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Youth Livelihoods Financial Literacy

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Peace Corps
Office of Overseas Programming and Training Support
Information Collection and Exchange
1111 20th Street, NW, Sixth Floor
Washington, DC 20526

tel.: 202.692.2640
fax: 202.692.2641

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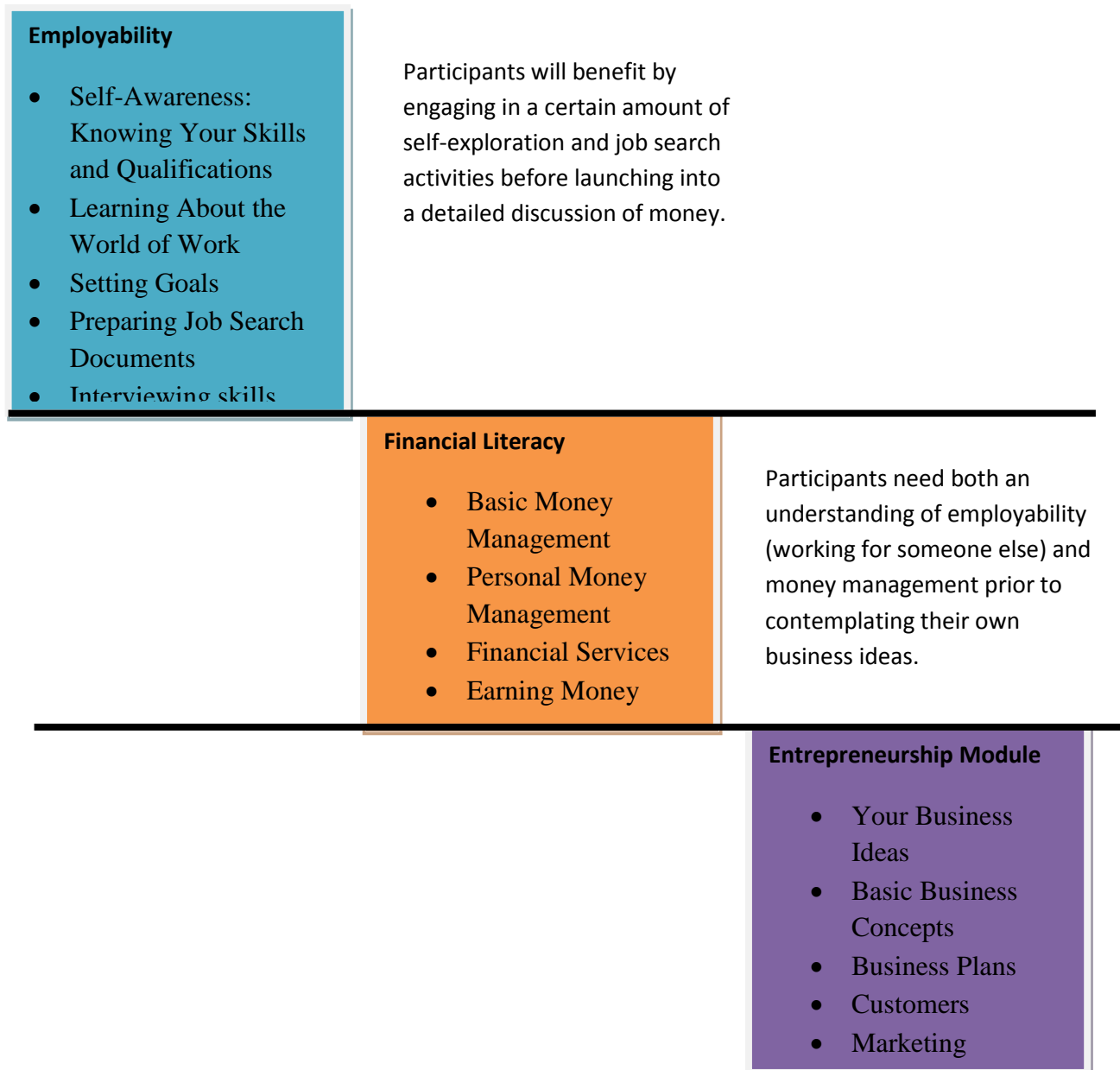
Youth Livelihoods: Financial Literacy

Introduction

Three related youth livelihood topics

There are three manuals in the Youth Livelihoods series: Employability, Financial Literacy, and Entrepreneurship. All three of these courses are designed to be delivered by Peace Corps Volunteers and their counterparts worldwide who are helping young people develop knowledge, skills, and aptitudes for improving their financial literacy, their employability, and their economic independence.

