

# Budgeting

# Money and Resources

**Overall Outcome:** To understand how to carefully plan, budget and manage resources.

**Lesson Objective:** By the end of the session, participants will be able to:

1. Understand ways of building on their savings.
2. Become better planners and decision-makers in matters related to their finances.
3. Explain how making and following a budget can help people save money.

**Materials Needed:** • Board/Flip Chart • Markers/Chalk • Paper • Pens/Pencils

**Methodology:**

- Start: Group/Pair Activity
- Learn: Pair Activity
- Reflect: Group Discussion

**Duration:** 50 minutes

**Key Words:** Budgeting; Planning; Decision-making

**Information For The Facilitator**

- Make sure every participant is actively engaged during the group work.
- Draw up the Savings Plan Chart on the flip chart prior to the lesson (see example given below).

## 1 Start: Group Mingles

1. Inform the participants that they will play a game called Group Mingles.
2. Ask the participants to walk around the room, and explain that when you say “Stop” they are to pair up with the participant standing next to them.
3. Once in their pairs, ask the participants one of the following questions, and give the pairs one minute to share their answers to the question with each other:
  - a. When you receive money, what do you do with it?
  - b. Do you save money? Where do you save your money?
  - c. What things do you usually buy when you have money?
  - d. What would you like to save up for this year?
  - e. Name three things that you have to buy each week.
4. When the minute is up, ask the participants to ‘mingle’ again, and repeat the process, using a different question each time.
5. Be sure to point out that the participants must pair up with a different partner each time.

## 2 Learn: Creating a Savings Plan

1. Have the participants get into pairs, and give each pair a sheet of paper and pen/pencil.
2. Instruct each pair to think about and discuss one thing they want to save money for (i.e. their goal). Be sure to point out that they must decide on something that is realistic for them to buy and that can be purchased in a reasonable timeframe.
3. Show the participants the Savings Plan Chart on the flip chart. Explain each component.
4. Ask each pair to work on their own Savings Plan Chart for the thing they decided to save for. Give them
5. 10 minutes to do so.
6. After 10 minutes, ask for some volunteers to present their plans.
7. Inform the participants that this activity involved making something called a 'budget'. Explain that budgets help us balance our income and expenditure, and manage money responsibly by prioritizing the things we need and the things we want.
8. Lead the participants into a discussion, using the following questions:
  - a. How did it feel to do this activity?
  - b. Did anything surprise you? Why/why not?
  - c. Why is it important to plan out these things?

## 3 Reflect

1. Lead the participants into a discussion, using the following questions:
  - a. Why should your income (the money you get) and your expenditures (the money you spend) balance?
  - b. If your expenditures are greater than your income, what are your choices?
  - c. If your expenditures are less than your income, what are your choices?
  - d. Why is it important to budget money?
  - e. What obstacles could you face when budgeting your money? How can you overcome these obstacles?
2. Finally, explain that each of us has different spending habits based on our needs/wants and personality. It is important to figure out what our own needs and wants are. Inform the participants that they will explore the topic of spending during the next session.

### • Savings Plan Chart

- What do you want to buy?
- When do you want to buy it?
- How much money do you need to save?
- How much money do you earn per week?
- How much money will you need to save per week to reach your goal?
- What other ways can you earn money?

Bike 6 months \$250 \$10 \$10

# Spending

# Money and Resources

**Overall Outcome:** To become responsible spenders and consumers of resources.

**Lesson Objective:** By the end of the session, participants will be able to:

1. Identify three or more reasons why people spend money.
2. Understand the importance of spending money responsibly.
3. Identify how saving and spending links to personal, community and environmental goals.

**Materials Needed:** • Board/Flip Chart • Markers/Chalk

**Methodology:**

- Start: Group Activity
- Learn: Group Activity
- Reflect: Pair Activity

**Duration:** 50 minutes

**Key Words:** Spending; Saving; Budgeting; Responsibility

**Information For The Facilitator**

- Spending responsibly goes hand-in-hand with saving responsibly. It is a skill that also requires discipline and careful planning. We have all heard many stories of friends or family members (and governments and banks!) who have overspent or lived beyond their means – and the stressful consequences. This session reviews the practical steps of spending money responsibly. It also introduces the idea that spending responsibly means considering the well-being of other people and the planet when making spending decisions.
  - Copy the 4 P's of Spending onto the board or flip chart prior to the lesson (see example provided).
- 4 P's of Spending: **Pocket, Priorities, People, Planet**

## 1 Start: Take A Stand

1. Review the instructions for this game:
  - a. I will read a statement and you will need to decide whether you agree or disagree with it.
  - b. There are no right or wrong answers, and it is okay to disagree with your friends.
  - c. When I read the statement, close your eyes so you can't see anyone else's response.
  - d. If you agree with the statement, put your hands on your head. If you disagree, put your hands on your knees.
  - e. After everyone has made a choice, I'll ask you to open your eyes and I will then ask you to share your reasons – to Take A Stand – for your decision.
2. Read the statements listed below. After each statement, spend one or two minutes discussing the participants' responses. Use the follow-up questions as and when necessary. Once the participants have shared some of their ideas and thoughts, move on to the next statement.
3. Statements and follow-up questions:
  - a. I can save money for my future.
    - i. Why/why not?
    - ii. How do you plan on saving money for your future?
    - iii. Why do you want to save?
  - b. It is important to spend money responsibly.
    - i. Why/why not?
    - ii. What does it mean to 'spend responsibly'?
  - c. It is important to use resources responsibly.
    - i. Why/why not?
    - ii. What does 'using resources responsibly' mean?
    - iii. What type of resources should we use responsibly?
  - d. Water
  - e. Food
  - f. Oil/gas
  - g. Wood
  - h. Paper

## 2 Learn: Creating a Savings Plan

### Introduction (5 minutes)

1. Ask the participants:
  - a. What are the main things that adults spend money on?
  - b. What do young people spend money on?
2. Give the participants one minute (per question) to briefly share their answers with the person next to them.
3. Ask for feedback after each question, and make a note of their answers on the board/flip chart.
4. Discuss the similarities and differences between the spending habits of young people and adults.

### Introduce the 4 P's of Spending (5 minutes)

1. Explain to the participants that spending responsibly involves four different words starting with P: Pocket, Priorities, People and Planet.
2. Show participants the flip chart you prepared prior to the session.
  - a. Your Pocket – can you afford it? (Consider income and expenditure.)
  - b. Your Priorities – do you really need/want it? (What do you value in life? What are your personal goals?)
  - c. Your relationship with other People – has anyone's rights or well-being been compromised or exploited in helping to produce the thing you are buying (e.g. clothing that has been made by people working for less than a living wage and in poor conditions)?
  - d. Your relationship with the Planet – has the environment been harmed in the production of the thing you are buying (e.g. use of harmful pesticides and toxic chemicals in the growing and making of cotton for t-shirts)? Think about what you can do that would be better for the environment.

### Scenario (20 minutes)

1. Divide the participants into groups of five or six.
2. Explain that you are going to read a scenario, and that after you have done so, they have 10 minutes to discuss it and come up with some advice for the character, using the 4 P's of Spending.
3. Read out the following scenario:

Peter is a 13-year-old boy, who loves to play soccer. He wants to buy a new soccer ball because his current ball is getting old, but he could probably repair his current ball to make it more usable. Peter is responsible for paying his school fees next month. He doesn't know if he should use the money on the soccer ball or the school fees.

  - What advice would you give to Peter?
  - How should Peter use the 4 P's of Spending?
4. After 10 minutes, ask some of the groups to share their advice.

## 3 Reflect

1. Have the participants form pairs. Ask them to share two key things they will consider when making spending choices in the future.
2. Give them a few minutes to discuss this with each other, and then ask two or three pairs to share their discussions with the group.
3. Finally, ask the participants:
  - a. What did you learn from today's lesson?
  - b. How can you apply what you learned in today's lesson to your life?

## Learning about saving money

Saving is an important skill for us all. It helps us to accumulate valuable assets and practice the disciplines of planning and managing our resources – skills that are essential for many parts of life.

This Session introduces participants to the concept of saving money, and the Smart Saver Session later in this section explores saving other resources, guiding participants in planning, and practicing their savings habits.

**Lesson Objectives:** By the end of this Session, participants will be able to:

1. Identify three or more reasons why people save money, and priorities those reasons.
2. Identify three or more saving goals, and establish saving targets.

**Key Learning:**

- We all have different reasons for saving. Naming and prioritizing our reasons for saving will help focus our goals and motivate us to save.
- Personal savings targets are useful for planning how to achieve financial and personal goals.

**Materials Needed**

- Starter: Ball (e.g. soft ball, ball of string, or rolled up sock); three large sheets of paper, each with one of the following headings: *personal use*; *unexpected events*; *future opportunities*.
- Option 1: The Story of Ana (Figure 3.1); sets of Ana's Savings Cards (see below: cut up before the Session).
- Option 2: Savings Plan worksheet (see below).
- Reflect (optional): Cards with 1 to 10 written on them, OR red, orange and green 'traffic light' cards.

