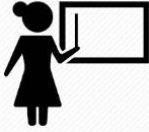



TOOLS: Training cash recipients on how to budget

KEY ACTIONS

- ✓ Many cash recipients may feel that they do not have enough money to make use of budgeting. However, even small improvements in personal financial management can have a positive impact by developing a better understanding of household needs, planning inflows and outflows of cash to avoid unexpected money shortages, and reducing financial stress.

TOOL: Training session on how to budget

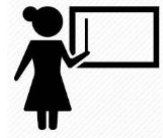
Welcome and introduction	5 mins																														
<p>→ Welcome the group and share the objectives of the session, which are:</p> <ul style="list-style-type: none"> • Understand <i>money in</i> (income sources and amounts) and <i>money out</i> (expense items and amounts). • Prepare a budget and understand how budgeting helps people save money. 	<p>Method:</p> 																														
Developing a budget	40 mins																														
<p>→ Form two groups.</p> <p>→ Ask Group 1: <i>What are the typical household expenses incurred by your household in this camp/settlement/at home over a week? Ask participants to draw images that represent the typical household expenses on cards.</i></p> <p>→ Ask Group 2: <i>What are the typical sources of income for you in this camp/settlement/at home that help you meet your expenses? Ask participants to draw images that represent the typical income sources on cards.</i></p> <p>→ Write the typical expenses and sources of income on a flip chart titled household budget. See the below example:</p> <table border="1" data-bbox="169 1279 834 1744"> <thead> <tr> <th colspan="2">Household budget of Mrs./Mr. XXX</th> </tr> <tr> <th>Sources of income</th> <th>Amount (weekly)</th> </tr> </thead> <tbody> <tr><td>Wages/salary from casual labour/employment</td><td></td></tr> <tr><td>Small business income</td><td></td></tr> <tr><td>Farming activities</td><td></td></tr> <tr><td>Cash stipend etc.</td><td></td></tr> <tr><td>Total income</td><td></td></tr> <tr> <th>Expenses</th> <th>Amount (weekly)</th> </tr> <tr><td>Food</td><td></td></tr> <tr><td>Health</td><td></td></tr> <tr><td>Transportation</td><td></td></tr> <tr><td>Savings</td><td></td></tr> <tr><td>...</td><td></td></tr> <tr><td>Total expenses</td><td></td></tr> <tr><td>Total surplus/deficit</td><td></td></tr> </tbody> </table> <p>→ Then ask participants to take as an example a typical household in the camp/settlement and give the amounts for each income and expense item. Note the amounts in the flip chart. Ask what happens in the case of a budget surplus or deficit:</p> <p><i>What do the participants do with the surplus income and how do they fill the shortfall in income?</i></p> <p><i>How do vulnerable people keep track of and plan to meet their expenses?</i></p>	Household budget of Mrs./Mr. XXX		Sources of income	Amount (weekly)	Wages/salary from casual labour/employment		Small business income		Farming activities		Cash stipend etc.		Total income		Expenses	Amount (weekly)	Food		Health		Transportation		Savings		...		Total expenses		Total surplus/deficit		<p>Methods:</p> 
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...																															
Total expenses																															
Total surplus/deficit																															

→ **Explain:**

A budget is a summary of estimated income and expenses, including savings, over a period of time.

Creating a budget involves 3 steps:

1. Estimate expected income over an average week or month.
2. Estimate expenses over the same period of time.
3. Estimate the amount expected to be saved over the same period of time.



→ **Explain** that the same budgeting process can be used for keeping track of expenses and income in their **businesses**. Ask the participants to tell you a typical business that is being run by some of them in the camp/settlement/at home and repeat the exercise this time noting down on the flip chart the business-related expenses and income. Also note that household expenditures drawn from the business should be included as most small businesses do not clearly differentiate between business and household expenditures.

→ **Ask:**

- *How can a budget be helpful in managing your money?* Possible response: It is a guide for how much you can spend.
- *How can it help you save money?* Possible response: If you set aside money for savings, and need to spend more than budgeted for in any one category, you can see more easily how you might reduce spending in another category to keep your savings on track.
- *When is a budget not useful?* Possible response: When you don't follow it.

→ To conclude, remind participants of the **budgeting tips**:

- Know your income and expenditures.
- Set financial goals.
- Write down income and expenses over an average week or month, including money saving goals.

Conclusion

→ **Ask:**

1. *What have you learnt from the session?*
2. *What new knowledge have you gathered from the discussions and exercises?*
3. *How do you plan to use this knowledge going forward?*

→ Ask for **questions and clarifications**, reiterate the **importance of keeping track** of expenses (money out) and income (money in), and **developing a budget**. Then **thank the participants** for attending the session and set the day and time for the next training session.

10 mins

Method:



Source: adapted from UNCDF, MicroSave, Fundación Capital, Arifu (2018).