While all three of these can be delivered more or less as stand-alone courses, they also work together well in a series. The following diagram provides a suggested approach, should you choose to offer two or all three.



Using the Financial Literacy Manual

The following sections should help you determine if the youth with whom you work can benefit from the training sessions in this manual. All training sessions need to be reviewed for appropriateness and modified as necessary. There are notes within the sessions to help you do that.

Target Audience and Prerequisites

The audience for the course includes youth and young adults (between the ages of 16 and 30) who have little to no exposure to—or knowledge about—financial literacy. The course begins with the functions of money, shows what money can and can't do, and introduces budgeting and how to acquire funds if needed. All topics are directly related to each participant's individual experiences.

Other assumptions about the target audience include the following:

- *Literacy skills:* able to read and write in local language at least at the sixth-grade level.
- *Numeracy skills:* include a basic understanding of addition and subtraction. Participants should be experienced at handling money, and should be able to use a calculator to determine percentages and perform other basic mathematical functions.

Length of Training

There are 36 hours of classroom-based learning in this manual, including three optional review sessions and an optional three-hour summary game. This estimate does not include time needed for homework and field assignments. Depending on the audience, trainers may choose to moderate the pace by allowing extra time for each session. Homework may take 15–30 minutes and field assignments may take 2–3 hours each, depending on the location and the assignment. See the session overview on Page **iv** to view the full course.

Assessment methods are included in each session. Optional periodic review sessions (included within the course) help reinforce learning and allow for self-assessment and reflection. No formal testing or other evaluation method is used in this training.

Training Environment

The course is a highly interactive facilitator-led training. The recommended class size is from 12 to 18 participants, but the course can be used with fewer or more participants.

To make the training accessible worldwide, the assumption was made that typical classrooms have little to no access to technology. Thus, sessions are designed for settings where only a pen and paper are needed for each participant, along with a blackboard, flipchart, or whiteboard, and colored markers or chalk for the trainer.

For room setup, it is preferable for participants to have worktables to conduct their small-group discussions and other activities, although the sessions can be adapted to allow for situations where this is not possible. In general, there should be ample space to configure small groups and teams around the room as needed.



Instructional Techniques/Methodologies

This course uses a range of methodologies that align with the principles of the experiential learning approach. With an emphasis on interactivity among participants, the course incorporates the following techniques and methodologies:

- Stories and scenarios
- Small- and large-group discussion questions
- Activities, games, story-problems, and exercises
- Role-playing exercises
- Team projects and presentations
- Individual exercises and reflections

Trainer Prerequisites: This course assumes that trainers have some expertise in classroom management, creating effective learning environments, and facilitation skills. The following Peace Corps publications offer effective tools and advice for developing these skills:

- *Peace Corps Nonformal Education Manual*: ICE M0042
- *Peace Corps Classroom Management Idea Book*: ICE M0088

While Volunteers may not have specific experience teaching financial literacy, the concepts are fairly basic. It is impossible to foresee every contingency in the classroom, but the manual is designed to provide all the necessary materials to carry out the sessions.