**Information for Facilitator**

- A co-facilitator would be helpful to record the responses to the Answer the Ball starter activity. If there is time, the participants could do both the main activities in this Session. If there is limited time, choose one.
- If choosing Option 2, participants may want to refer to the earlier Session: My Dream.
- The Story of Ana is only an example. It is advisable to adapt the story to local context, which would help the participants to easily identify with the situation.
- As the facilitator, be prepared to address unrealistic goals that may dishearten young people when they realize how difficult reaching them will be.

## 1 Start: Answer the Ball

### Method

1. Ask the participants of the enquiry questions
  - a. Do adults save and if so, what kinds of things do they save for?
  - b. Do young people save and if so, what kinds of things do they save for?
  - c. Why is it important to think about interest rates and inflation when saving?

NOTE: Interest is the additional money a financial institution or savings group pays to the saver as a percentage of their total savings, usually on a monthly or yearly basis. Finding a good interest rate can make your money grow faster. Inflation is the change in prices of items over time. Often this means that money loses value over time because you cannot buy as much for the same amount. If inflation is high it might be better to save items that increase in value instead of cash or to find a good interest rate to balance out the inflation.

2. Tell the participants that they are going to share their savings stories (from the information they gathered or from what they already know) by playing Answer the Ball.
3. Ask participants to stand in a circle and explain that you will start an unfinished sentence, and throw the ball to someone in the circle. The person who catches the ball has to complete the sentence. For example: "Adults save to... buy a house."
4. After answering, that person repeats the same unfinished sentence, and throws the ball to another person in the circle, who then has to provide his or her own answer before repeating the process with someone new.
5. Ask a volunteer to record the answers.
6. Continue, keeping things moving at a lively pace and changing the start of the sentence to also include:
  - a. Young people often save to...
  - b. Savings can help you...
  - c. Interest rates are...
  - d. Inflation is...
7. Place the sheets of paper headed with the following categories at the front of the classroom:
  - a. Personal Use (e.g. saving for a friend or family member)
  - b. Unexpected Events (e.g. sudden illness or an unexpected wedding gift)
  - c. Future Opportunities (e.g. a training course)
8. Recap the answers given and decide as a whole group which of the three categories each recorded answer belongs to.

## 2 Learn: Investigate and act

Choose one of the following two activities:

NOTE: Option 1 uses the The Story of Ana as a case study to explore saving priorities, while Option 2 gives participants the opportunity to think about their own personal saving goals and priorities, and to make a savings plan. If talking about a personal money plan is too sensitive for some, using The Story of Ana would be a good alternative.

### Option 1: The Story of Ana

#### Method (25-30min)

1. Describe Ana's situation, as outlined in the Figure 3.1: i.e. Ana is soon to be married and is moving to start a new life in the city with her husband's family. She has many demands on her money, and wants to save for many things including those things on the nine ranking cards.
2. Ask participants to form small groups of three or four, and give out one set of Ana's Saving Cards (below) to each group.
3. Ask participants to look at the things that Ana needs to save for, and to consider which are the most important.
4. Explain that they need to place the cards in a diamond shape, with the most important reason for saving at the top and the least at the bottom.

MOST IMPORTANT MORE IMPORTANT IMPORTANT LESS IMPORTANT LEAST IMPORTANT	X X X X X X X X X
To buy a leaving gift for sister (who is upset about her leaving)	To buy new clothes for the move to the city
To contribute to the costs of the wedding day	To pay the rent on a house of their own
To be able to enjoy city life, which can be expensive	To take an evening class to further her education
To be able to afford to start a family	To have a small amount put back for emergencies
To have some money to be able to have some financial independence	

5. Ask the participants to move around the groups to see how others have prioritized the reasons for saving.
6. Discuss the similarities and differences in their ranking.
7. Emphasize that, like in the case of Ana, some goals can be accomplished in a short period of time, while others require more time.
8. Ask them:
  - Which of her savings goals can be met within a short amount of time?
  - Which savings goals will take the longest time to achieve?
9. Ask the groups to re-order their cards in a continuous line, putting the goals that can be met quickly at one end (short-term goals) and those that will take longer at the other (long-term goals): e.g



10. Share ideas as a whole group.

## Option 2: Making a Savings Plan

### Method (25-30min)

1. Distribute the Savings Plan worksheet (see example below).
2. Remind participants of the earlier My Dream Session, and their individual dreams and goals.
3. Tell them they are going to think about their dreams and goals, and how they can develop a savings plan to achieve them. Explain they will be considering the following:
  - a. What dreams and goals did they previously identify?
  - b. Are these dreams and goals still the same, or have they changed?
  - c. How much money will they need to achieve those goals?
4. Ask them to identify three goals: two short-term (ST) and one long-term (LT). Remind them that short-term goals might require a few weeks or months (up to six months), while long-term goals may take six months or more to realize.
5. Ask them to write the three goals in separate rows in the left hand column of the worksheet, e.g.

GOAL	BY WHEN	IMPORTANCE	SAVINGS NEEDED	AMOUNT TO SAVE PER WEEK/MONTH	HOW TO EARN
Buy a new book (ST)	6 weeks	2	\$12	\$2 per week	Save pocket money
Buy a bike to get to work (LT)	1 year	1	\$240	\$20 month	Part-time work
Family outing (ST)	2 months	3	\$10	\$1-2 week	Save pocket money and combine money with other family members

6. Ask participants to decide how important each goal is, and to rank them in order of priority (1 as 'most important', 3 as 'least important').
7. Ask a volunteer to share one of his/her goals, and fill out the example Savings Plan on the flip-chart together, determining whether it is a ST or LT goal; when they will need the money; how important it is; the amount needed; the amount that needs to be saved every week or month to reach the goal; and the source of the earnings.
8. Ask participants to go through the same process with their own goals. Walk around and give any help to those who need it.
9. Now ask the participants to double the amount of time they have allowed themselves to reach their goals and to re-calculate the amount they need to save every week or month.

### Guide questions

- What was your reaction when you figured out the amount you needed to save each week or each month to reach your top priority goal?
- What happened to the amount of money you had to save each week or month when you doubled the amount of time to save for your goal?
- What can we learn from these calculations? Even if your goals come with a high price, you can often reach it by setting aside money regularly. (NOTE As the facilitator, be prepared to address unrealistic goals that may dishearten young people when they realise how difficult reaching them will be.)
- How will making a Savings Plan help you?
- What will you do differently now that you know how to make a Savings Plan?

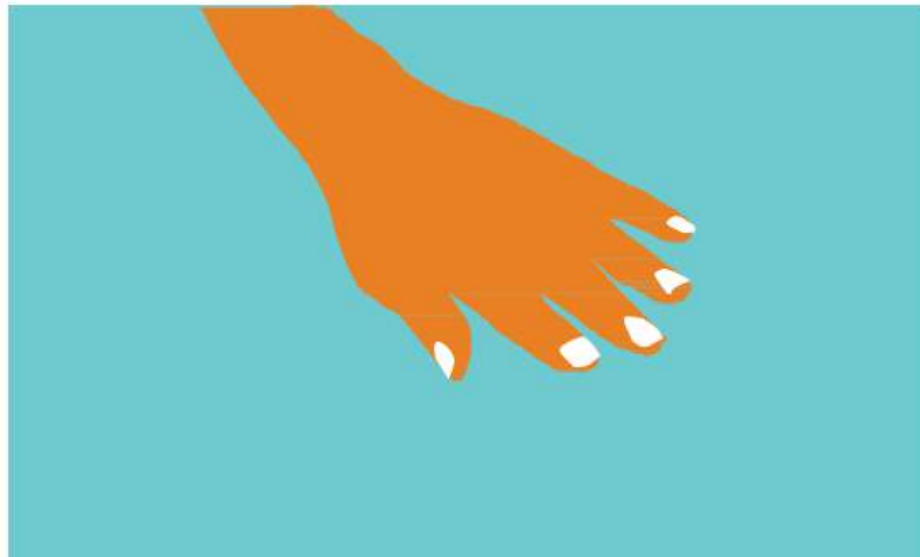


### 3 Reflect

#### Method (10-15min)

1. In pairs, ask participants to share three key reasons for saving and three personal savings goals.
2. Ask two or three pairs to feed back to the group.
3. To gauge participants attitudes after the activities and discussions about thinking ahead, prioritising goals and making a Savings Plan, you can do one of the following:
  - a. Show the card: Participants have a set of cards numbered 1 to 10. They hold up one card to indicate how likely they are to plan ahead and save. Card 1 means 'not likely' and 10 means 'definitely'. This is a quick way to gain an overview of the group.
  - b. Traffic lights: participants have a red, green and orange card. They hold up red if they don't intend to save, green if they do, and orange if they are not sure.
4. Ask participants why it is important to think about interest and inflation when saving.

*Figure 3.1*  
*The story of Ana*



Ana is 20 years old and lives in a rural village. She is looking forward to her wedding in two months, and moving to the city to live with her husband's family. Before she leaves she wants to get a gift for her younger sister. She feels sorry to be leaving her behind, but so many adventures are waiting for her in the city! She will definitely need a new outfit. Her clothes are worn and ragged from working in the fields. While she plans to continue doing embroidery work to bring in a little money, she is really looking forward to working with her husband at his kiosk. Once she learns the business, he will be free to look for other work opportunities. And that will help them save up enough money to rent their own place more quickly. Ana knows that her husband's family will be expecting them to have a child soon, but she has other dreams for her new life in a place with so much going on.

