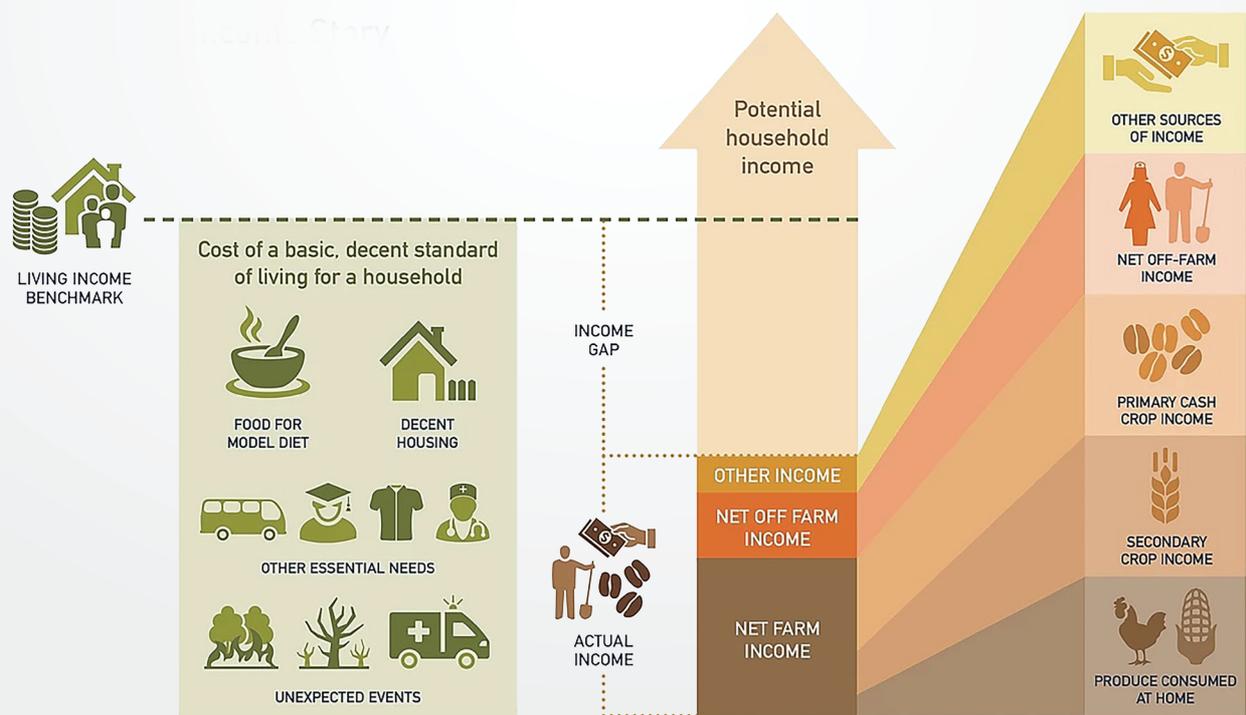




**OFFICE OF THE PRIME MINISTER**  
DEVELOPMENT INITIATIVE FOR  
NORTHERN UGANDA (DINU)



# ACTION FOR LIVELIHOOD ENHANCEMENT IN NORTHERN UGANDA (ALENU)



## Financial Literacy Manual For Smallholder Farmers TRAINER'S GUIDE

May 8, 2020





# Acknowledgements and Disclaimer

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This manual is developed by a consortium consisting of four NGOs (Caritas Switzerland, Advance Afrika, Agency for Accelerated Regional Development, and Gulu Women Economic Development and Globalization) for the implementation of the Action for Livelihood Enhancement in Northern Uganda (ALENU) Project that is funded under the Development Initiative for Northern Uganda (DINU), a government of Uganda programme supported by the European Union (EU) and supervised by Office of the Prime Minister.

The manual formulation process included a review of a number of manuals for which we are indebted. It was adapted from different resources and toolkits for delivery of financial education such as:

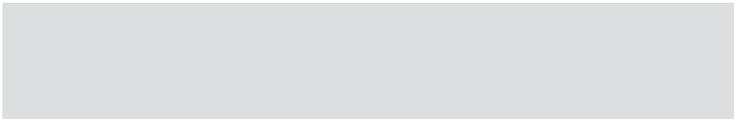
- Bank of Uganda, (March 2016), Financial Literacy for Smallholders Farmers- A Training Guide under the Strategy for financial literacy in Uganda.
- Microfinance Opportunity, Financial Education for the poor project (2006).
- FSDU, Aga Khan Foundation and CREAM West Nile, (May 2016), Financial Literacy and Linkage banking for Community Based Savings Groups
- Foundation for Urban & Rural Advancement - FURA and CREAM, (December 2017), PROFIRA Project funded by the Ministry of Finance Planning & Economic Development funded by IFAD.
- Linda Mayoux and Oxfam (2014) The Gender Action Learning System-GALS Methodology.
- DYNAMIC (August 2017) Financial Literacy Training Manual: Facilitator's Guide

To note is that this manual was developed side-by-side with the Village Savings and Loans Association Manual and Income Generating Activity Selection, Planning and Management Manual. As a result, the focus of this manual is on personal financial management knowledge, skills, attitudes and practices in order not to duplicate contents of the other two manuals that emphasizes savings and loan management and investment respectively.

This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of AFARD and do not necessarily reflect the views of the European Union, Government of Uganda and Caritas Switzerland.

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# About ALENU Project

Under the Development Initiative for Northern Uganda (DINU), a government of Uganda programme supported by the European Union (EU) and supervised by Office of the Prime Minister, Caritas Switzerland has received a grant to implement the Action for Livelihood Enhancement in Northern Uganda (ALENU). ALENU is implemented by a consortium consisting of four NGOs (Caritas Switzerland, Advance Afrika, Agency for Accelerated Regional Development, and Gulu Women Economic Development and Globalization).

## Objectives and Results

ALENU project is a 40-month action that focuses on improving livelihoods through increased and diversified food production, enhanced market opportunities and better maternal and child nutrition in six districts of the West Nile and Acholi sub-regions. Its overall objective is, “to consolidate stability in Northern Uganda, eradicate poverty and under-nutrition and strengthen the foundations for sustainable and inclusive socio-economic development.” And the specific objective: is, “to increase food security, improve maternal and child nutrition, and enhance household incomes through support to diversified food production and commercial agriculture and through improving household resilience (notably to climate change) and women empowerment. The three main result areas are: Result 1.1: Increased production of diversified food; Result 1.2: Increased market accessibility; and Result 1.3: Improved nutritional status

## Districts and Sub Counties

Agago (Wol and Lokole); Amuru (Amuru and Lamogi); Omoro (Odek and Lakwana); Nebbi (Erussi and Atego); Pakwach (Pakwach and Panyimur); Zombo (Kango and Athuma)

## Main Activities

### Result 1.1: Increased production of diversified food

Select HHs; develop Family Development Plans; develop seasonal Production and Marketing Plans; set up group demonstration gardens; conduct farmer field school sessions; facilitate outreaches by local government extension staff; organize seasonal agro-input fairs; build capacity of agro-input suppliers; form commodity-based cooperatives; train VSLA Mentor; train Farmer Group (FG) members in VSLA; link SACCOs/ progressive FGs with formal banks.

### Result 1.2: Increased market accessibility

Provide FGs with Business Development Services; organize/ promote sub-county farmer markets; facilitate learning visits to model farmers/private sector actors; create added value for commodities; organize a multi-stakeholder platform and annual cross-sector dialogues; achieve progress in certification, quality control, branding and contracting.