Structure of the Sessions

Each session has the following:

- Cover sheet with title, rationale, trainer expertise, time, and any prerequisites
- List of trainer preparation, materials, equipment, handouts, and any trainer references
- Learning objectives of the session
- Instructional sequence written in detail within these divisions: motivation, information, practice, application, and assessment
- Any related materials
- All handouts

Language Considerations

Although participants are not expected to have English fluency, all materials are provided in English. It is up to the instructor to provide translation or to include an interpreter, if needed. An effort has been made to reduce the amount of text in the handouts. Even so, trainers may need to translate anything with text prior to making copies of handouts. Exercises use U.S. dollar monetary amounts. The instructor will help participants with conversion to the local currency. More information on translation and currency adaptations are included as trainer notes within the session.



Other Considerations

Course length: The course is designed to be delivered in the sequence provided, using all sessions unless they are indicated as optional. In some cases, trainers may not be able to deliver all the hours of instruction. After the overview of the full course, below, there are some suggested sequences for shortening the course.

Trainers have flexibility in configuring the course. It could be delivered as an intense full-week course or as one or more sessions per week over several weeks. Participants will benefit most from configurations that keep a certain momentum going, ensuring the course does not drag out too long.

Adaptation: As is so often the case in any Peace Corps experience, it is critical that trainers take some time to adapt sessions to reflect the local situation. Adaptations may reflect appropriate names, scenarios, choice of language or jargon, cultural expectations, gender considerations, monetary units, and so on. In addition, trainers may choose to emphasize certain topics or examples, and de-emphasize others. This need may arise as a way to accommodate varying literacy levels, participants from particular sectors, and gender sensitivities.

It is also important to adapt the materials to the developmental and cultural needs and priorities of the participants. If the facilitators have not already done so, it is recommended that they conduct some sort of participatory assessment method, such as using the PACA tools, with the participants prior to implementing the course. This will enable scenarios to be adapted to realities and the context of the young people with whom the facilitators are working. While each young person is unique, factors that may influence the relevance of the course may include gender, educational or school status, whether they are from an urban or rural context, parental expectations, whether they would be considered “highly vulnerable,” or cultural norms.

Financial Literacy Session Overview

Sessions	Learning objectives	Time
1. Introduction: Getting Ready!	By the end of this session, participants will have 1. Introduced themselves to the group. 2. Described in their own words the overall goal of the training. 3. Identified at least two rules of behavior to adopt during the sessions. 4. Identified at least one thing they would like to learn during the training.	1 hour
Unit 1: BASIC MONEY MANAGEMENT		
2. Functions of Money	By the end of this session, participants will have 1. Identified four functions of money. 2. Listed at least three ways money can be used in their lives. 3. Given at least two examples of situations that show the limits of money.	2 hours



3. Sources of Income	By the end of this session, participants will have 1. Distinguished between gross and net income, and monetary and non-monetary income. 2. Identified at least two sources of personal income. 3. Calculated their personal income using simple addition and subtraction.	1 hour, 30 minutes
4. Time Value of Money	By the end of this session, participants will have 1. Made money decisions related to time (when to receive or make a payment). 2. Analyzed consequences of making or receiving a payment on time or late.	2 hours
5. Spending: My Needs and My Wants!	By the end of this session, participants will have 1. Identified the difference between needs and wants. 2. Developed a list of prioritized expenses.	1 hour, 30 minutes
6. Assessment Game 1: Tell Me What You Know! (optional)	By the end of this session, participants will have 1. Answered questions related to basic money management. 2. Identified what they still need to learn regarding topics covered in the module.	1 hour
Unit 2: PERSONAL MONEY MANAGEMENT		
7. Setting Financial Goals	By the end of this session, participants will have 1. Developed small steps needed to realize a personal dream. 2. Identified the financial implications and costs of each step. 3. Organized these steps in terms of the short, medium, and long term.	1 hour, 45 minutes
8. Developing a Personal Budget	By the end of this session, participants will have 1. Listed at least two reasons for using a budget. 2. Created a personal weekly budget (with fixed or variable income).	2 hours, 30 minutes
9. Savings: Pay Yourself!	By the end of this session, participants will have 1. Listed at least two reasons to save. 2. Set savings goals. 3. Developed a savings plan.	2 hours
10. Wise Use of Loans—It is Not My Money!	By the end of this session, participants will have 1. Analyzed a situation to determine when a loan is needed. 2. Analyzed advantages and constraints associated with using a loan. 3. Developed a personal loan repayment plan. 4. Differentiated between loans and savings.	2 hours, 30 minutes
11. Record It! Keeping Financial Records	By the end of this session, participants will have 1. Listed at least two reasons for tracking and keeping financial records. 2. Identified at least two types of financial documents to keep. 3. Developed a practical system for tracking their income and expenses.	1 hour, 30 minutes



