the traditional avenues of tellers, ATM machines and bank premises.

Examples of bank agents include merchants, SACCOs and others

#### Remember to:

- Always bring your identification along with you for money withdraw (e.g refugee attestation document)
- Always confirm with the agent that

he has enough cash before you transact.

- Use either your fingerprint and/or PIN to withdraw cash or purchase food
- Request for a machine generated receipt, even if the operation fails. ALWAYS keep receipts of all your transactions
- Request to sign or register against your transaction in the agents book after every transaction
- Ensure to confirm that you have received the correct amount of cash before signing in the agent's book
- Loss/any problem with your bank card? Report it immediately

#### Don't:

- Never write down your PIN where someone can access it. Better you memorize it.
- Never keep your PIN code together with your bank card
- Never tell your PIN code to anyone, not even the money agents or the merchant
- Your bank card will be blocked if you provide three 3 wrong PIN codes.
- Never leave your card or PIN code with the Bank agent
- Never use your smart card as collateral to access money or goods on credit
- Never pay cash to the agents as bank charges, charges can only be deducted automatically from the account during the transaction process

### Mobile money

- Never share your PIN with anyone or keep your PIN together with your SIM card
- Always demand to look at the charge sheet for the different levels of transactions of withdrawing and sending money
- Always confirm the amount and name of the person you are sending to, before inserting the PIN

### Knowing your rights and responsibilities

As customers of a financial institution (e.g SACCOs, banks etc) you must understand your rights (what you deserve as a customer of a financial institution) and responsibilities (obligations ).

#### Rights:

- To be listened to in case of a problem
- To be treated in a respectful manner.
- To receive complete, accurate and understandable information
- To be protected from aggressive financial service providers
- It should be made easy and convenient to access your money
- Your information should be kept private

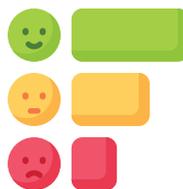
#### Responsibilities:

- Provide correct and accurate information about self and family
- Respecting and following the rules and regulations of the financial service providers
- Respect for service providers and other partners
- Integrity: Do not offer any bribe or any undocumented gifts as a condition for a service

- Report any abuse
- Observe patience

#### In case of a complaint:

- Demand to know the toll-free helpline for the humanitarian agency, implementing partner and financial service provider and register your complaints. For example, 0800 210 210 is a helpline for WFP and 0800 323 232 is a help line for UNHCR
- Make use of the litigation desks that handle multiple issues including complaints
- Participate in community and zonal meetings to register your complaints among other things
- For those who know how to write, place your complaints in suggestion boxes placed at different distribution points and at implementers' offices
- Make use of common protection referral forms found with Refugee leaders to register complaints
- Make use of the mobile complaint's clinics in your communities
- Use other feedback mechanisms like other community and financial meetings, community radios, baseline surveys etc.



## Examples of income generating activities

- Bread making
- Bicycle repair
- Brewing
- Butchery
- Bee keeping
- Blacksmithing
- Brick/block making
- Carpentry
- Selling briquettes
- Fish marketing
- Fish smoking
- Chapati making
- Goat keeping
- Groundnut oil making
- Hairdressing
- Knitting
- Masonry
- Mat making
- Meat roasting
- Milling/grinding
- Pottery
- Poultry raising
- Produce buying & selling
- Secondhand clothes trading
- Seedling nursery
- Shoe repair
- Soap making
- Tailoring
- Restaurant
- Vegetable growing
- Bakery



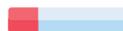
Practice!  
What are your top 3  
choices? Why?