### Result 1.3: Improved nutritional status

Train VHTs/Health Workers on good nutrition practices, child health, family planning and WASH; empower cultural and religious leaders to sensitise community; increase access to prevention and curative health services; improve nutrition and sanitation practices at HH level; train VHTs on family planning, provide family planning services; conduct annual couples conference and community dialogues on family planning/ GBV; conduct community dialogues for out-of-school adolescents on sexuality/ family planning, provide health services; advocate for supplies of FP commodities; facilitate debating clubs and youth peer groups in schools; collaborate with faith-based medical bureau.

## 1.1.1. Approaches

- **Holistic Family-Centered Approach:** All household members will benefit from a combination of bundled services customized to meet their specific needs, address their vulnerabilities and strengthen their capacities at the collective and the individual level and in view of reducing poverty and malnutrition.
- **Village Savings and Loan Association (VSLA) and Linkage Banking:** Provide simple savings and loan facilities in a community that does not have easy access to formal financial services. Strong VSLAs will be registered at district level and linked to formal financial institutions or federated into SACCOs for better financial inclusion.
- **Farmer Field School (FFS) with Peer-to-Peer Demonstration-based Extension Approach:** Promote practical knowledge among smallholders on improved technologies through participatory, experimental, problem solving and discovery-based learning and hence increase yields, food adequacy and collective marketing for better market positioning.
- **Market Systems Development (MSD) and Value Chain Approach (VCA):** Make markets work for the benefit of the poor by tackling the underlying causes of market failure and strengthening the functions of market actors as well as the rules and norms that govern the market system.
- **Agro-ecology:** Apply ecological and social concepts and principles to the design and management of food and agricultural systems to optimize the interactions between plants, animals, humans and the environment while taking into consideration the social aspects that need to be addressed for a sustainable and fair food system (FAO).

## 1.1.2. Key stakeholders

Stakeholder	Role
Target farmers and their households	Main beneficiaries, participate in selection of market commodities and peer-extension agents (CBTs, Poultry Paravets, Agroecology Champions, VSLA Mentor and Market Committee Members), various capacity building activities and monitoring and learning meetings
Local Governments	Oversee implementation of activities and align the Action with the district priorities, involved from planning stage and play a major role throughout the implementation as advisors, extension workers, or beneficiaries of capacity building
Community members	(VHTs, cultural and religious leaders, senior women and male teachers, youth mentors), contribute to changing attitudes and practices, involved at all project cycle stages.
Private sector	Expand market system and offer production inputs (seeds, tools, etc.), loans, services (market information, advisory service, quality control, vet services etc.), transport and, as traders and processors, purchase the products of target farmers and farmer groups
Advance Afrika, AFARD, Gwed-G	Local implementing partners, in charge of implementation based on a mix of geographical and technical division of responsibilities
Caritas Switzerland	Consortium coordinator and donor, ensures independent project supervision, in charge of MEL and quality assurance including capacity building of co-applicants, and the development of a network of strategic contacts with development partners
Ugandan Government	Supervising (OPM) and contracting authorities (National Authorizing Officer/ Ministry of Finance, Planning and Economic Development)
EU	Main donor

Beneficiaries total 35'900 individuals (farmers and their household members, local government officers, community and private sector members, and the staff of implementing partners).

# How to Use This Trainer's Guide

## **This Financial Literacy Manual for Smallholder Farmers**

is adapted as a Trainers' Guide for farmer group members who are already engaged in Village Savings and Loans Associations-VSLA. It seeks to instill the basic knowledge, skills, attitudes, and practices of a frugal personal money management. The guide is built with both background information to orient the trainers to the topic and step-by-step descriptions of learning activities for trainings.

## **The Learning Sessions**

This manual contains 06 modules that lasts a maximum of 2 hours. This is because the trainings are planned to either follow from the VSLA methodology and Income Generating Activity – Selection, Planning and Management (IGA-SPM). Each module contains learning activities that are described in a step-by-step detail and include stories, exercises, small-group discussions and role-plays which actively engage the participants in the learning process. They also promote teamwork and learning from peers. The Trainer is to plan with the group members a weekly training for 6 weeks altogether. Lessons from previous sessions should be cumulatively carried forward and used to review learning and build better financial management practices.

## **Users' Adaptation of Learning sessions**

To make learning sessions attractive for leaners, the facilitator is encouraged to revise the module prior to the training and to adapt the learning outcomes to the target group. For instance, names in the stories can be changed to reflect the culture and geographical location of the target group. Field trips to relevant sites can be organized. Equally, invitation of a financial role model in the community may be invited to speak to the participants.



## MODULE 1: INTRODUCTION TO FINANCIAL LITERACY

“Know Your Money”

Session 1/1: Introducing Financial Literacy		45 Mins
Desired Outcome	Participants understand the meaning and relevance of Financial Literacy in their day-to-day lives	
Sub-topics	1) Definition, Relevance of Financial Literacy 2) Financial Literacy Curriculum details	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"><li>• Define Financial Literacy</li><li>• Describe the importance and relevance of Financial Literacy</li><li>• List some of their financial behavior worth changing</li></ul>	
Items Required	Flip chart, Markers, Training Chart	

### Step 1:

#### Introduce the training and set the learning mood

Welcome the group members to the first training session.

Share with them what you learned as a Trained Trainer (jokes are allowed!!)

Emphasize the importance of sharing ideas and participation through the sessions.

### Step 2:

#### Introduce the subject of Financial literacy

Start by saying, we all need and use money every day. However, many of us do not know the concepts of money and how to manage it wisely. Regardless of our differences in the income level, education, age, gender or where one stays, we all make mistakes with money management daily. Unless we manage our money carefully, even the little money that we have, our lives will be miserable. We will not manage any cope with unexpected emergencies or even be able take advantage of future opportunities.

Then asks the group members;

- What is financial literacy?
- Why is financial literacy/education important in our daily lives?

After all the responses, the Trainer then pins up (on flip chart) the definitions as;  
Financial Literacy refers to “knowledge, skills and confidence to manage one’s finances well, taking into account one’s economic and social circumstances”

Where:

“Knowledge” means having an understanding of personal financial issues;

“Skills” means being able to apply that knowledge to manage one’s personal finances; and

“Confidence” means feeling sufficiently self-assured to make decisions relating to one’s personal finances.

Then the Trainer should emphasize the below importance of financial education

- It teaches people concepts of money and how to manage it wisely.
- It offers basic skills related to earning, spending, budgeting, saving, and borrowing.
- It makes people become more informed financial decision-makers; they can plan for and realize their goals through setting financial goals, saving with a purpose, and investing wisely.
- Keeping proper records of financial transactions so that you can manage your income and expenses wisely.

### Step 3:

#### Highlight what group members will learn about in this course.

Display Table 1 on a flip chart and explain what each Module will cover.

Table 1: List of selected Modules and their Descriptions

Module	Purpose
Household budgeting	To learn how to plan for family income and expenditure
Spending decision-making	To learn how to spend within budget
Savings	To learning the practice and discipline of setting aside part of one's income for future use
Investment	To understand how to grow your money for future use
Financial Record Keeping	To understand how to keep and manage different financial records

### Step 4:

#### Conclude by emphasizing the importance of Family/Individual Goal setting

Ask at least 5 members to state what their goal for the year is, how much it will cost them, and how convinced they are with achieving their financial goals.

For those who have not yet finalized their family/individual goals, urge them to develop one.