12. Things Happen! Dealing With Life Cycle Events	By the end of this session, participants will have 1. Identified at least three unexpected life events that might affect their financial situation. 2. Evaluated financial implications of these life events. 3. Developed ways to address financial aspects of unexpected life events.	1 hour, 15 minutes
13. Assessment 2: Tell Me What You Know! (Optional)	By the end of this session, participants will have 1. Answered correctly at least two questions related to personal money management. 2. Identified what they still need to learn regarding topics covered in the module.	1 hour
Unit 3: FINANCIAL SERVICES		
14. Let's Meet Financial Institutions!	By the end of this session, participants will have 1. Mapped out basic financial services, financial institutions, and associations that exist in their community. 2. Selected the types of financial institutions that are best suited to help them reach their financial goals.	2 hours, 30 minutes
15. Where to Save— My Bed or the Bank?	By the end of this session, participants will have 1. Compared savings options. 2. Given at least three reasons for choosing where to save.	1 hour, 45 minutes
16. Where to Borrow?	By the end of this session, participants will have 1. Compared and evaluated terms and conditions of loan options available.	2 hours
17. Financial Negotiations	By the end of this session, participants will have 1. Listed at least two situations where financial negotiations are needed. 2. Created a negotiation plan.	2 hours, 30 minutes
18. How to Use Money Effectively	By the end of this session, participants will have 1. Listed at least three practices of effective use of money. 2. Assessed the consequences of different ways of using money.	1 hour
19. Assessment 3: Tell Me What You Know! (optional)	By the end of this session, participants will have 1. Answered correctly at least two questions related to financial services. 2. Identified what they still need to learn regarding topics covered in the module.	1 hour
20. The Money Management Game	By the end of this session, participants will have 1. Assessed and determined effective ways of using money.	3 hours



Schedule Variations

Following are some training sequences based on the time available. It is worth mentioning that these scenarios are only suggestions. The decision to use any of these training scenarios or any combination of sessions of this module should result from an analysis of the training needs of participants, and an informed judgment concerning their existing competencies in money management (based on their profile and the context of the community).

Eight hours of training—over the course of a week

Sessions	Learning objectives	Time	Remarks
1. Introduction	By the end of this session, participants will have 1. Introduced themselves to the group. 2. Listed at least two rules of behavior to adopt during the sessions. 3. Listed at least one thing they would like to learn during the training.	15 minutes	Do only the following activities: Welcome, Learning objectives, Good behavior
5. Spending: My Needs and My Wants!	By the end of this session, participants will have 1. Identified the difference between needs and wants. 2. Developed a list of prioritized expenses.	1 hour, 30 minutes	
7. Setting Financial Goals	By the end of this session, participants will have 1. Developed small steps needed to realize a personal dream. 2. Identified the financial implications and costs of each step. 3. Organized these steps in terms of the short, medium, and long term.	1 hour, 45 minutes	
9. Savings: Pay Yourself!	By the end of this session, participants will have 1. Listed at least two reasons to save. 2. Set savings goals. 3. Developed a savings plan.	2 hours	Participants in this case will not commit to save. (Activity #B under Application)
10. Wise Use of Loans—It Is Not My Money!	By the end of this session, participants will have 1. Analyzed a situation to determine when a loan is needed. 2. Analyzed advantages and constraints associated with using loans. 3. Developed a personal loan repayment plan. 4. Differentiated between a loan and savings.	2 hours, 30 minutes	Note: Avoid discussing interest (Activity #8 under “Information”) in communities where only strict Islamic banking rules are used.
TOTAL HOURS		8 hours	