## Learning about spending

Spending responsibly goes hand-in-hand with saving responsibly. It is a skill that also requires discipline and careful planning. This Session introduces participants to the practical steps of spending money responsibly; beginning with thinking about their spending 'needs' and 'wants'. It also introduces the idea that spending responsibly means considering the well-being of other people and the planet when making their spending decisions.

**Lesson objectives:** By the end of this Session, participants will be able to:

1. Identify key spending priorities and be able to distinguish between spending needs (essential) and spending wants (desirable).
2. Understand what 'responsible spending' means.
3. Understand that balancing income and expenditure is important when trying to manage money effectively.

**Key learning:**

- There are many demands on our financial resources and we need to distinguish between what is essential spending on our 'needs' and desirable spending on our 'wants'. Learning to prioritize our spending is an important skill that helps us manage our money better.
- Responsible spending is about managing our money well, and considering other people and the planet when making consumer choices.
- Responsible spending is reliant on available income.

**Needed**

- Starter: Needs & Wants cards (Figure 2.1).
- Option 1: Blank note cards of two different colours or shapes (see instructions below); small prize; different coloured markers.
- Option 2: Spending Game (Figure 3.2); 20 counting objects for each participant (e.g. beans, counters, stones); flip-chart with Spending Game Transportation example written on it (Figure 3.3).
- Reflect: Post-it Notes

**Information for Facilitator**

- You could write the enquiry questions from the end of the Money and Well-being Session on a flip-chart, ready to discuss in this Session.
- Either prepare the sets of Spending Wants and Needs cards before the Session or, if appropriate, participants can cut the handouts into cards themselves. If necessary, adapt the cards to suit your particular context.
- As the facilitator, be prepared for potentially negative answers - for example, that mention hazardous work - and encourage a frank discussion if this is appropriate for your context and group. You can refer to the previous My Career Session's discussion of labor rights.

## 1 Start: Spending Wants and Needs

*This activity encourages participants to think about their well-being, and distinguish between what is essential spending and what is desirable.*

### Method

1. Refer the participants to some questions that they can ask their family and friends (you could write them on a flip-chart to remind them):
  - What are the main things that adults spend money on?
  - What do young people spend money on?
  - What does 'spending responsibly' mean?
2. Give participants one minute (per question) to quickly share their answers to each question with the person next to them.
3. Ask for feedback after each question, and make a note of their answers on the flip-chart.
4. Discuss the similarities and differences between the spending habits of young people and adults.
5. Discuss their ideas about what spending responsibly means. Did they consider both the idea of spending carefully and within their means, as well as thinking about how the things they buy are produced and the social and environmental impact (impact on people and the planet)? Explain that being a responsible and 'Cool Consumer' is developed further in a future Session.

### Follow this with the Spending Wants and Needs activity:

1. Give out the sets of Spending Wants and Needs cards to groups of four or five participants.
2. Ask them to sort the cards into three piles: essential spending, or 'needs'; desirable spending, or 'wants'; and a middle pile which reflects spending demands that lie somewhere in the middle (e.g. birthday gift for a friend).
3. Invite groups to share what they put in the essential pile. Do they all agree?
4. What have they put in the desirable pile? In the middle pile?
5. Check where they put the Saving for the Future card, and reinforce the importance of saving for future needs.
6. Discuss how some things might not be considered essential, and yet are important for overall well-being (e.g. hobbies and holidays).
7. Explain that they can refer to these spending 'wants' and 'needs' again in the next Session: Creating a Budget.

## 2 Learn: Investigate and act

Choose one of the following two activities:

### Option 1: Imaginary Friend

This is a group activity in which participants will create a hypothetical budget for an imaginary character.

#### Method (25-30min)

1. Divide the participants into groups.
2. Give each group a sheet of blank flip-chart paper and several differently colored markers.
3. Ask them to create a 'persona' by drawing a picture of a typical adolescent, or a person their age. One or two participants can be the artists.
4. Ask them to give the persona a name, age and other characteristics. Think about the personality, interests and passions. While participants are drawing, distribute 12 blank cards and some sticky tape to each group. Find a way to differentiate the cards into two sets of six (for instance, two different colors or shapes), so that there is one set for income, and one set for expense.
5. Next, explain that the participants need to identify six potential sources of income for their imaginary young persona. These can be anything they feel is appropriate for their character: allowances, gifts from relatives, or money they earn. Ask them to write one source of income on each income card, and to then place these cards on the left hand side of their persona picture.

6. Once this is done, ask them to think what this young person's typical expenses are, and to decide on six things he or she would spend money on. Explain that they need to write one source of expenditure on each expense card, and to place these on the right hand side of the picture.
7. When they have finished, ask the groups to present their imaginary young person to the others, including their name, age, interests, sources of income and expenses.
8. Ask each group the following questions:
  - Does your young person have regular sources of income?
  - Does your young person have enough money to cover all of his or her expenses?
  - What is his or her favorite way to spend money?
9. Invite other participants to ask other questions about the imaginary young person.
10. After all the presentations have been made, ask:
  - Are there any other sources of income that young people have which we have not mentioned yet?
  - Are there any other expenses we have not discussed?
  - Hand out additional cards and ask participants to write any additional sources of income or expenses on cards, and to place them onto the pictures.
11. Now, ask participants to put their persona's expenses into categories. Point out that certain
12. expenses could be grouped together into one, more general category: e.g. clothes, shoes and toiletries could be 'personal items'; video games, movies and tickets to sports events could be considered 'entertainment'; and books, pens and paper can fall into the category of 'school supplies'.
13. Invite a volunteer to report their group's categories, and then ask the other groups if they had different categories.
14. Note down these expense categories and keep them for future Sessions. You should also explain to the participants that these expense categories will help in the next Session: Creating a Budget.

### Option 2: Spending Game

This is a game in which participants can practice making spending decisions.

#### Method (25-30min)

1. Distribute the Spending Game handout and 20 counting objects to each participant.
2. Explain that this is a game in which the participants can practice making choices about how they spend their money. The handout lists the things they can spend their income on. Each category comes with several choices, and the number of 'x's' next to it shows the cost for each item. For each category, the participants need to select one choice that suits them best, and then allocate the number of objects needed to pay for that choice. The choices that do not have an 'x' are free, and so the participants do not have to allocate any income to them.
3. Do an example together first. On the flip-chart, go through the Transportation section from the Spending Game handout, e.g.

#### SPENDING GAME: TRANSPORTATION

TYPE OF TRANSPORTATION	VALUE
Walk or ride bicycle	
Bus	X
Bus and occasional taxi	x x
Frequent taxi	x x x

4. Ask the participants to select the mode of transport that most appeals to them. Explain to them that they can choose the mode they wish for, rather than the mode that most closely reflects the kind of transportation they actually use. For example, if they want to take taxis to get around, they should put three objects next to

‘frequent taxi’. But if they think they can walk or ride a bicycle to most places, then they don’t have to spend anything on transportation.

5. Invite, and address, any questions they may have.
6. Next, let the participants complete the Spending Game handout.
7. Go round the classroom, and make sure the participants understand what they need to do. Allow a reasonable amount of time for them to work on this, and then ask the following questions:
  - Did you find this exercise challenging or easy?
  - What difficult choices did you have to make?
8. Ask them to put a mark against the options they have chosen as they are going to do the exercise again, only this time, their income has been cut to 13 counting objects.
9. Their task is to figure out how they are going to spend their money now that they have less. Allow five minutes for this second round.

### Guide questions

- What was the first item that you gave up? Why?
- What was the last item that you were willing to give up? Why?
- Who included ‘savings’ in their spending plan? How could that have helped you in the second round?
- Compare your spending plans with the person next to you.
- How are your spending plans different?
- Do your different spending choices reflect your different attitudes and values about money and life in general?

## 3 Reflect

### Method (10-15min)

1. Remind participants that spending responsibly involves the 4 Ps: Pocket, Priorities, People, Planet
  - Your Pocket – can you afford it? (Consider income and expenditure.)
  - Your Priorities – do you really need/want it? (What do you value in life?)
  - Your relationship with other People – has anyone’s rights or well-being been compromised or exploited in helping to produce the thing you are buying (e.g. clothing that has been made by people working for less than a living wage and in poor conditions)?
  - Your relationship with the Planet – has the environment been harmed in the production of the thing you are buying (e.g. use of harmful pesticides and toxic chemicals in the growing and making of cotton for t- shirts)?
2. Follow up with the following questions.
  - How easy (or difficult!) do participants think it is to consider all of these things?
  - What do they feel they need more information about?
3. Explain that they will learn more about responsible consumerism (impact on people and the planet) in future Sessions.
4. Ask them to:
  - Think about two key things they will consider when making spending choices in the future.
  - Share these with the person next to them.
  - Write the two things on separate Post-it Notes, and stick them onto a flip-chart as they leave the classroom.

### Enquiry Questions for the next Session

Encourage participants to ask adults in their family the following questions about living expenses and spending habits, in preparation for the next Session: Creating a Budget

- What are the three most important things that you have to spend money on each month/ week?
- How do you make sure there is enough money for these things?