## Personal Financial Management

Session 1/2: Introduction to Personal Financial Management		90 Mins
Desired Outcome	Learners get better understanding of their personal finances	
Sub-topics	i) Family/Individual goal/vision ii) Setting financial goals	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"><li>• Define personal financial management</li><li>• State the importance of managing their personal finances</li><li>• Reflect on their personal financial behavior against their goals</li></ul>	
Items Required	Flip chart, Picture Charts, Story excerpt – Rashid and Aisha	

### Step 1:

#### Introduce the session

Explains that after looking at what financial literacy is and why it is important, now we will focus on examining our family/individual goals and setting financial goals.

### Step 2:

#### Family goals/vision and financial goals

Please, refer to Module 2 of IGA-SPM on family/individual goal setting.

Request 3-5 members who have already set their goals to mention their goals

**Ask:** Why is it important to have a family goals/vision and tag your financial goals to it?

After all the answers, emphasize the following:

- Family goal/vision helps the family to appreciate the purpose for which they exist
- It helps the family to spend while focusing on the future hence financial discipline
- It helps the family to avoid unexpected money shortages hence no stress
- It helps the family to harmonize and work together for a common goal/vision

### Emphasizes the importance of setting and pursuing realistic Family Financial Goals

#### Step 3:

#### Examine financial goals

The trainer narrates the story below (or asks volunteer to read the story)

#### Okal and Akech: Reaching their Goals

Okal and Akech are married for 5 years now. They think together about their goals for the future. They want their children to go to school. They want to repair the house. They want to keep debt low. They also want to expand their one-acre banana farm. Beside they want to travel to visit their extended family every year. They also want to put more money into their business to earn more.

They decide together to do something to reach their goals. First, they count the money coming into and going out of the household every day to know the actual amount they earn and spend. They find out the costs of school, travel and home repairs. They decide to save something, no matter how small, every week. They decide the amount of income they will set aside every week or month for paying debts. They plan how much and when they will invest more in their coffee farm.

After all these decisions, Okal and Akech feel relieved. They are happy about their decisions. They are confident now that, if they stick with these decisions, they can achieve their goals.

**Ask:** participants to summarize the major things that Okal and Akech do in managing their money and emphasize the list below:

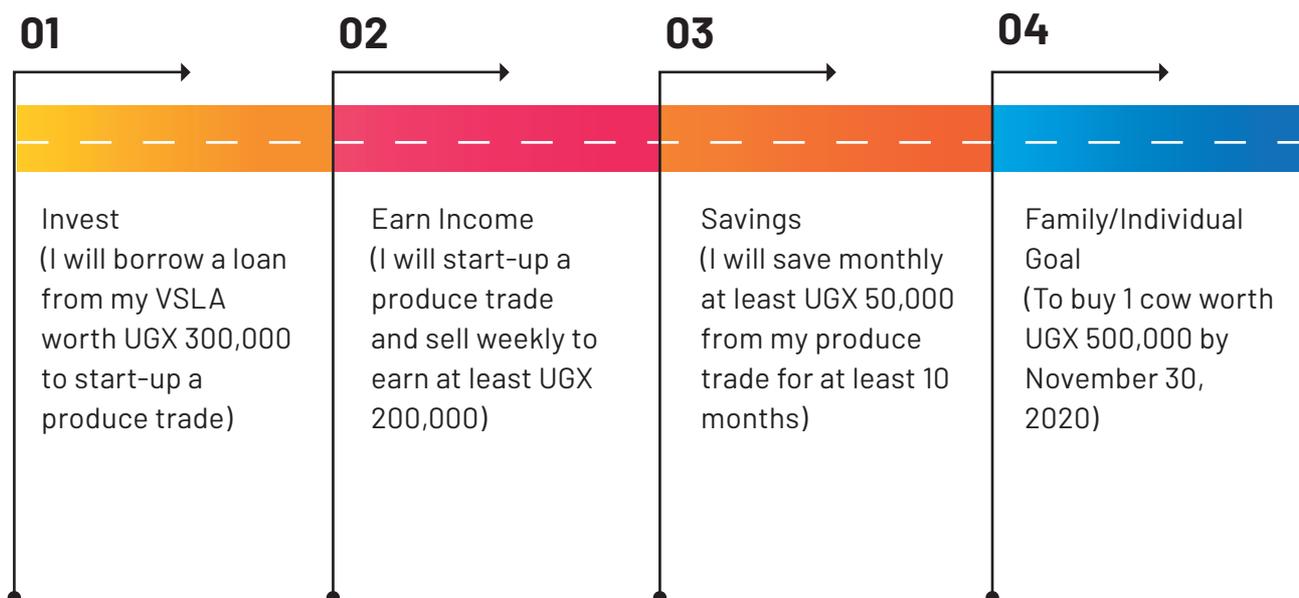
- Set specific financial goals in line with their family vision
- Figure out the amount of money they earn and spend
- Determine the costs of their goals and family vision
- Make decisions about how much to: save, pay off debt, and invest in their farm business
- Decide on the timing for doing these things
- Work as husband and wife (here you can ask further whether married members do that and if not why?)

Confirm that Okal and Akech are engaged in financial planning!

The Trainer then pins up (on flip chart) the definition of financial planning as;

“ ... a tool that helps one decide how to earn and spend money to achieve the desired goals ”

## Show how financial planning is important for achieving a family/individual goal



### Emphasize:

- Family/individual goals can only be achieved with clear financial plan/goal
- A financial goal should spell out clearly the source of income, the amount to be saved periodically, period of savings, and the target, its value and when it will be achieved. See box on the side
- Savings alone in VSLA without investment cannot achieve a meaningful family/individual goal

### Example of financial goal:

I shall save **UGX 50,000** monthly from the profits of my produce trade for **10 months** to raise **UGX 500,000** for buying 01 cow by **November 30, 2020!**

### Step 4:

#### Review learning and conclude the session

The Trainer asks;

- What did you learn from the sessions? What new knowledge did you get?
- How will you use that knowledge in future?

#### Re-emphasize that:

- Financial Literacy aims to stimulate a change from current knowledge, skills, confidence as regards financial management.
- The need for a realistic family/individual goal
- The need for financial goal that is well stipulated and mastered by heart

Explain that the tool for managing the financial plan is called a "Budget" and shall be presented during the next training. members should come along to the session with 100 Beans/Maize seeds.

Thank participants  
"End Session"



## MODULE 2: HOUSEHOLD BUDGETING

“Know Where Your Money Go”

Household Budgeting		2 Hours
Desired Outcome	Learners get better understanding of their household budget	
Sub-topic	Making a household budget Importance (usefulness of the budget)	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"> <li>• Define the term “budget” and explain how a budget is useful</li> <li>• Identify ways to improve their own money management through budgeting</li> <li>• Make a functional monthly budget</li> </ul>	
Items Required	Flip chart, markers, 100 Maize /Beans Seeds	

### Step 1:

#### Understanding the concept “Budget”

Welcome the group members to the second training session.  
 Recap what they learnt from the last session  
 Ask what changes have some members started to experience  
 Explains that today we shall focus on Budget matters  
 Ask members, “what is a budget?”