16 hours of training—over the course of one or two weeks

Session	Learning objectives	Time	Notes
1. Introduction: Getting Ready!	By the end of this session, participants will have 1. Introduced themselves to the group. 2. Listed at least two rules of behavior to adopt during the sessions. 3. Listed at least one thing they would like to learn during the training.	15 minutes	Participants will do only the following activities: Welcome, Learning objectives, Good behavior
3. Sources of Income	By the end of this session, participants will have 1. Distinguished between gross and net income, and monetary and non-monetary income. 2. Identified at least two sources of personal income. 3. Calculated their personal income using simple addition and subtraction.	1 hour, 30 minutes	
5. Spending: My Needs and My Wants!	By the end of this session, participants will have 1. Identified the difference between needs and wants. 2. Developed a list of prioritized expenses.	1 hour, 30 minutes	
7. Setting Financial Goals	By the end of this session, participants will have 1. Developed small steps needed to realize a personal dream. 2. Identified the financial implications and costs of each step. 3. Organized these steps in terms of the short, medium, and long term.	1 hour, 45 minutes	
8. Developing a Personal Budget	By the end of this session, participants will have 1. Listed at least two reasons for using a budget. 2. Created a personal weekly budget (with fixed or variable income).	2 hours, 30 minutes	
9. Savings: Pay Yourself!	By the end of this session, participants will have 1. Listed at least two reasons to save. 2. Set savings goals. 3. Developed a savings plan.	2 hours	Participants in this case will not commit to saving. (Activity #B under Application)
10. Wise Use of Loans—It Is Not My Money!	By the end of this session, participants will have 1. Analyzed a situation to determine when a loan is needed. 2. Analyzed advantages and constraints associated with using a loan. 3. Developed a personal loan repayment plan. 4. Differentiated between a loan and savings.	2 hours, 30 minutes	Note: Avoid discussing interest (Activity #8 under “Information) in communities where only strict Islamic banking rules are used.



Session	Learning objectives	Time	Notes
11. Record It! Keeping Financial Records	By the end of this session, participants will have 1. Listed at least two reasons for tracking and keeping financial records. 2. Identified at least two types of financial document to keep. 3. Developed a practical system for tracking their income and expenses.	1 hour, 30 minutes	
14. Let's Meet Financial Institutions!	By the end of this session, participants will have 1. Mapped out basic financial services, financial institutions, and associations that exist in their community. 2. Selected the types of financial institutions that are best suited to help them reach their financial goals.	2 hours, 30 minutes	The field visit should be replaced by one or two classroom visits by a bank officer or an officer of a microcredit institution, who will be interviewed by the participants.
	TOTAL HOURS	16 hours	

Less than a day

This is for a group of participants with basic understanding of personal money management concepts such as saving, loans, budgeting, and setting financial goals.

Session	Learning objectives	Time	Remarks
1. Introduction: Getting Ready!	By the end of this session, participants will have 1. Introduced themselves to the group. 2. Listed at least two rules of behavior to adopt during the sessions. 3. Listed at least one thing they would like to learn during the training.	15 minutes	Participants will do only the following activities: Welcome, Learning objectives Good behavior
Select one of the money management sessions: #7 Goals or #8 Budgeting	Depends on session chosen	2 – 2.5 hours	
20. The money Management Game	By the end of this session, participants will have 1. Decided and accessed effective ways of using money.	3 hours	
	TOTAL HOURS	5 -6 hours	



Reference to the other livelihood manuals

The overviews of the other two livelihood manuals are provided here for your reference. It may help you locate sessions that you would like to incorporate into a modification of the financial literacy course.

Employability Manual Session Overview

(This manual is in development as of July 2012. There may be changes in the sessions, objectives and times.)