**Figure 3.2**  
**Spending game table:**

Housing			Clothing	
Live with parents	O	No purchase	O	
Share a room with a friend	x	Shoes	xxx	
Share an apartment with friends	xx	Top/T-shirt	x	
Rent on your own	xxx	Jeans	xx	
Phone			Personal Care	
Pay as you go	x	Toiletries (razor, shampoo)	x	
Monthly plan	xx	Hairdresser/barber	xx	
Food			Entertainment	
Always eat at home	O	Visit friends	O	
Tea/Snacks out	x	Movies	x	
Eat lunch out	xx	Video game parlor	xx	
Lunch + tea/snacks out	xxx	Concert/sports event	xxx	
Transportation			Contribution to Household Expenses	
Walk or ride bicycle	O	None asked for/expected	xx	
Bus	x	Occasionally as needed	xxx	
Bus and occasional taxi	xx	Quarter of monthly income	x	
Frequent taxi	xxx			
Savings				
Occasional coins in a jar	O			
Small amount each week to savings collector	x			
Regular monthly deposit to bank	xx			

**Figure 3.3**  
**Spending game Transportation**

Spending Game: Transportation	
Type of Transportation	Value
Walk or ride bicycle	x
Bus	xx
Bus and occasional taxi	xxxxx
Frequent taxi	x

## Creating a budget

Learning how to create a budget may not seem like the most exciting thing in the world for young people, but it's a vital step in helping them reach their personal and financial goals. Participants will have already been involved in activities that explore saving and spending issues. This Session builds on this learning - pulling together their personal goals, their income, their saving and their spending - to create a budget.

**Lesson objectives:** By the end of this Session, participants will be able to:

1. Understand the terms 'budget', 'surplus' and 'deficit'.
2. Create a simple budget.
3. Apply this learning in their own lives.

**Key learning:**

- Budgets help us balance income with spending needs and wants, and so manage money responsibly.
- Money issues can be a cause of stress, and learning how to be in control of your financial situation and live within your means can contribute to well-being and meeting personal goals.

**Materials Needed:**

- Starter: Ten 'balls' per team (e.g. soft ball, ball of string, or rolled up paper); three 'baskets' or hoops per team.
- Option 1: Budget Plan (Figure 3.4), which defines the terms budget, surplus and deficit, and includes a sample budgeting form; prepared cards with various amounts of money written on them (see instructions below).
- Option 2: Spending Wants and Needs cards; Budget Plan (Figure 3.4), which defines the terms budget, surplus and deficit, and includes a sample budgeting form.

**Information for Facilitator**

- Due to the complexity of this Session, it is advisable for facilitators to practice the Creating a Budget activities prior to conducting the Session.
- As a follow-up, separate Session, participants could play the Survivor simulation game (see Appendix) in which players survive by completing money-making challenges, by making budgets and by making spending choices. It aims to simulate real life, and brings together the leanings of this section to date.

## 1 Start: Basket Budget

*In this game, participants will be introduced to the idea of making a budget as a group after they 'earn' points, or 'money', through a game.*

### Method (10-15min)

1. Start by asking for quick feedback regarding the enquiry questions from the end of the last Session that they asked the adults in their family:
  - What are the three most important things that you have to spend money on each month/week?
  - How do you make sure there is enough money for these things?
2. If they haven't mentioned the word 'budget', introduce the word and say that in this Session, they will practice making a budget to help them manage their money responsibly.
3. In preparation for the game, ask participants to form groups of approximately five to seven, and to list on a piece of paper as many things as they can, in two minutes, that families spend money on. Next, identify the five most essential ones and number them 1 to 5, in order of importance (e.g. food, rent, transport, education, fuel), with 1 being 'most important' and 5 being 'least important'.
4. Each group can then share their list with another group, and compare their ideas.
5. Discuss as a whole group. Explain that they will use this discussion after the game to help them create a budget.
6. Staying with the same groups, give 10 'balls' to each one. Explain that each group has to shoot the balls in the baskets to win points that will then be translated into 'money'. Each group has three baskets, and they are worth different amounts of points.
7. Give one group the extra instruction that they can only use one hand. Instruct another group that they can only use their left hand. Take note of their reactions to these extra instructions.
8. Groups should form a line at least three meters away from their baskets.
9. When you say "Go", they need to shoot as many balls as they can in two minutes, making sure that each group member has a chance to shoot at least one ball.
10. When the time is up, ask the participants to add up their points.
11. Assign a suitable amount of money for the points so that the groups can translate their points into money.
12. Ask how much money each group has.

### Guide questions

- How did the groups who were disadvantaged by only being allowed to use one hand feel?
  - Did they feel it was fair?
  - Why did they think the game involved this extra instruction?
13. Explain that some people in the world start life more disadvantaged than others, e.g. by not being able to go to school or not having access to healthcare. These things can affect someone's ability to make a decent living.
  14. Now, explain that their groups are families. They have one month to use the money that they have, and they have to decide as a group how they will spend their money.
  15. First, they need to make a list of things they need to spend money on (remind them of their list of five essentials), and then decide how much will be spent on each. Give them 5 to 10 minutes to discuss this.
  16. Groups should make sure that their total expenses are less than their income.
  17. After their discussions, ask for volunteers to present their decisions, and invite comments from the others. Remind the groups that there are no right or wrong answers.



## 2 Learn: Investigate and act

Choose one of the following two activities:

NOTE: Option 1 is a group activity in which participants will collectively create a budget referring to the Imaginary Friend activity in Learning about Spending. Option 2 is an individual activity in which participants think more about creating a budget for themselves. They can refer to the Spending Wants and Needs cards, if they find them helpful.

### Option 1: Creating a Group Budget

Make the cards prior to the Session: Follow the same differentiating system used for income and expense in the Imaginary Friend activity of the Learning about Spending Session. Make sure that the total amount of the income cards is close in value to the total amount of the expense cards. The suggested amounts below are generic because they do not have a specific currency. On the cards you prepare, use the local currency and amounts that are realistic estimates of sources of income and expense. Use simple numbers (for example, multiples of ten) to make it easy for participants to add them together. Suggested income amounts: 20, 30, 50, 100 and 200. Suggested expense amounts: 10, 20, 50 and 100.

Place the prepared cards in a box.

#### Method (25-30 m)

1. Explain that you're going to create a budget for one of the imaginary friends from the previous Learning about Spending Session.
2. First define the term 'budget'. Refer to the Budget Plan (Figure 3.4), which defines the terms budget, surplus and deficit, and includes a sample budgeting form.
3. Display the blank sample budgeting form on a flip-chart so that everyone can see it clearly. Explain the income and expense sections of the budget. Tell the participants that they will complete this from the perspective of one of the imaginary young people created in the previous Learning about Spending Session.
4. Choose one of the imaginary personas to be the 'star' of the activity, and place that picture (with expenses and income cards attached) on the wall next to the blank sample budgeting form.
5. Point to the sources of income of the chosen imaginary friend, and ask for a volunteer to take the imaginary friend's income cards and post them on the form on the lines below the income heading.
6. Then point to the expense categories and ask for a volunteer to post the imaginary friend's expense cards on the form, placing each card in the expense category where it belongs.
7. Next, ask each participant to take a card from the box. Explain that the number on the card signifies the amount of money earned or spent on an item (depending on whether it is an income or expense colour/shape), and that they must decide where to put it on the budget chart. If the participants draw an income card, they must place it in the amount column opposite any income item. If they draw an expense card, they must put it in the amount column opposite the expense item of their choice.
8. Send two or three participants to the flip-chart at the same time.
9. Once all the line items in the budget have been given amounts, ask participants to help you add up the income and expenses. Ask:
  - Which section of the budget has the highest value, income or expenses?
  - What else do you see in this budget?
10. Point out the last line of the budget form. Explain that this last line is one of the most important on the budget form. The number put here can either be positive or negative, depending on whether there is enough income to cover the expenses. If the number is positive, then [imaginary friend] has more income than expenses. If it is negative, it means that [imaginary friend's] expenses are greater than his/her income. Inform the participants that they will learn terms for each situation.

#### Guide questions

11. Show the participants the Budget Plan (Figure 3.4), and ask them:
  - What is another word, in any language, that you might use to describe a surplus? (Write any local phrases or slang terms that the young people use to talk about surplus next to this word.)

- What is another word, in any language, that you might use to describe a deficit? (Write any local phrases or slang terms that the young people use to talk about deficit next to this word.)
  - In the case of the budget we have just created, how can a surplus occur? (It would mean that there is money left over after paying for all expenses.)
  - How can a deficit occur? (Not enough income to pay for all expenses creates a deficit.)
  - How do we figure out the number that goes on this line of the budget? (Point to the surplus and deficit lines respectively.) (We must subtract the total expenses from the total income. A positive number is a surplus and a negative number is a deficit.)
12. Show the calculation, subtracting total expenses from the total income on the budget flip-chart that you have been using as an example. Ask the participants the following:
    - Does this budget show a surplus or a deficit?
    - Why is it important to keep a record of your income and expenses?
  13. Summaries by telling the participants that keeping a record of their income and expenses helps them to know where their money goes. If they have extra, or a surplus, they can save it for a future need. If their budget tells them that they won't have enough money to pay for their expenses, or a deficit, they know to cut back on some of them.