Pin up (on flip chart) the definition of budget as below and provide a brief additional explanation

“ ... a tool that helps one decide how to earn and spend money to achieve the desired goals/ vision ”

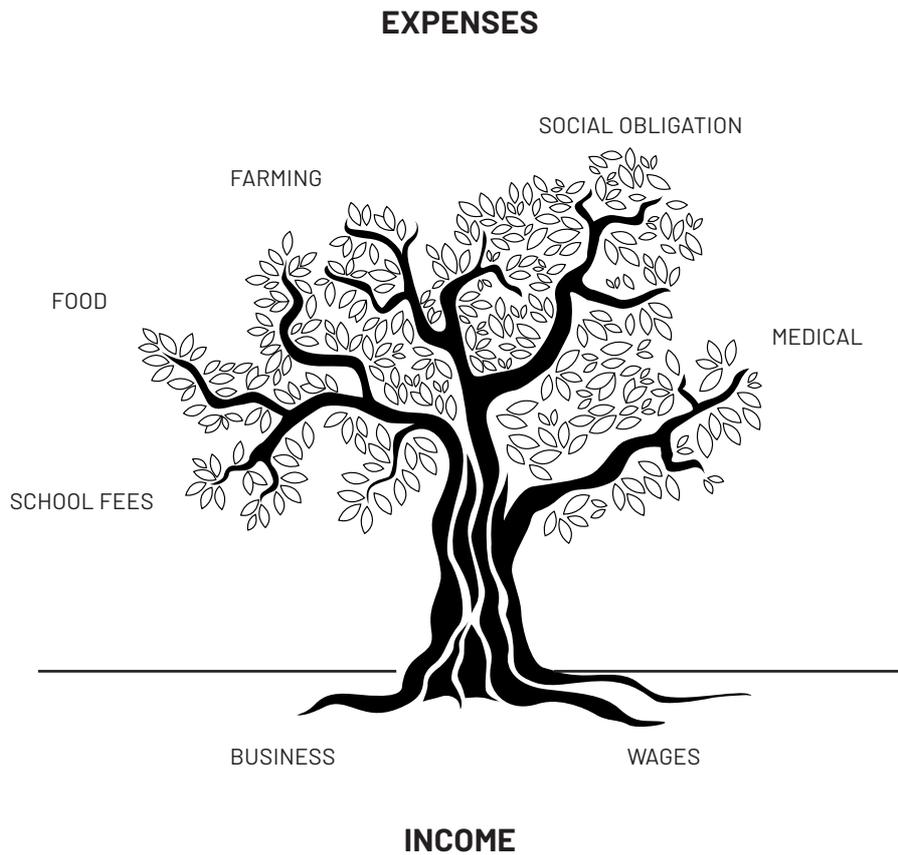
### Step 2:

#### How to develop a Budget

Ask participants to list their sources of daily financial incomes. Record on a flip chart.  
 Ask participants to list their daily financial needs/pressures and expenses. Record on a flip chart.  
 Ensure that the incomes and expenses are those that are from their daily experiences/ livelihoods. Do not include salary even if there are salary earners in the group.  
 The responses will reveal that smallholder farmers people work to have enough money to meet their day-to-day spending needs, pay debts, keep their business running, meet future needs for housing, pay for school and marriage for their children and pay medical bills. etc.  
**Often there is not enough money to reach all these goals.**

#### Budget Tree

Now, draw the diagram of a tree with the roots representing incomes and leaves showing expenses.  
 Ask the participants to observe and comment on the budget tree. Ask simple questions like which of the sides is bigger. Why are expenses more than incomes?  
 Emphasize that to manage this situation well we need a budget.



**Important Note:**

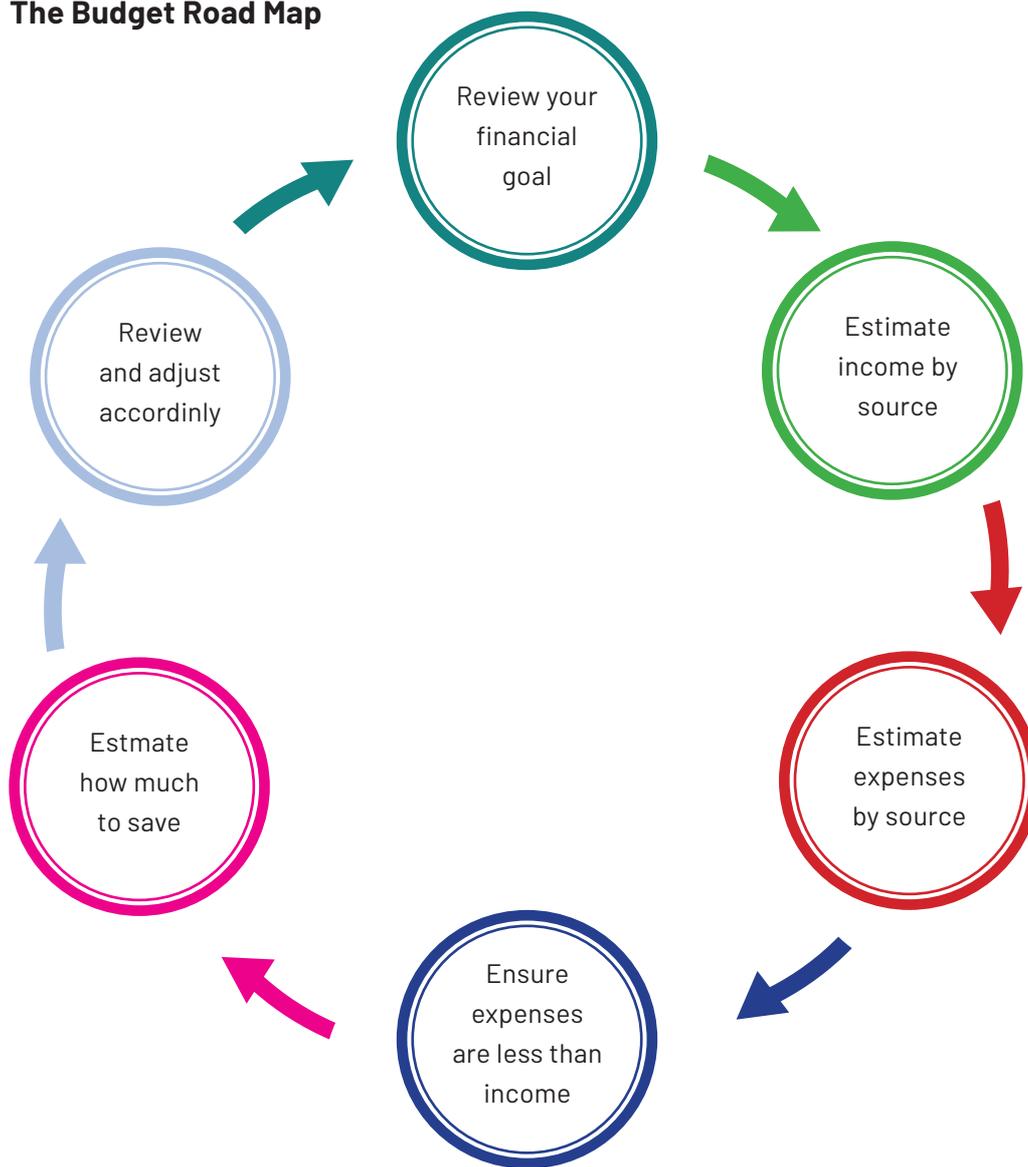
The Trainer explains that; in order to make a proper budget, we must know

- i) how much money we have coming in
- ii) what we are to spend that money on
- iii) during a set period of time.

To budget, it is important to identify and organize spending.

The Trainer displays Figure 2 below - the steps that are important in every budgeting process and explains how each of the 6 steps must be followed carefully and with keenness.