Unit 1: Motivation Sessions: Imagining Your Life & Work		
1. Crossing the Bridge: An Introduction to Employability	By the end of this session, participants will be able to 1. List at least three types of jobs in the local community 2. Explain at least two training norms established by the group 3. Analyze what it means to be “employable” 4. List at least four skills needed to be employable Describe two personal goals for the training, as identified in a self-assessment	2 hours, 30 minutes
2. Imagining Your Ideal Future	By the end of this session, participants will be able to 1. Imagine an ideal future. 2. Create a personal “ideal future” board, using local materials. 3. Communicate a -three2-3-sentence-long personal “ideal future” statement to a group of peers.	2 hours
3. What do I Bring to the World of Work?	By the end of this session, participants will be able to 1. List at least five personal skills, talents and interests. 2. Explain the difference between observable facts and assumptions and state at least one example of each. 3. Communicate their skills/talents/interests in a short interview with a peer. 4. Practice basic interview skills.	2 hours
4. Keeping the Goal in Sight: Jobs Available in the Community	By the end of this session, participants will be able to 1. Describe at least three different types of paid or unpaid work. 2. Articulate at least two lessons learned from the guest speakers about working in the community. 3. Communicate their skills/talents/interests in a short discussion with a guest speaker.	2 hours, 20 minutes



5. Imagining Your Ideal Job	By the end of this session, participants will be able to 1. Articulate the importance of having a goal in mind when searching for a job. 2. Describe at least three features of their ideal job, using prompts from a guided visualization. 3. Compare their ideal jobs to the talents, skills, interests and strengths they have already identified.	1 hour, 40 minutes
6. Overcoming Challenges to our Goals	By the end of this session, participants will be able to 1. Explain the concepts of “helpful” and “opposing” forces as they relate to problem-solving and overcoming challenges. 2. Analyze job goals using “helpful” and “opposing” forces. 3. Develop strategies to overcome challenges to their goals. 4. Summarize a potential challenge to their goals and identify at least one strategy for addressing the challenge.	2 Hours
7. Planning for the Future	By the end of this session, participants will be able to 1. Internalize the value of developing a plan towards reaching a goal 2. Develop a “road map” as a planning tool for their job search 3. Develop strategies for overcoming challenges to their plan	2 hours
Unit 2: Information Sessions: Preparing for the World of Work		
8. Presenting Yourself: Appropriate Dress and Body Language	By the end of this session, participants will be able to 1. Practice positive body language for the work environment 2. Describe appropriate dress for a variety of occupations 3. Describe appropriate dress for the job they seek 4. Develop a plan for dressing and acting appropriately for the job they seek	2 hours
9. Presenting Yourself: Developing a Resume, Part 1	By the end of this session, participants will be able to 1. Define the term “resume” and its association to employability. 2. Describe the components of a resume using culturally-appropriate examples. 3. Draft a resume that includes basic information about their education, experience, skills and any other information typically included in their country.	2 hours



10. Presenting Yourself: Developing a Resume, Part 2	By the end of this session, participants will be able to 1. Use at least two action words in their resumes. 2. Develop a resume that positively showcases their skills and abilities, with no spelling or grammatical errors.	2 hours
12. Presenting Yourself: The Job Interview	By the end of this session, participants will be able to 1. Describe appropriate and inappropriate behavior for a job interview in the local context. 2. Present themselves well in a job interview role-play.	3 hours
Unit 3: Practice Sessions		
13. Let's Review	By the end of this session, participants will be able to 1. Measure their progress in written and oral form, based on insights they get from completing review activities. 2. List two personal learning goals for the remainder of the training.	2 hours
14. Let's Practice: Interviews in the Community	By the end of this session, participants will be able to 1. Demonstrate effective interviewing skills, including the presentation of a well-developed, error-free resume.	Up to 45 minutes in class, plus outside interview time