## Option 2: Creating a Personal Budget

### Method (25-30 min)

1. Remind participants of the Spending Wants and Needs activity in the Learning about Spending Session in which they thought about essential and desirable spending.
2. Give out the cards, if they will be helpful.
3. Explain that the participants are going to create a personal budget based on their actual, or anticipated, income and spending habits for a month.
4. First define the term 'budget'. Refer to the Budget Plan (Figure 3.4), which defines the terms budget, surplus and deficit, and includes a sample budgeting form.
5. Display the sample budgeting form on a flip-chart so that everyone can see it clearly. Explain the income and expense sections of the budget.
6. Tell participants that they can adapt the Expenses headings to match their own spending habits.
7. Point to the sources of income and ask participants for a realistic monthly amount as an example.
8. Next, point to the expense categories and ask for some realistic examples. You don't need to fill out all sections, just one or two as examples.
9. Explain that once all the items in the budget have been given amounts, the participants first need to add up the sources of income, and then they add up all the expenses.
10. Highlight the totals, and ask:
  - Which section of the budget has the highest value?
  - What else do you see in this budget?
11. Point out the last line of the budget form. Explain that this last line is one of the most important on the budget form. The number put here can either be positive or negative, depending on whether there is enough income to cover the expenses. If the number is positive, it is called a surplus, which means the participant has more income than expenses. If it is negative, it is called a deficit, which means the participant's expenses are greater than his/her income.
12. When you have completed the example, ask participants to work either individually or in pairs to work out their own budgets.
13. Make sure those who need support are given help.

### Follow-up Activity

1. As an additional activity, you can pose these final questions:
  - What could the participant do if he/she has surplus, or money left over?
  - What could the participant do when he/she has a budget deficit?
2. Give them three minutes to work in pairs, and the pair with the most suggestions wins a prize or a round of applause!

### 3 Reflect

#### Method (10-15 min)

- Remind the participants that, in creating a budget, they will have better control over their money and will know how much they can save for the things identified in earlier Sessions.
- Ask the participants to keep a written record of their income, everything they buy, and everything they spend money on for one month to see how they keep their income and expenses in balance.
- Point out that they can use the budget framework that you have used in class to track their own income and expenses.
- In a quick Vote With Your Feet activity, ask participants if they think, at the end of the month, they will have a:
  - Deficit
  - Surplus
  - Perfect balance

*NOTE This will give you the opportunity to make sure they understand the terms, and encourage them to carry out the activity to see if they were right!*

#### Enquiry Question for the next Session

*Encourage participants to ask family and friends the following question about living expenses and spending habits, in preparation for the next Session: Saving Options*

- Where is the best place to keep money that you want to save and why?

*Figure 3.4*  
*Budget Plan*

**Definition of budget**

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

**Definition of surplus and deficit**

A surplus is the amount of money or quantity of goods that remain when use or need is satisfied.

A deficit is a shortfall in the amount of money or other good that is needed.

<b>Budget</b>	
Budget line items:	Week 1: Amount
Income	
<b>TOTAL INCOME:</b>	
Expenses	
Personal	
Entertainment	
Education	
Transport	
Family	
<b>TOTAL EXPENSES:</b>	
TOTAL SURPLUS / DEFICIT (Balance)	

## Savings Options

This Session will help young people understand some of the different formal and informal savings options available, and understand how different products and services work. It will look specifically at: Saving at Home; Savings Club; Savings and Loans Groups; and Individual Account (at a post office, bank or credit union).

**Lesson objectives:** By the end of this Session, participants will be able to:

1. Identify some different saving options available.
2. Identify some advantages and disadvantages of the different saving methods.
3. Identify a saving method suitable for their needs.

**Key learning:**

- Having made the decision to save, it is sensible to look at different methods of saving and places we can deposit money, e.g. at home, village savings group, schools, microfinance organizations, banks, and other financial institutions.
- People need different kinds of services, therefore looking at the advantages and disadvantages of different saving methods will help us decide what best fits our needs.
- Financial institutions are demystified, and young people are confident enough to approach such institutions.

**Materials Needed**

- Option 1: Expert 's cards , with information about one of the following savings options: Saving at Home; Savings Club; Savings and Loans Groups; and Individual Account (at a post office, bank or credit union); flip-chart pages headed with the four savings options.
- Option 2; Resource Figure 3.5.
- Reflect: Small stickers or post its- four for each participant (alternatively, they can draw dots on the flip-chart).

**Information for Facilitator**

- A visit to a bank or other saving institution to gain information regarding saving products would be a valuable addition to this Session.

### 1 Start: Last pair standing

*Explain that in this Session you will be exploring some advantages and disadvantages of some of the different savings options.*

The aim of this game is not to be the last pair left standing, and encourages participants to join in.

**Method (10-15min)**

1. Ask the participants the following question:
  - Where is the best place to keep money that you want to save and why?
2. Assign the participants to pairs and give them a few minutes to discuss what they found out (or what they know from experience) with the person next to them. They can jot down their ideas if they want to.
3. Ask them all to stand up. Tell them that the same question will be asked until everyone has had a turn. To answer, participant pairs should raise their hands after the person asking the question shouts 'Go!' if they have a new answer. Use the following question:
4. Where is the best place to keep money that you want to save? (e.g. in a money box in a secret place at home).
5. Write down the answer on a flip-chart and then the pair that answered should sit down. That pair then asks the question again and shouts 'Go!' They then select the first pair that raises their hands to give a new answer.
6. Repeat this process until everyone is seated or there are no more ideas.

### 2 Learn: Investigate and act

Choose one of the following two activities:

NOTE: Credit unions are small, non-profit financial organizations set up by members with something in common to benefit their community. They differ from banks and other financial institutions because the members who have accounts are the owners of the credit union.

### Option 1: Silent Debate

In this activity, participants will learn about four different savings options, and take part in a silent debate to think about the advantages and disadvantages of each.

#### Method (25-30min)

1. Start by dividing the group into four evenly sized groups.
2. Give each group an Expert 's card, which has information about one of the following savings options: Saving at Home; Savings Club; Savings and Loans Groups; and Individual Account (at a post office, bank, or credit union).
3. Ask one person to read out the information on the card to his/her group, and then, together, discuss the advantages and disadvantages of saving in this way.
4. Participants decide as a team how they will present this information to the rest of the group (could be a two-minute role play, mime, news broadcast, rap or 'lesson' showing the advantages/disadvantages).
5. Each group presents their savings option to the rest of the participants. Make sure participants applaud each presentation.
6. Next, play the Silent Debate activity by placing the four sheets of flip-chart paper, headed with the four savings options, around the classroom.
7. Tell the participants that, using what they have heard from the presentations, they are going to write comments on the flip-chart pages saying what they like or don't like about that particular option.
8. As they move from one option to another, they should respond to a comment made by someone else. For example, if on the Saving at Home sheet, someone has written, 'I like this method because it is convenient and I can save time', someone else might write, 'Yes, but what if you are tempted to use your savings on a new pair of trainers instead of on your training course?' and someone else can comment on that comment, and so on.
9. After an appropriate amount of time, draw this to a close.
10. Give one sheet of flip-chart paper to each group, and ask them to look at the comments and sum up the main comments for the rest of the group.
11. Each group should present their summary to the rest of the participants.

### Option 2: Puzzle it Out

This activity uses similar information as Option 1, but used in a different way.

NOTE: Prior to the Session, prepare four sheets of paper with one of the following savings options written on each: Saving at Home; Savings Club; Savings and Loans Groups; and Individual Account (at a post office, bank or credit union).

You will also need to make four puzzles on card, as shown on Figure 3.5. Cut each puzzle into four individual pieces and put them into a container.

#### Method (25-30min)

##### Step 1: The Game

1. Explain to the participants that they are going to play a matching game in order to learn more about each of the four savings options.
2. Ask for four volunteers.
3. Tape a savings option (written on a sheet of paper) onto the back of each of the four volunteers and ask them to turn so the other participants see their backs (but that they cannot see each other 's backs). Make sure they do not know which option they have and ask the rest of the group not to tell them what is written on their backs.
4. Pass the container around and ask the remaining participants to take a puzzle piece.

5. Tell them that they have a few minutes to find which savings option they think they match, and to complete their puzzle with three other pieces from three other participants. If there are more than 16 participants, some can work in pairs to find their match.
6. The puzzles should form a rectangle. If the pieces don't fit, one or more of the participants are in the wrong place.
7. While the puzzles are being completed, the volunteers can continuously guess which savings option is taped to their back.
8. Help participants to complete their puzzles if they are having problems finding their right match. Ask a volunteer from each group to state the group's savings method and review its characteristics by referring to the puzzle pieces.
9. Ask the participants if they have any questions regarding any of the four savings options.

**Step 2: Analyzing the Savings Options**

1. Give each group a chart (see below) with the group's assigned savings option - Saving at Home; Savings Club; Savings and Loans Group; and Individual Account (at a post office, bank or credit union) - and the puzzle clues written at the top. Underneath this descriptive information, create three columns with the headings: Likes; Dislikes; and Questions? This is an example:

Savings at Home Money in jar buried in the ground Money hidden under the mattress Money sewed inside a chair cushion Money taped to the back of a picture on the wall		
<b>Likes</b>	<b>Dislikes</b>	<b>Questions?</b>

2. Ask the groups the following questions:
  - What do you like about your savings option and what don't you like? Why?
  - What are the questions you have about your savings option?
3. The groups should discuss their savings option and write their ideas in the appropriate columns. Circulate around the groups to suggest things they should think about. Give them ten minutes to complete this.
4. Next, post the completed flip-charts of the savings options at different places around the classroom, and invite the groups to circulate and read each other's ideas, and also to write their own comments/questions on them.
5. Review each flip-chart with the participants as a whole group. Answer any questions that may have been written on them.
6. Ask the participants if they have any further comments or questions about any of the savings methods that haven't already been addressed.