**Figure 1: The Budget Road Map**



### **Step 3:**

#### **Group work on Budgeting**

Ask participants to form small groups of 3 people – women only, men only, youth only, and mixed group.

Ask each group member to pull out her/his beans/maize seeds that they came with.

Show that each bean/maize seed = UGX 1,500. This means that each small group has an equivalent of UGX 600,000 (from the total of 300 seeds that all the members have).

Ask each group to apportion their 150 seeds/UGX 300,000 according to their sources of income

Ask them again to apportion their 150 seeds/UGX 300,000 equivalent according to their spending sources: 1 – Budgeting with the illiterate group

#### **Budget Calendar**

Please note that you can use days or weeks instead of months.

**Figure 2: The Budget Calendar**

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Farm Income													
Business income													
Wages													
Gifts/remittances													
Total income													
Savings													
Expenses													
Farming spending													
Business spending													
Housing													
Food													
Education													
Health													
Clothing, foot ware													
Furniture, appliances													
Utilities (water, electricity, fuel, etc.)													
Transport													
Communication													
Recreation													
Religious needs													
Emergencies													
Others													
Total expense													
Surplus/Deficit													

When they have finished filling in the rows, ask the following;

What times of the year is income more or less? What times of year are expenses more or less than income?

What can you do to meet expenses when income for that period is not enough?

**Make sure the group mentions the following:**

**Save** when you have surplus income, to spend during times when income is less than you need

**Spend** less during the low-income periods

**Plan ahead** so you do not have to borrow to meet your household needs

- Track your income and expenses regularly to know when there are likely to be surpluses and shortages of cash
- Save when you have a surplus to cover expenses during times when your income is low

## Emphasize...

### The Benefits of Tracking Monthly Cash Flow

- Determine how much income is coming into the household
- Determine if and when you will have shortfalls
- Make decisions on how much to save
- See where spending is high
- Make decisions about saving, spending and investing more in the business

It is important to keep track of all your expenses, e.g. keeping a book where you record all your daily expenses. This helps you monitor how you spend your money and can provide guidance on which expenses you can reduce or do without.

NB: Point out that even if you do not know how to read and write, you can ask your child or that of your neighbor to keep this record for you.

Then say: Look again at your budget calendar:

- What will you change to plan for irregular income and expenses?
- What did you do to make sure you will have enough income to meet your expenses?
- How will you use at home what you learned today about budgeting?

## Step 4:

### Practical guidance

The Trainer displays a finalized example below of a budget for Annet's family for one month. S(he) explains to the participants that their budgets should look like this.

Annet's Family Budget for a Month	
Income	Amount
Farm Income	UGX 75,000
Business Income	UGX 300,000
Wages	UGX 100,000
Other	
Remittances	UGX 75,000
Rental Income	UGX 100,000
Interest on Savings	0
Gifts	0
<b>Total Income</b>	<b>UGX 595,000</b>
<b>Savings</b>	<b>UGX 50,000</b>
Expenses	
Debt Payments (Principal and Interest)	
Moneylenders	UGX 30,000
Supplier Credit	UGX 35,000
Bank Loan	UGX 55,000
<b>Sub-total</b>	<b>UGX 175,000</b>
Necessary Household Spending	
Utilities	UGX 45,000
Food	UGX 50,000
Clothing	UGX 20,000
School Fees	UGX 75,000
Transportation	UGX 25,000
Healthcare	UGX 50,000
Rent	UGX 20,000
<b>Sub-total</b>	<b>UGX 285,000</b>

Business Spending	
Supplies/Inputs	UGX 50,000
Other (Transportation, etc.)	UGX 30,000
Sub-total	UGX 80,000
Optional Spending	
Entertainment	UGX 5,000
Jewelry	UGX 20,000
Church Offering	UGX 30,000
Sub-total	UGX 55,000
<b>Total Expenses</b>	<b>UGX595,000</b>
Surplus/Deficit	0

The Trainer asks about the information from Annet's Budget.

Make the clarifications below about the **important parts of a budget**;

#### Information provided by Annet's Family Budget

- Different types of income sources
- Amount of income by source
- Total planned income
- Types of expenditures, including business and household expenses
- Amount of expenditures
- Total planned expenditures
- Total savings

#### Step 5:

##### Usefulness of a Budget

The Trainer asks participants about the relevance of a budget in their daily lives. Summarize the ideas of the group. Be sure to cover the following points:

#### Why is a Budget Useful?

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

#### Step 6:

##### Review and conclude the session

The Trainer asks;

- What did you learn from the sessions? What new knowledge and skills did you get?
- How will you use that knowledge and skills in future?

Emphasize and remind all participants to 1) know all their sources of income; 2) know all what they spend their money on; 3) track their cash flows to make better financial decisions.

Remind participants that in the next session we shall learn about making spending decisions, staying within the budget.

Thank participants  
"End Session"



## MODULE 3: SPENDING DECISION MAKING

“Live within Your Means”

Session 3: Focus Areas; Making spending decisions		1 hour
Desired Outcome	Group members get better understanding and demonstrate improved prudence in the management of their personal finances	
Sub-topics	i) Staying within the Budget ii) Preventing money loss	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"> <li>• Identify a set of guidelines to help them choose their financial priorities</li> <li>• Define ways to address difficulties of staying within a budget</li> <li>• Identify financial leaks and manage avoid losses</li> </ul>	
Items Required	Flip chart, Training Chart, Julia’s expenditure chart & stories	

### Step 1:

#### Introducing the session

Welcome the group members to the third training session.

Recap what they learnt from the last session

Ask what changes have some members started to experience

Explains that today we shall focus on making spending decisions/keeping track with the budget

### Step 2:

#### Making spending decisions

The Trainer guides the group members using the examples below;

– Trainer explains as below

We are going to talk about prioritizing expenses. Looking at our budget tree, income for most of us is always less than what our expenses require. We must therefore make difficult decisions and trade-offs to ensure that our income covers all of our expenses.

There are no perfect answers when it comes to prioritizing and choosing among expenses, but there are some general guidelines. Today we will talk about how you currently make these decisions, and we will highlight some common ways to help you set your own personal financial priorities and handle your financial difficulties in the future.

Example: Setting financial priorities for Auma’s family

Post 2 flip charts with Auma’s expenses and story. Use drawings of each item for those who cannot read. Describe the expenses to the participants with the following story.

### Auma's Expenses

Auma has loan payments due every month. She also has a weekly payment to her supplier who sold her goods on credit. Every 3 months there are fees for the children's school. Her son is very sick and she wants to buy medicine the doctor prescribed. Her mother is aging and will need care and support in the future.

In a month she will need farm inputs, as the planting season is about to begin. Her son is going to be married in about a year. She also plans to buy a new table for her business. Every day she needs food for the family. She wants new jewelry. In 2 months, the rains will come and the roof needs repairs. Auma and her husband like to go to a restaurant for dinner on Sundays. She also likes to save regularly for

**Figure 4: Auma's Expenses table**

Auma's Expenses	
Expense	When needed
Bank loan payments	Regularly - monthly
Supplier credit	Regularly - weekly
School fees	3 months
Medicine for sick son	Immediately
Care for aging mother	Future
Farm inputs	1 month
Son's wedding	About 10 months
Business investment (new table)	–
Food for family	Regularly - daily
New jewelry for Juma	–
Roof repairs	About 2 months
Going out to dinner	–
Savings for emergencies	–

### Step 3:

#### Group work

Ask participants to form small groups of 3 people - women only, men only, youth only, and mixed group.