Unit 4: Application Sessions: Getting and Keeping a Job		
14. Job Shadowing	By the end of this session, participants will be able to 1. Explain the purpose of job shadowing. 2. Prepare at least four questions to ask while job shadowing. 3. Prepare a professional thank you note for job interviews and job shadowing.	2 hours in class, plus job shadowing time
15. Job Leads	By the end of this session, participants will be able to 1. Describe three avenues for finding job leads. 2. Identify at least two people in their own network who may have information about job leads. 3. Identify at least one job vacancy that they would like to apply for. 4. Plan the steps they will take to apply for that job.	2 hours
16. Applying for a Job	By the end of this session, participants will be able to 1. Complete a written job application with no spelling or grammatical errors. 2. Explain the purpose of a cover letter. 3. Write a cover letter for the job they are interested in.	2 hours



17. Communicating Well at Work	By the end of this session, participants will be able to 1. Express the importance of listening effectively at work. 2. Employ an active listening model.	2 hours
18. Managing Priorities at Work	By the end of this session, participants will be able to 1. Utilize an “A-B-C” model for setting priorities on the job. 2. Determine when to ask one’s supervisor for guidance in setting priorities and managing time.	2 hours
19. Addressing Common Challenges at Work	By the end of this session, participants will be able to 1. Anticipate common workplace challenges. 2. Develop strategies to address common workplace challenges.	2 hours
20. Crossing the Bridge: Course Wrap-Up	By the end of this session, participants will be able to 1. Review key learnings from the course. 2. Assess their progress since starting the course.	2 hours

Overview of the Entrepreneurship Course

(This course has not been finalized. This section will be added when available.)



Session #1: Introduction: Getting Ready

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants introduce themselves and discuss their experience in managing money.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Trainer Expertise:	Peace Corps Volunteers and local counterparts who have been trained in the Financial Literacy module of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> and have basic knowledge of financial operations.
Time:	60 minutes
Prerequisites:	None
Version:	July 2012



Session #1: Introduction: Getting Ready		
Date: [Pick the date]	Time: 60 minutes	Trainer(s):
<p>Trainer preparation:</p> <ol style="list-style-type: none"> 1. Prepare small pieces of paper if sticky notes are not available. 2. A paper ball made of used sheets of paper and tape. Participants will pass the ball around. 3. Modify the outline of the course in Flipchart 2 to match your course. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper and markers 2. Paper ball (folded pieces of paper held together by tape) 3. Sticky notes or small pieces of paper (if sticky notes are not available) 4. Tape or glue 5. Small notebooks for participants • Prepared Flipcharts <p>Flipchart #1: Things I Would Like to Learn About Money Management</p> <p>Flipchart #2: Course Outline</p> <p>Flipchart #3: What I Have Learned Today</p> • Trainer Materials <p>Trainer Material #1: Sample flipcharts</p> 		
<p>Competency: Participants describe in their own words the goals of the training and identify their learning objectives</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Introduce themselves to the group. 2. Describe in their own words the overall goals of the training. 3. List at least two rules of behavior to adopt during the sessions. 4. List at least one thing they would like to learn during the training. 		

Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p>	<p>Welcome</p> <p>Participants are welcomed to the learning setting and are briefly told the overall goal of the training</p> <p>Note:</p> <p>This course may take place in various venues, such as in a classroom or other meeting area, outside under a tree, or wherever available.</p>