### 3 Reflect

#### Method (10-15 min)

1. Explain to the participants that sometimes it is difficult to protect our savings and to not spend them. Invite them to share challenges they might have when trying to hold on to their savings.

If they need a little prompting, you can ask:

- Do you ever feel pressure to spend your savings?
- Who might ask you for the money you've saved?

*NOTE: If you feel participants would benefit from a role play activity that explores how to deal with situations in which their savings are under threat, refer to the Appendix and Role Play Challenges to Saving Money)*

2. Next, give the participants four stickers each.
3. Tell them they are going to show which savings option they prefer by placing a sticker (or stickers) on their preferred savings option.
4. Explain that they can put all four on the same savings option or they can divide them up among the different savings options in whichever way they want. (Alternatively, participants can draw dots on their preferred savings option.)
5. Encourage participants to make their own independent decisions on where to place the stickers.
6. Allow five minutes for this exercise. Identify with participants which method received the most stickers.
7. As a group, discuss why certain options were more or less popular.

#### Enquiry Questions for the next Session

Saving resources can also lead to saving money. In the next Session, participants will consider what it means to be a Smart Saver (e.g. someone who has an understanding of saving that includes saving time and resources as well as money).

- Encourage participants to ask their friends and family the following question about this, in preparation for the next Session: Smart Savers
- How can saving resources (water, fuel, time, etc), and using them carefully also help us to save money?



**Figure 3.5**  
**Puzzle**

Savings at home		Individual account at bank, post office or credit union	
Money taped to the back of a picture on wall	Money hidden under the mattress	Regulated by government	Fees charged for most transactions (for example, withdrawals)
Money in jar buried in the ground	Money sewed inside a chair cushion	Different types of savings accounts to choose from	Money held in a locked safe in a secure building

Rotating saving and credit association (ROSCA)		Saving Club	
Group of friends or relatives usually in same community		Saving as a group	
Members deposit same amount each month into the group account		Club members set for withdrawal of money	
The money collected goes to a different member each month		Each member has of deposit to group account	
Members often decide to save in this way for a specific goal		One account member	

## Smart Savers

Saving is an important part of managing money. However, it's not always easy to save money, especially in times of financial hardship. Added to this, we live in a world that constantly invites us to spend, suggesting that we need new things to make us happy – even if we can't really afford those things. However, by learning from others, thinking creatively and even 'rethinking' our attitudes, we can be efficient with the resources we consume (such as energy, water, time and materials). We can become Smart Savers, saving money, reducing waste and conserving resources for future generations. We can become 'smart savers' of material and non-material resources by 'Reusing'; 'Recycling'; 'Repairing'; 'Reducing'; 'Refusing'; and 'Rethinking'.

**Lesson objectives:** By the end of this Session, participants will:

1. Understand that saving resources can save money and protect the environment.
2. Be able to judge the effectiveness of the 6 Rs - Reuse; Recycle; Repair; Reduce; Refuse; Rethink - in helping to save money and protect the environment.
3. Have planned a money-making idea that will produce an income by reusing, recycling or rethinking a product or idea.

### Key learning

- Saving is an important part of money management, and saving can mean material and non-material resources as well as money.
- Saving resources can also protect the environment and help us be responsible global citizens.

### Materials Needed

- Starter: Bottle it! ideas sheet (Figure 3.6); one empty 2 liter plastic bottle for each 5 participants in your class.
- Option 1: the 6 Rs cards sheet (cut up, ready to use).
- Reflect: Smart Savers Reflection sheet (Figure 3.7) (cut up as cards).

### Information for Facilitator

- Prepare the above materials before the Session.
- Ask a group of adults or young people to act as a panel of 'experts' to judge the groups' ideas about making money by saving resources.

## 1 Start: Bottle it!

*This activity will get participants thinking creatively about how reusing an object and giving it a longer, useful life can save them money and help protect the environment.*

### Method

1. Begin by writing this statement on a large piece of paper: One man's trash is another man's treasure.
2. Invite participants to discuss in pairs what this could mean. Then have the pairs share their ideas with the entire group.
3. Next, ask participants to form groups of five or six, and give each group an empty 2 liter plastic bottle, some paper and pens.
4. Challenge them to come up with as many uses for the empty bottle as possible in five minutes, and record their ideas quickly on the paper.
5. Tell them their ideas can include cutting the bottle up and using parts of it (e.g. cutting off the top and using the bottom for storing nails, screws and nuts).
6. When the time is up, invite each group to feed back, and praise the group with the most suggestions.
7. Explain that reusing an object is better for the environment than recycling it as recycling involves additional energy to process the material into something usable. Reusing helps to make the initial energy that went into the production of that material last longer and go farther. Reusing materials is about saving money and saving the environment.

## 2 Learn: Investigate and act

Choose one of the following two activities (or both if you have time):

### Option 1: The 6 Rs

This activity encourages participants to consider different ways of saving resources to save money and protect the environment. They all begin with the letter R.

#### Method (25-30 min)

1. Cut out the six 'R' cards, and give each participant either an 'R' word or a definition. There are six different R words and six different definitions. Make extra copies or put participants in pairs if your group is larger than 12.
2. Explain that they all have to find their partners as quickly as they can so that the R words and the definitions match up.
3. When you say 'Go', let them find their partner.
4. When all are paired up, check that they match correctly with the table below. You can also assign a volunteer to check the answers.

<b>REUSE</b>	To use an item more than once by refilling it, or making something else with all or part of it.
<b>RECYCLE</b>	<i>To re- process a material or product, and make it into something else.</i>
<b>REPAIR</b>	<i>To try and fix an item that has broken down or doesn't work properly.</i>
<b>REDUCE</b>	<i>To cut down on the amount of material and energy you use to save money, save resources and protect the environment.</i>
<b>REFUSE</b>	<i>To say "No" to buying a product if you don't really need it or if it's bad for people or the environment.</i>
<b>RETHINK</b>	<i>To think about better or more efficient ways of doing things; to think. Do I really need this? or Can I make a better design that uses less energy and costs less?</i>

5. In their pairs, ask them to order the R words so that the one which would be most likely to help them save money (Rethink? Refuse? Repair? Reduce? Reuse? Recycle?) is at the top, and the least likely is at the bottom.
6. Let them walk around to see how others have ordered the cards. Share any comments or questions.
7. Next, ask them to order the cards again, this time so that the one most likely to help save resources and energy and protect the environment is at the top and the least likely is at the bottom. Is the order the same?

### Case study of reducing

Here is an example you can share with the participants where people are rethinking daily habits in order to reduce the use of materials, protect the environment and save money:

A University ran a campaign to get people to use reusable mugs rather than buy their coffee in a paper cup every day. All hot drinks were sold at a discount to students who brought in a reusable mug. They did this because they worked out that if just 100 people stopped using paper cups every day, and carried a reusable mug instead, collectively they would save the resources used, and pollution created from, making 50,000 disposable cups a year.

Disposable coffee cups have an adverse impact on the environment because:

- Many cups are made of 100% bleached, virgin paper.
- Many cups are lined with plastic, making them unrecyclable
- They involve an intensive manufacturing process.

### Option 2: My Resource-Saving, Money-Making Idea

#### Method (10-15min)

1. Explain to the participants that many people make a living from recycling or reusing materials.
2. Examples are artists and crafts people in Gambia and Ethiopia who collect and sort used tyres, and then hand cut them to make long-lasting soles for shoes. Not only does this help them earn a living, it also reduces the number of tyres going to landfill sites.
3. Another example is bead makers in Ghana who use traditional and modern methods to make beautiful jewellery using recycled glass.



4. In this activity, using these examples as inspiration, participants are challenged to come up with a money-making idea that will help them produce an income by reusing, recycling or rethinking a product or service.
5. Working in small groups, ask participants to plan their money-making idea, thinking about:
  - What their product or service is.
  - How they will make money from their product or service.
  - Which of the 6 Rs they will incorporate into their idea.
  - How their idea will also affect the environment.
6. Participants should prepare a presentation outlining their plans and put forward their ideas to an invited panel of 'experts'.
7. The panel will consider all the ideas presented to them and decide on an overall winner.

### 3 Reflect

**Method** (10-15 min)

1. Give out the sets of Smart Savers Reflection cards (Figure 3.20) to small groups and ask each group to choose one of the Smart Savers ideas that they think they could use in their life and one they couldn't. Share as a whole group.

**Enquiry Questions for the next Session**

Encourage participants to ask someone in their community who has borrowed money instead of using savings the following questions, in preparation for the next Session: Borrowing Money

- Why did you decide to borrow money?
- Where did you borrow the money/get the loan from?
- How easy was it to repay the loan?
- Do you have any advice about borrowing money?