Ask each group to know that Auma does not have enough money this month to meet all of her expenses and savings needs for the future. Help Auma answer the following question:

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

Using Auma's Expenses, put number "1" next to the item if it is the highest priority; a "2" next to the item if it is somewhat high; a "3" if the item has medium priority; and a "4" if the item is the lowest priority for spending.

One person should be responsible for numbering and someone should be prepared to present your priorities to the large group.

Remember that although some of the larger expenses do not occur this month, they will be

necessary in the future.

Demonstrate, using “food for the family.” Put a “1” next to the item.

Walk around to the groups to answer any questions!

After the groups have finished, invite 1 of them to present their decisions. Ask them to present the order of their priorities and describe their reasons. Compare priorities with what the expert financial planners recommend. The expert financial planners recommend the following order of priorities for spending:



Ask the group the following:

- How do your spending priorities compare with what the experts recommend?
- Why do you think the experts recommend these priorities?

Emphasize the following points if the participants omit them.

a) Debt is costly.

- When payments are missed, the loan costs grow even higher.
- Failure to make payments can lead to the loss of future access to credit.
- Loan fees on late payments can increase the amount of money you owe and increase the risk of having to make loan payments with money intended for basic necessities.
- When debt is out of control it can threaten the well-being of your family.

b) Set aside an amount for savings for future use.

c) Basic expenses must be taken care of for the well-being of the household.

d) Money that remains after debt payment, savings and necessary expenses is available for optional spending.

e) Any money that remains is again set aside for future use.

Summarize that each family must balance the need to meet basic expenses, pay down debt and find something to save.

#### Step 4:

##### Staying within budget

Ask members about the financial pressures that they felt last month?

Asks again what are they doing to cope with the financial pressures?

Then Trainer summarizes the with the following advice;

##### How to Stay Within Your Budget

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

#### Step 5:

##### Gambling

The Trainer cautions against gambling as below

The Trainer the pins up (on flip chart) the definition of Gambling as;

“ ...betting or wagering that must result either in a gain or a loss ”

Gambling is “a conscious, deliberate effort to stake money or valuables, on how some event happens to turn out.” Gambling is neither risk taking, in the sense of speculation, nor investing. Gambling can take the form of betting on sports, games, playing cards and more sophisticated games like in casinos or online. Reckless business investments are also gambling. Sometimes gamblers win or benefit for a short period but, in the end, they always lose more than they have won or benefitted. Gambling has left many people financially strained with destroyed relationships and friendships and an unmanageable amount of debt.

#### Step 6:

##### Review and conclude the session

The Trainer asks;

- What did you learn from the sessions? What new knowledge and skills did you get?
- How will you use that knowledge and skills in future?

Emphasize the need to always priorities spending to avoid wasteful use of money.

Remind participants that in the next training we shall learn about Savings.

Thank participants

“End Session”



## MODULE 4: SAVING WITH A PURPOSE

“Think of a dry day too”

Session 4: Savings		1 Hour
Desired Outcomes	Group members have develop good savings practices	
Sub topics	<ul style="list-style-type: none"> <li>• Describe Savings</li> <li>• Setting Savings Goals</li> <li>• Increase personal savings/stronger savings culture</li> <li>• Save for emergency</li> </ul>	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"> <li>• Describe and categorize savings goals (short/long-term) and emergency</li> <li>• Identify how to overcome savings difficulties</li> <li>• Identified actions that the family can take to increase savings</li> </ul>	
Items Required	Flip chart, Training chart, Marker, Song	

### Step 1:

#### Introducing the session

Welcome the group members to the fourth training session.

Recap what they learnt from the last session

Ask what changes have some members started to experience

Explains that today we shall focus on savings and how to increase savings.

Please, review the group VSLA Constitution to have a better view of the saving values the group members have set for themselves in order to inspire them.

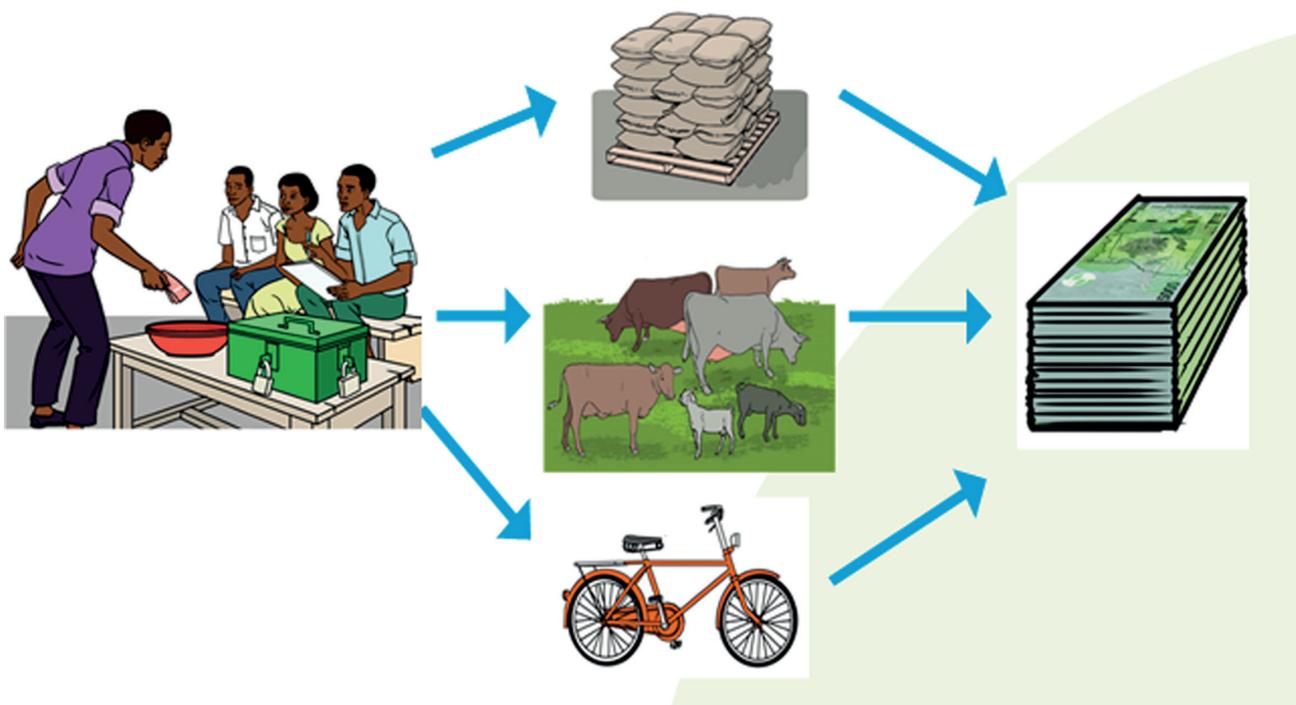
### Step 2:

#### The concept of savings with a purpose

Display the Picture 6 below (in the Trainer’s Chart) to the members;

#### Picture2: Savings with a Purpose-SWAP

Save With A Purpose (SWAP) concept:



Allow for 2-3 comments

Emphasize that savings is a fundamental part of money management practices.

### Step 3:

#### The savings Quiz

The Trainer announces a quiz session;

#### Quiz Instructions

The Trainer shall read out each question and the objectives aloud twice.

2-3 answer attempts per question shall be allowed before the Trainers announces the correct answer. (Additional explanations may be useful).