## Reasons for success or failure

### Reasons for success



### Reasons for failure



#### *Knowledge, skills and time availability*

---

Good knowledge of the business

Didn't have skills  
 Didn't know where to sell  
 Lack of information  
 Failing to separate business  
 from household finances

#### *Market and customers*

---

Predictable seasonal demand  
 High demand for produce  
 Good advertising  
 Competition  
 Good quality product  
 Good customer relations  
 Strong customer base

Selling on credit  
 Too much competition  
 Poor location  
 Few customers

#### *Income: is the IGA profitable?*

---

Good understanding of market needs

Started without a goal or a plan  
 High taxes

#### *Sources of capital*

---

Availability of start-up capital  
 Access to financial services  
 (formal and informal)

Insufficient start-up capital  
 No savings  
 High debts  
 Limited access to financial services

#### *Household income*

---

Meeting household expenses with  
 household income without excessively  
 using from business profits  
 Financial support from family members

Low household income leads to  
 drawings from the business

## Five important points before selecting an IGA

### 1. Knowledge, skills & time

Do I have the knowledge and skills for my IGA and is the labour available to operate it?



### 2. Market & customers

Will enough people buy my product or service?



### 3. Business profitability

Is the IGA profitable?

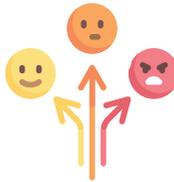


### 4. Sources of capital

Do I have enough money to start up and operate the IGA?

### 5. Household income

Will the income from the IGA be enough when added to other family income to pay household expenses?



## Planning your business

Activities needed to start:

---

*(put your business idea here)*

Month	01	02	03	04	05	06	Who? What?
-------	----	----	----	----	----	----	---------------

---

Planning

---

Starting activities

---

Ongoing activities

**Note:**

*List the necessary activities for each step that is specific to your business idea!*



## Income generating activities: selection, planning and management

### Module 05 summary

#### What is an Income Generating Activity?

This is a business run and managed by an individual or a group of people with a purpose of making profits to increase household income.

#### Five important points to consider before selecting an IGA

1. Do I have the required Knowledge, Skills and Time for the IGA?
2. Will I get enough people to buy my products or services?
3. Will the IGA generate enough money to cover costs and remain with profits?
4. Do I have enough capital to start and operate an IGA?
5. Will the income from the IGA when added to the family income be enough to cover family expenses?

#### For any selected IGA, it is very important to note the following:

##### Name of the business

Select the name of the business you intend to do e.g chapati making.

##### Sources of funds

Highlight where the money for the business will come from

##### Products and or services:

What are the products or services you would want to offer to the market?

Market for the product/service:  
Identify who your target customers will be

##### Competitors

Identify who is in the same business with you? What are their weaknesses and strengths? What is your competitive advantage?

##### Sector analysis

Understand the sector (agriculture or non-agriculture) in which you want to operate. What favours or disfavours the business you are in

##### Demand Analysis

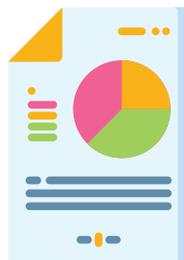
How has the demand been over the past period (increasing or dropping) are the customers only local or you having external ones also?

##### Supply analysis

Where will your inputs (stock or seeds and fertilizers) come from?

##### Management

Who will take full charge of the management of the business?



## Questions to ask before making an investment

- How does the investment work?  
Do you understand the investment well enough to explain it to someone else?



- What are your goals?  
Are you looking for safety, income or growth? Or both growth and income?

- What are the risks of this investment? Are you comfortable taking these risks?



- How much do you expect to earn on this investment? Is this realistic?

- How long do you plan to invest?  
Is this a short, medium or longterm investment?



- What are the costs to buy, hold and sell the investment?  
Will you pay taxes on the money you earn?

- What other investments do you already have? How does this investment fit with your other investments?  
How will it change your asset mix?



## Investments

### Module 06 summary

#### What is investment?

- Investment is an act of committing resources to an endeavour with an expectation of letting your resources grow.
- An investment can be in form of property such as livestock (cows, goats, pigs), house (rental houses), business (market stalls, grocery shops, boda-bodas) from which you can earn profits

#### Why invest?

- Create wealth
- Increase the ability to earn more income
- Create jobs for self, family and others
- Sources of funds for investments
- Personal savings
- Loans
- Grants
- Re-Invested profits

#### Risk management

- Every investment comes with a risk. There is a risk of losing money, get stolen, mismanaged, destroyed or damaged.
- Monitor your investments closely to make sure they are not losing money and time
- Diversification of investment options. Don't put all your eggs in one basket! With diversification you reduce risk by spreading it across different types of investments.