**Figure 3.6**  
*Bottle it! Ideas sheet (for Facilitator)*

**Seed starters**

Cut the tops off the plastic bottles, and use the bottoms to plant seeds in to start off your plants.



**Self watering pot**

Cut the bottle in half, invert the top half, make a hole in the lid and thread a 'wick' or piece of string through it so it lies in the water at the bottom (see photo, right).



**mini Greenhouse**

Cut the bottom off the bottle and cover your seedlings and plants to give them their very own greenhouse.

**fly or wasp trap**

Cut off the top third of the bottle. Place the 'bait' (e.g. sugar solution) into the bottom section, invert the top section back into the bottle and tape it into place. Add wire handles to hang it up.



**Ice pack**

Fill the bottle with cold water and freeze to make an ice pack. Put one in your shopping bag to keep cold items cool on the way back from the shops.

**Decorative flowers**

Cut off the bottom of the bottle, and cut the top end into petal shapes. Peel back the plastic and paint. Attach each flower to a wire stem.



**Vase**

Cut the bottle in half, cut down into the plastic to make strips, and weave to make this clever design:

**musical shaker**

Fill the bottle with dried beans.

**A scoop**

Cut the top off the bottle, and use the bottom as a scoop for rice or another product.

**Toilet tank water saver:**

fill a bottle with water and drop it into the tank. This will displace water, so that each time the toilet is flushed, water will be saved.

**Sources:**

Huffington Post:

[http://www.huffingtonpost.com/2012/01/24/top-20-things-to-do-with-plastic-bottles\\_n\\_1224013.html#s630591](http://www.huffingtonpost.com/2012/01/24/top-20-things-to-do-with-plastic-bottles_n_1224013.html#s630591)

<http://www.makeitandmendit.com/recycling-and-upcycling-plastic-bottles-in-the-garden/>

*Figure 3.7*  
*Smart Savers Reflection Sheet*

<p><b>Simplify your life</b> Think about what you enjoy doing most. Often, the things that make us most happy aren't for sale. Spend time with friends and family, rather than spending money.</p>	<p><b>Think before you buy</b> Every day, we are tempted to buy products we don't always need. Buying things we don't really need can be expensive, adds to clutter, and contributes to waste, depletion of resources, and pollution.</p>
<p><b>Buy in bulk or 'value-pack' sizes</b> Often, products are cheaper if buy larger quantities. Why not get a group of friends together to buy in bulk and enjoy the shared cheaper price.</p>	<p><b>Repair broken things</b> Although we are often encouraged to buy new rather than repair, it can be satisfying to fix things when they break. You'll save money, resources, and a trip to the store.</p>
<p><b>Share</b> Sharing tools, equipment and books with friends, neighbors and family can save you a lot of money.</p>	<p><b>Use both sides of a sheet of paper...</b> ...and save money, trees and the planet! One tree makes 8,333 sheets of virgin copier paper or One pack of copier paper (500 sheets) uses 6% of a tree (<a href="http://www.actiontracker.org.uk">www.actiontracker.org.uk</a>)</p>
<p><b>Switch off lights</b> By using less electricity, you are lowering your electricity bill and lowering the demand for coal, thus decreasing the amount of environmental destruction caused by mining.</p>	<p><b>Think before craving designer labels</b> Celebrities are given expensive clothes to wear. You're not. Be individual. Don't crave labels that others wear.</p>
<p><b>Use your talents to make and save money or set up a 'time bank'.</b> What skill or talent do you have that could make you money or others might pay for? Set up a time bank where members exchange services using units of time as currency.</p>	<p><b>Look after your health</b> If you are unwell, you can't work and so can't earn.</p>
<p><b>Use time wisely</b> Think how you can create time to do a part-time job to save money.</p>	<p><b>Rent out equipment to earn money</b></p>



# Borrowing Money

Sometimes there are circumstances when people need more money. This could be because someone wants to invest in a new business or improve their living conditions, or it could be because extra money is needed to cover unexpected expenses such as a family emergency or because of difficult economic times. Solutions could include:

Work more hours, or get a better-paid job to create more money (but this can be difficult, especially in a recession or when jobs are scarce).

Look carefully at how money is spent, and cut existing expenditure to release money needed for the new expense (but this might not generate enough money).

Borrow money, or take out a loan (but this has to be done responsibly, or the loan could end up costing you money or leading you deeper in debt).

This Session looks at the option of borrowing money, and involves participants thinking about the reasons why people borrow money, the implications of borrowing money, and what responsible borrowing means. It also helps them to understand some basic terminology around credit.

**Lesson objectives:** By the end of this Session, participants will be able to:

1. Identify times when they (and adults) might borrow money.
2. Understand the implications of borrowing money.
3. Understand that there are different types of loans.
4. Understand basic terms, such as credit and interest.

## Key learning

- Borrowing money is one option for obtaining income.
- Borrowing money should be done responsibly.
- Borrowing money usually comes with conditions, and there are consequences if the loan is not repaid.

## Materials Needed

- Starter: Four flip-chart sheets, each headed with one of the enquiry questions from the last Session: Why did you decide to borrow money?; Where did you borrow the money/get the loan from?; How easy was it to repay the loan?; Would you borrow money again?
- Option 1: Situation cards (Figure 3.8), written on a flip-chart or read out
- Option 2: Skit cards (Figure 3.9)

## Information for Facilitator

- Prepare the above materials and review the concepts before the Session.

## 1 Start: Borrowing Money

### Method (10-15min)

1. Ask participants to work in groups of three or four to discuss what they found out (or what they know from experience) from their enquiry questions of the last Session. Ask them to write their answers on separate flip-chart paper headed with the questions:
  - Why did you decide to borrow money?
  - Where did you borrow the money/get the loan from?
  - How easy was it to repay the loan?
  - Do you have any advice about borrowing money?



2. Ask them to identify whether the answer was given by an adult or a young person. For example, in response to ‘Why did you decide to borrow money?’, they might write: To buy braiding materials for hairdressing business (young person).
3. After 5 to 10 minutes, ask the following (or similar) questions to draw some conclusions:
  - What were the main reasons that young people borrowed money, compared to adults?
  - Where were the main places that people borrowed money from?
  - Overall, did people find it easy to repay the loan?
  - What piece of advice that people gave do you think is the most useful?

## 2 Learn: Investigate and act

Choose one of the following two activities:

As the facilitator, you may need to explain some concepts after each statement e.g.

<b>COLLATERAL</b>	Something of value that is used to guarantee a loan. If the loan terms and repayment are not fulfilled, then the collateral is taken to cover the cost of the loan (i.e. the bank takes possession of your house because you did not make your loan payments).
<b>CREDIT</b>	<p>If your account is ‘in credit’ or you have ‘credit’ on your phone, that means there is money available to spend.</p> <p>But if you buy something ‘on credit’, it means that someone else (i.e. a bank or financial institution) has lent you the money and you must pay it back.</p>
<b>DEFAULT</b>	Failure to repay a loan according to the terms that were agreed when the loan was taken out.
<b>GUARANTOR</b>	A person who co-signs a loan and agrees to be financially responsible for it if the person who took out the loan cannot pay it back.
<b>INTEREST</b>	The amount of money on top of an original amount. If you borrow money, you often have to pay interest (an extra amount) on top of the money you originally borrowed. If you save money in a bank, you can often receive interest (an extra amount of money) on the money you save.
<b>LOAN SHARK</b>	A person or organization that offers unsecured loans at high interest rates to individuals, often enforcing repayment by blackmail or threats.
<b>MICROFINANCE INSTITUTION</b>	A small, usually unregulated financial institution that has fewer products compared to a bank, but those products are more flexible and usually targeted to less well-off clients (i.e. Grameen Bank).

## Option 1: Borrowing wisely

### Method (25-30min)

#### Step 1: Identifying characteristics of borrowed money (15 minutes)

1. Read out the statements below. For each statement, ask the participants to indicate whether they think it is true or false by moving to the right side of the classroom if they think it is true, and to the left if they think it is false.
2. Read aloud some practice statements first, e.g.
  - Today is (insert the correct day of the week) TRUE
  - The walls in this classroom are (insert the wrong color) FALSE
3. Now, read the statements below, and when participants have moved to the right or left, ask a volunteer who answered correctly to explain her/his answer.
4. Ask if they have any questions and answer them to clarify any issues. After each discussion, give participants time to reposition themselves in the line before reading the next true/false statement. You can decide to use all of the statements below or only a few. Use the statements most relevant to your group, or create new ones.

#### True/False Statements:

- The money from a loan belongs to the person who borrows it. FALSE
- A loan can help you start a business when you don't have enough of your own money. TRUE
- If you borrow money from a friend, you do not have to repay it. FALSE
- If you miss a loan payment, you won't face any consequences as long as you eventually pay up. FALSE
- Using borrowed money is usually more expensive than using your own money. TRUE (because of the interest)
- Only banks charge interest on loans. FALSE
- Credit can mean both money available to spend, and someone else's money you have to pay back. TRUE
- Borrowing from a loan shark is a cheap option. FALSE

#### Step 2: Good and Bad Loans (15 minutes)

NOTE: Copy the situations found on Figure 3.8 on separate sheets of flip-chart paper prior to the start of the Session, and cover them up.