Please answer if “True” or “False” (Note that some questions have more than one correct option)

What Are savings?	Money that is put aside in the present for use in the future	True
	Money borrowed from somebody	False
	Investments in items like animals, land or gold that can be sold when cash is needed. It is a way of building assets	True
Which of the following practices is required by savings?	Savings and continuous life activity	True
	Sacrifice current luxuries to save for a better future	True
	Savings only one time when a large amount of income is realized	False
Which of the following are examples of challenges to savings?	Lack of a budget	True
	Impulsive spending	True
	Peer pressure	True
The following are all types of savings goals	Short-term (less than 1 year; such as paying school fees)	True
	Long-term (take more than 1 year to reach, such as home improvements or buying a house)	True
	Spending on house party	False
When developing savings goals for your own families, the following should be considered	A plan that states each goal	True
	The amount of money you will need to achieve that goal (amount you will save each week or month over a defined period)	True
	What do you need to save for in the short term?	True
	What future long-term goals do you have?	True
Which is correct about emergency savings	You must look at your income and determine how much you have available to set aside as savings	True
	Must be kept separate from normal savings	True
	Must be combined with other normal savings	False
	Equals 3 times the average monthly income	True

Thank the participants and conclude the quiz session with the following remarks:

- Decide what you want to save for and find out how much it will cost – whether it is building a house, buying land, starting/improving a business, studying or saving for your child’s school fees, etc. Ensure that what you are saving for is realistic and not over-ambitious.
- Start saving now – the sooner you start; the sooner you’ll get there.
- Put your savings in a safe and secure place where you earn good interest.
- Keep saving regularly and over a long period of time. It’s only then that your money can accumulate.
- Avoid saving in multiple VSLA because it causes financial stress.

### Step 3:

#### Growing your savings

The Trainer then comments that;

You don't need much money to start saving. Whether you are a student, a farmer, a teacher, nurse, banker, market vendor, taxi driver or a business person, you can always put a little money aside.

When you save regularly, your money will "grow" as shown in the table below. Display on flip chart.

	Month 1	Month 2	Month 3	.....	Month 24	Total Savings
John	10,000	10,000	10,000	10,000	10,000	240,000
Jolly	50,000	50,000	50,000	50,000	50,000	1,200,000
James	100,000	100,000	100,000	100,000	100,000	2,400,000

Try to save 10% of your income even if you don't have a specific purchase or investment for which you are saving.

Pay yourself first—put 10% of your earnings aside for savings before you do anything else. If you can't afford 10% right away, start with less, but save something.

### Step 4:

#### Review and conclude the session

The Trainer asks;

What did you learn from the sessions? What new knowledge and skills did you get?

How will you use that knowledge and skills in future?

Emphasize the need to always avoid wasteful expenses in order to build savings.

Remind participants that in the next training we shall learn about Investment.

Thank participants  
"End Session"



## MODULE 5: INVESTMENT

“Let your money Grow”!

Session 1/2: Understanding Investment		1 hour
Desired Outcomes	Group members have improved view of Investment	
Sub topics	<ul style="list-style-type: none"> <li>• Describing Investment</li> <li>• Investment types/Options</li> <li>• Why must you invest</li> </ul>	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"> <li>• Explain what is investment</li> <li>• Describe the different types of investments</li> <li>• Describe the different reasons why one should invest</li> <li>• Describe what influences investment decisions</li> </ul>	
Items Required	Flip chart, Picture Chart	

### Step 1:

#### Introducing the session

Welcome the group members to the fifth training session.

Recap what they learnt from the last session

Ask what changes have some members started to experience

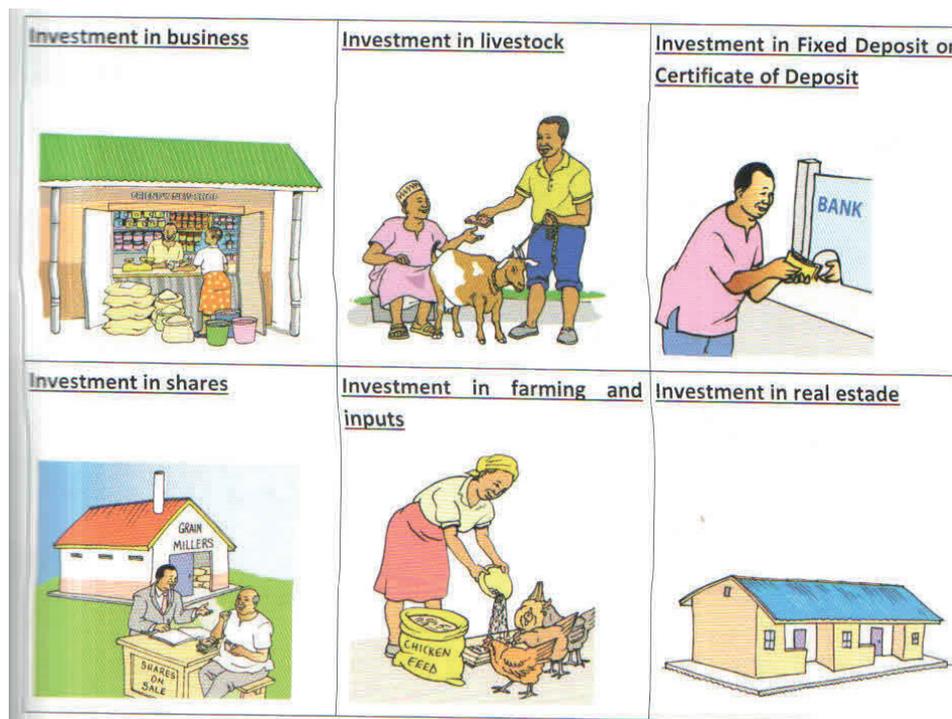
Explains that today we shall focus on Investment and why we need to invest. Point out that this session takes further what was learned during IGA-SPM on investing in a profitable business. Emphasis here is put on diversifying investments.

### Step 2:

#### The Concept of “Investment”

The Trainer displays the Picture 11 below from the Trainer’s chart.

The Trainer asks participants for comments



The Trainer notifies participants that investments involve wealth multiplication; acquiring assets to generate more future income. One who puts the money in an earning activity will have more income in future.

The Trainer the pins up (on flip chart) the definition of Investment as;

“ An investment is the purchase of assets that are not consumed today but are used in the future to create wealth or appreciate and can be sold at a higher price. ”

### Step 3:

#### Types and examples of “Investment”

The Trainer asks 3-5 members to share if any of them are engaged in any investment - which ones and solicit for reasons as to why those ones.

The trainer explains the 3 common types of investments that are classified according to the time it takes before the investor starts getting returns. These include:

1. Short-term Investments: The money invested is expected to bring returns (income) soon. The period it takes before the expected returns are received is normally less than two years. Examples include starting a business e.g. a saloon, boda-boda, buying a bull or a dairy cow.
2. Medium-term Investments: These are investments where cash is expected to start flowing after two years; it could come as a lump sum or regular flow of cash. Examples include but not limited to buying shares of a quoted company so as to earn dividend or developing your farm to increase productivity.
3. Long-term investments: These are investments that require a lot of money and take long to before realizing income from them. Their income may start flowing after completion but will take long before you get the money you put into the project. The time it takes to get your money back is long. These include investments into buildings (real estate) and buying a farm.

#### Examples of Investments

**Business:** These include business set up for production, processing and exportation. Some people have set up both big and small outlets for sale of goods and services. These can include retail and wholesale shops. Others are involved in import and export business e.g. to South Sudan. Other forms of businesses that are common include; saloons, boda-boda, schools, restaurants, retail and whole sale shops, financial institutions, insurance companies, hotels etc.