- You have the potential to earn more when the risk is high and vis versa.

#### Questions to ask yourself before making an investment:

- How does the investment work? Do you understand the investment well enough to explain it to someone else?
- What are your goals? Are you looking for safety, income or growth or both?
- What are the risks of this investment? Are you comfortable taking these risks?
- How much do you expect to earn on this investment? Is this realistic?
- How long do you plan to invest? Is this a short or long-term investment?
- What are the costs to buy, hold and sell the investment? Will you pay taxes on the money you earn?
- What other investments do you have already? How does this investment fit with your other investments? How will it change your asset mix?



## Important factors to consider when choosing a lender

**Lender**

**01**

**02**

**03**

---

Interest rate

---

Chance of getting a loan

---

Type of loans offered

---

Distance from my home

---

Frequency of repayment

---

Availability of other services

---

Grace period

---



## Loan tracking tool



Loan  
**01**



Loan  
**02**



Loan  
**03**

**Lender**

---

Date received

---

Loan amount

---

Interest %

---

Loan period

---

Instalment due

---

Amount paid (month 01)

---

Amount paid (month 02)

---

Amount paid (month 03)

---

Note: add more months if needed

## Loans: handling debt successfully

### Module 07 summary

People borrow money to invest, to respond to an unexpected emergency or to purchase an item for which you do not have enough money. A loan is money that the borrower can use temporarily, and after a defined period of time the money is repaid to the owner - usually with interest or a fee charged for use of the money.

A loan will enable you to take advantage of investment opportunities or solve an immediate problem or crisis as it gives access to more money than you have in savings, and it gives access to money quickly when you need it for emergencies.

Loans come with interest and fees and a responsibility of repaying your loan on time. There may also be a requirement of security to get the loan (assets etc).

### Good borrowing practices:

- Before you know if you can take a loan, make a budget to list your expected income and expenses for the coming weeks or months. Budget how much you think you can pay back every month, while also being able to pay for necessary things like food, medical bills, business expenses and emergencies
- A loan is a debt. Pay it back as soon as possible and avoid defaulting - being unable to pay back the loan on time. This has severe consequences, such as losing your land, house or farming equipment
- A loan is not for free! It comes with a cost. Make sure you include the fees and interest with the amount of money that you have to pay back
- Don't borrow more than you can afford to repay!
- Plan in advance for how you will pay back the loan and keep records and receipts of your loan repayments as proof
- Ask loan providers, financial institutions or cooperative members for information about loans. Shop around and check different loaning options before you decide on the best option
- Don't borrow from an individual that you don't know and avoid borrowing from a friend or family member. This can hurt your relationship
- Don't confuse loans that you take for business and for private reasons. If you take a loan for business purposes, use it only for the business purposes
- A loan comes with a contract. Read it carefully before you sign. Make sure you understand the contract, including loan requirements and repayment terms
- Save money regularly for emergencies to avoid having to borrow money



## Setting small but achievable goals!

### 1. Define your savings goal

What do you want to achieve in the next 4-weeks? Use your new skills and be realistic when setting your goal to make sure you can follow through and complete your goal. This is an exercise to practice the habit of not only setting a short term goal, but to build up your confidence and making sure you are able to achieve them. Over time, you can set bigger goals, but you have to start somewhere!



### 2. How much do I need?

You now know how to budget and plan, so set up a feasible 4-week savings plan that will allow you to reach your goal. Be realistic and honest with yourself. Fine tune your goal if you realise you do not have the means needed to achieve your desired goal.



### 3. Timeline

Make sure you plan either daily or weekly for the 4-week period. Set up a timeline with clear savings goals that match your expected income.



### 4. What is the purpose of my goal?

Reflect on the reasoning behind setting this particular goal. Allow yourself to think more long term and think ahead. Once you achieve this goal, what comes next?



**Good luck!**





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scaling for impact