1. Start off by explaining that borrowing money can be a positive experience as it can help participants start or expand a business; it can help them respond to an emergency in their family; and it can help them improve their living conditions sooner rather than later. When a loan helps them in these ways, it is usually a good loan. But taking a loan always carries the risk of not being able to repay. So when the loan ends up costing them money or forcing them to go deeper into debt or default, it is a 'bad loan'.
2. Instruct participants to listen to the following different situations in which someone takes a loan, and ask them to decide if each one is a good or a bad loan. If they think it is good, they need to move to the right side of the classroom. If they think it is bad, they should move to the left side
3. Ask the participants to find a partner and form a line in the center of the room. Reveal each situation on the flip-chart paper only as you read it. After revealing each situation, allow participants to discuss it and then make their move.
4. Ask a volunteer to explain his/her decision on each situation. You can write down notes next to each of the situation sheets to highlight the Session it contains.
  - After reading all the situations, ask the participants:
5. To make sure that your loan will be a good loan that really helps you, what should you know before deciding to borrow?
6. Write down their responses on a new sheet of flip-chart paper. Make sure the following points regarding what they need to know before borrowing money are covered/discussed:
  - The amount of the loan payment, including interest.
  - How they will be able to repay the loan e.g. the sources of income or savings they have to make the loan repayments.
  - When they will actually get the loan money. Will they receive the money before they need it or after?
  - If they are using the loan money to buy a tool or piece of equipment, will the object outlive the loan and continue earning them money?

- Can they charge a price for the goods they have financed with a loan that is high enough to both repay the loan and have some money left over?

## Option 2: Different types of loans (Role Play)

### Method (25-30min)

1. Explain that the participants are going to present and observe three short skits, each of which shows a different type of lending. They need to try to figure out how each situation is different from the others, and learn some new terminology such as 'collateral', 'guarantor', 'interest', 'loan term', 'micro credit', and 'microfinance'. (Put these words on a flip-chart if you think it would be helpful.)
2. Divide the participants into three groups. Give each group one of three skit cards, as detailed in the Facts & Resources sheets 3.9.
3. Explain that their task is to prepare a skit based on the script, which they will act out in front of the rest of the group. They can use the script exactly as written, or they can adapt it by adding in names for the characters, or changing the income-generating activity to something they know. Each group must choose a narrator who will introduce the skit and lead the discussion afterwards, using the questions provided for each one. Assure the participants that you will be there to help if necessary.
5. Give the groups ten minutes to develop and practice their skit. When they are ready, ask each group, one by one, to present its skit to everyone.
6. After all three skits have been presented, inform the participants that they have just seen how three different sources of loans can work. The first type is a loan from a friend, the second is a loan from a bank, and the third is a loan from a microfinance institution.

### Guide questions and notes

What are the key differences of these various loans? (Answers should include the following:

- The loan from a friend is more casual and does not include interest or collateral, but it might put stress on the relationship. The loan from a bank is bigger, more formal and more appropriate for an established business, but such loans often require collateral and are not flexible.
- The loan from the microfinance institution seems like middle ground between the other two. There are requirements for joining a group such as saving and co-guaranteeing group members, but the whole process seems friendlier and more suited to people who don't have a lot of money. However, this method can also put stress on relationships, and the peer pressure may result in making choices that are not in each person's best interest.

Which loan would be most appealing to you if you needed to borrow money? Why?

## 3 Reflect

### Method (10-15 min)

1. Reflect with the participants what has been explored in this Session i.e. why people borrow money, the advantages and disadvantages of borrowing money, different kinds of loans, and some basic terms relating to loans.
2. Ask participants to spend two or three minutes thinking about:
  - The most important thing they have learnt.
  - How they will use this new learning in their own life.

*NOTE: They can write their thoughts down or talk quietly with a partner if they prefer.*
3. Ask for volunteers to share their thoughts with the rest of the group.

Ask for volunteers to share their thoughts with the rest of the group.

### Enquiry Questions for the next Session

Encourage participants to follow the news and observe their community to identify three examples of inequality in money, power or rights in preparation for the next Session: Money, Power and Rights.

*Figure 3.8*  
*Situation cards*

**Situation 1**

- Mary borrows \$20 to buy vegetables that she will sell in her village. By the end of the week, she sold all of her vegetables for a total of \$30. Now, she has \$20 to buy more vegetables, \$5 for her loan payment and \$5 for her expenses and savings.

**Situation 2**

- Magdalena has applied for a loan to make souvenir t-shirts to sell at the school carnival. But when the loan is finally approved, she doesn't have enough time to silk screen the t-shirts before the festival.

**Situation 3**

- Alicia borrowed \$200 for a refrigerator for her snack stand. She is able to stock more items, especially cold drinks, and is now earning \$20 more each month. Most of that income is used to repay the loan, but a year from now, when she has finished paying the loan, she will still have the refrigerator.

**Situation 4**

- Sara borrowed \$50 to purchase hats in bulk at a lower price. But after she sold all the hats to students at her school, she still owed \$10 on the loan.

**Situation 5**

- John the baker borrows money for a used mixing machine that allows him to increase his bread production. But by the time he has paid off the loan, the machine has broken down.

Figure 3.9A  
Skit cards

## Skit 1

**Moderator:** We have the pleasure of presenting you with the following conversation between and (insert names).

**Friend 1:** Hey, can I borrow \$20 from you? I want to buy some concert tickets now that I will sell for a profit outside the gate on the night of the concert.

**Friend 2:** Well, that depends on when you think you can pay it back.

**Friend 1:** I promise to repay you in one week, by next Saturday. If I don't sell all the tickets for a profit, I'll get the money from my dad who is coming home from his job at the mine for the weekend.

**Friend 2:** Okay, then. \$20 it is. But I need the money back by Saturday. The two friends shake hands!!

**Moderator:** Applaud for the actors!

**Ask:**

- Who are the people in this skit? What is their relationship? (They are two friends)
- Does the person who is loaning the money charge interest? (No, he does not say anything about charging interest on this loan.)
- Is there something of value backing up this loan? (There is no formal collateral.)
- What is the loan term? How long does the borrower have to repay the loan? (The borrower has one week to repay the loan.)

*Figure 3.9B*  
*Skit cards*

## **Skit 2**

Note to actors: Use the labels “banker” and “customer” to attach to yourselves to make it clear to the audience who you are.

**Moderator:** I have the pleasure of presenting to you the following scene at (insert name of bank).

**Banker:** How can I help you today?

**Customer:** I would like to apply for a loan.

**Banker:** Oh? What kind of loan? We have several kinds.

**Customer:** I just need some money to buy supplies for my kiosk. What kind of loan is that?

**Banker:** That would be a working capital loan. Usually our working capital loans start at \$5,000. Do you have something valuable that you can offer to back up the loan, as collateral?

**Customer:** Um, I have a bicycle.

**Banker:** Hmm, in that case, you will need someone to co-sign the loan with you, someone who agrees to repay the loan if you cannot. This person is called a guarantor. Both of you must complete this loan application and pay a fee of \$10 to apply. The fee is non-refundable. The application provides all the information about interest, loan term and late fees. Bring your completed applications to the loan office during office hours on Monday and Thursdays.

**Moderator:** Put your hands together for the actors!

### **Ask:**

- What does the bank require of the borrower? (A completed application and a \$10 fee.)
- Why do you think that the banker is not willing to accept the borrower’s bicycle as collateral? (The bicycle is probably not worth the value of the loan.)
- What does he require instead? (Someone to guarantee the loan, a guarantor.)
- How is applying for a loan in a bank different from lending between friends? (It is more formal with more requirements; the borrower must have collateral or a guarantor; the loans are much bigger than the amounts friends would normally lend to each other.)

*Figure 3.9C*  
*Skit cards*

### **Skit 3**

**Moderator:** We are very pleased to present a very eye-opening conversation between and (insert the names of two friends).

**Friend 1:** Hey Carmen, I want to ask you something. I need to buy tools to start my bicycle repair business but I don't have enough money. How did you get the money to start selling jeans?

**Friend 2:** Oh, that's easy. I joined a group that borrows money from a microfinance organisation called Business Now. Members can get small loans to start a business. You repay a little bit every week, so it's not too hard. And, you don't need collateral.

**Friend 1:** Sounds too good to be true! How do I join?

**Friend 2:** Well, first you should know that there are some rules. You have to join a group, come to our weekly meeting, and save before you can borrow. Business Now does charge interest on its loans. And you have to agree to guarantee the loans of the other group members. If someone fails to pay, the others have to cover for her.

**Friend 1:** Well, I wouldn't like doing that, but I guess it's a good replacement for collateral, which I don't have anyway. How do I join?

**Friend 2:** Come to our next meeting and I'll introduce you to the other members. We might need a new member when the next round of loans begins.

**Moderator:** Applause for the actors!

**Ask:**

- What does Business Now require from borrowers? (That they form a group, save, meet weekly, and repay the loan with interest.)
- How is it different from the conversation between the two friends?(It is more complicated and involves more conditions for the loan.)
- How is this situation different from the bank? (No collateral, small loans are available, borrowers form groups.)
- Does this loan seem easier to get than a loan from a bank? Why? (No collateral, loans are small and easier to repay, application process is simple.)