**Farming:** Uganda is basically an agricultural economy and most investments are carried out in this sector. Opportunities are available for investment in form of production, processing and exportation e.g., in poultry, piggery, fishing, tree planting and harvesting, crop production e.g. maize, matooke, animal keeping, fruit farming, processing and packaging or setting up a

vegetable stall in the market.

**Real Asset:** Investment in property or real estate or land is good business especially when the market is right.

**Fixed Deposit or Certificate of Deposit:** This is an investment where you lend your money to a financial institution and benefit from the interest that accrues on the money. This gives you a fixed amount of interest which may be paid to you periodically over the life of the investment or cumulative at the end.

**Stocks (Shares):** A share is an instrument which represents part ownership of a company. When you invest in shares, you become a shareholder in the company and is entitled to dividends from the profits of the company. To buy shares in a company that is listed on the stock exchange, you must contact a stockbroker who will buy them on the stock exchange for you. If you invest in a share, you receive dividends from the company. Dividends may not always be paid by the company as they depend on the performance of the company and the other decisions of the Board of Directors.

**Bonds:** When you invest in bonds, you lend your money to the issuer of the bond who may be a company or government. The borrower (e.g. company or government) has to pay back the money which has been borrowed with a fixed rate of interest at a specific future date. Bonds can be bought and sold from a regulated stock exchange such as the Uganda Securities Exchange (USE). Their value can rise or fall over time.

It's important to know that before you venture into any business, there is need to first make a feasibility study or find out and see whether it's profitable to operate it. This is covered in-depth in the IGA-SPM Manual.

### Step 3:

Why must you Invest

The Trainer asks why group members should invest

Post 5 responses on the flip chart as they are being mentioned by the participants.

### Then Explain:

When you invest, you give your earnings to someone to do business with and the borrower would then pay you back regularly or at an agreed time your money and interest thereon. Your money which would have sat idle now works for you and brings you more money and that is a good reason to invest. There are many reasons why people invest and why you should consider investing your money:

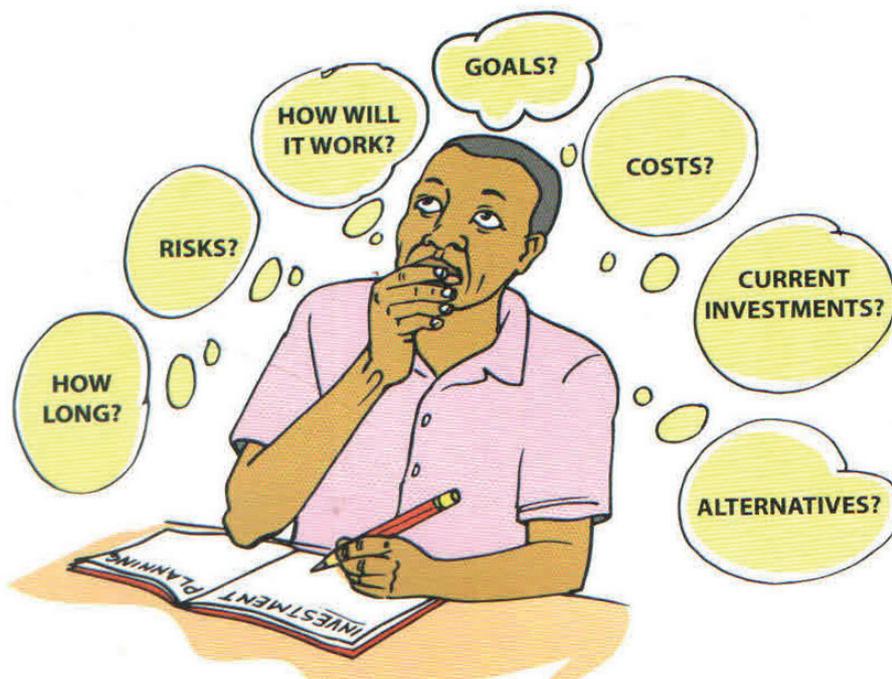
- You generate additional resources to protect your future well being
- You achieve your financial goals such as building a house or starting a business, paying for the education of your children, caring for your children, ageing parents and other relatives.
- You secure your retirement income
- You contribute to the growth of our national economy as your investment is deployed in the productive sector of the economy
- You preserve the value of your money against inflation
- You create employment opportunities

- You increase your ability to earn more income

#### Step 4:

##### What to consider when Investing

Now that we have looked at the different types of investment and why we need them, ask what factors should each member who is an investor consider before investing?



Explain:

Before an investment decision is under taken, there are key issues that need to be understood by the investor, namely:

- What are your investment goals – short term capital accumulation, long term financial security?
- Do I have the knowledge and skills on how this investment work?
- What is the investment cost involved – do I have the money?
- What is its income potential – Is it good enough for my goal?
- How long will the investment to yield returns – short, medium, or long term
- What risks are involved in the investment? Are you willing to take these risks?

#### Step 5:

##### Review and conclude the session

The Trainer asks;

- What did you learn from the sessions? What new knowledge and skills did you get?
- How will you use that knowledge and skills in future?

Emphasize the need to always avoid putting all your eggs in one basket – farming, or trade. If the basket breaks you could lose everything. Always diversify your sources of income to spread the risk or earn from different investment. Also ensure that you have some sources income for future use.

Remind participants that in the next training we shall learn about financial records keeping.

Thank participants  
"End Session"



## MODULE 6: FINANCIAL RECORD KEEPING

“Know Your Financial Status”!

Session: Financial Records Keeping		1 ½ Hour
Desired Outcomes	Farmers understand financial record keeping.	
Sub topics	<ul style="list-style-type: none"> <li>• Forms /Types of records</li> <li>• Benefits of record keeping</li> </ul>	
Specific Objectives	By the end of the learning session, participants should be able to: <ul style="list-style-type: none"> <li>• Maintain financial records of their households</li> <li>• Calculate income and expenses</li> <li>• Use record to make informed financial decisions</li> </ul>	
Items Required	Flip chart, Picture Chart	

### Step 1:

#### Introducing the session

Welcome the group members to the sixth and last training session.

Recap what they learnt from the last sessions 1-5

Ask what changes have some members started to experience since then

Explains that today we shall focus on Investment and why we need to invest. Point out that this session takes further what was learned during IGA-SPM on investing in a profitable business. Emphasis here is put on diversifying investments.

### Step 2:

#### Understanding financial record keeping and its importance

Ask the farmers if they are keeping records and which records they know of. Let the participants share their experiences. Their answers may include: Budget, Income statement, Ledgers, Inventory, Balance sheet, Receipt and vouchers, Production records

Emphasize that regardless of all other records they are keeping, every member MUST have a Financial Diary – where s/he keeps all her/his financial transactions, daily.

#### Explain the reasons why it is important to keep records:

- Records help to track the financial (income and expense) performance
- Record help to determine how much the surplus/deficit a family has
- Record help to plan for the future
- You can use record when you want get a loan; having a record shortens the appraisal process
- Records help to identify the strength and weaknesses of your family
- Records help in decision making like investment
- Can be used as evidence

### Step 3:

#### Understanding financial diary

Ask the members, who is currently keeping his/her financial records? How is it kept? Where is kept? To what use is it put?



## Evaluation

Allow the participants to speak, now through the assessment of the training.

- What worked well?

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- What did not work well?

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- What module was understood well?

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- What module was least understood?

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- What should be done to improve future learning?

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