Phase/Time/ Materials	Instructional Sequence
<p>Paper ball</p>	<ol style="list-style-type: none"> 1. Say: <i>"Welcome to you all. During the next hours or days we will talk about money, develop new skills and ways to manage our money, and also go out to find and learn about institutions that offer financial services."</i> 2. <i>"But before we begin the session, let's get to know who is who in the class."</i> <ol style="list-style-type: none"> a. (Facilitator) Introduce yourself by giving your name and where you are from (country, state, and city and where you currently live in the local community). b. Ask participants to introduce themselves briefly by mentioning only: <ul style="list-style-type: none"> • Their names and what they want to be called during the training. • Where they come from (village, town, or neighborhood). c. Say: <i>"Just like I introduced myself, it's time for you to introduce yourself. Please say your name, what you want to be called, and where you are from."</i> d. <i>"Who wants to start?"</i> e. When the first volunteer has spoken, give the person a paper ball and ask him or her to throw the ball to the next person to speak. <p>Note: Ask them to provide only their names and where they are from. You want to avoid, at this stage, any information that could create power hierarchy in the room, such as level of education, profession, or type of job. They will have plenty of time to explore that during the training.</p> 3. After all participants have introduced themselves, thank them: <i>"Thank you. Now, let's learn more about ourselves and the training."</i>
<p>Information</p> <p>30 minutes</p> <p>Small pieces of paper</p> <p>Flipchart #3: "What Have I Learned Today?"</p>	<p>A. Self-portrait Participants learn new information about each other. Participants describe themselves in relation to money: how they earn and use money.</p> <ol style="list-style-type: none"> 1. Ask each participant to describe in a drawing how he or she earns and uses money. <ol style="list-style-type: none"> a. <i>"Take five minutes to think about how you earn and use your money. Then draw a picture or write down the name of an animal or anything that best describes your situation."</i> b. <i>"We'll collect and post them on the wall."</i> <p>Note: Some of the facilitation techniques may be new to participants. It is suggested that you model some exercises during this first session. Draw an example or two, such as a stick figure walking from a sales stall to an ice cream store or cafe; a rabbit wearing a hat and carrying a basket of carrots to a food store. Be creative!</p>



Phase/Time/ Materials	Instructional Sequence
<p>Sticky notes or small pieces of paper</p> <p>Glue or tape</p> <p>Flipcharts:</p> <p>#1: "Things I Would Like to Learn About Managing Money;"</p> <p>#2: "Course Outline;"</p> <p>#3: "What I Learned Today"</p>	<ol style="list-style-type: none"> 2. Walk around to monitor participants' progress. 3. When all have finished, ask them to find a partner and discuss their drawings. Then ask them to introduce whom they talked with. <u>Note:</u> If the number of participants is an odd number, the facilitator should join a group to make the group number even. 4. After all groups finish discussing their drawings, ask a volunteer pair to start their presentation. Say: <i>"Let's have one pair begin. Each person briefly summarizes what the other has said. The good thing about being the first group to present is that you will get to pick the next group."</i> <u>Note:</u> The presentation can take longer despite the instruction to be brief. You may want to limit the presentations to one or two pairs, depending on the number of participants. 5. After the presentations, collect participants' drawings and descriptions and say: <i>"OK. You know how people described themselves when it comes to earning and using money. Now we will learn what we want to get from this training."</i> <p>B. Learning goals and course outline</p> <p>Participants identify things they want to learn from the training, review the course outline, and determine some of the course guidelines.</p> <ol style="list-style-type: none"> 1. Say: <i>"Take five minutes to write down questions you would like answered or ideas you would like to know about managing money. Please write one question or point per sticky note or piece of paper."</i> 2. <i>"When you are finished writing down your points, go and paste them on the flipchart 'Things I would like to learn about managing money.'"</i> <u>Note:</u> <ol style="list-style-type: none"> 1) Some participants may be intimidated to write and paste their sticky notes on the flipchart (because of a low level of literacy). So after participants are done pasting their sticky notes, facilitator says: <i>"Those who did not have the time to write down their ideas, could you tell me your questions or ideas and I will write them on the flipchart?"</i> 2) LO #4 is assessed through this activity 3. Ask a volunteer to help you read aloud some of the questions on the flipchart. 4. Reveal flipchart #2 with the course outline. Review the topics that will be covered and show where some of their ideas of what they want to learn fit on the chart.



Phase/Time/ Materials	Instructional Sequence										
Paper ball	5. Say: “I will reorganize these ideas on the flipchart after the session. We will keep the flipchart with your ideas here. During the training, at the end of each session, you will put a check next to the questions you think have been answered.” Note: After the session, reproduce the content of the flipchart “Things I would like to learn about managing money” on another flipchart in the table below, and bring it to every session.										
	<table><tr><th>Things I would like to learn</th><th>I understand now</th><th>I still don’t understand</th><th>I know how to use it</th><th>I will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn	I understand now	I still don’t understand	I know how to use it	I will start using it					
	Things I would like to learn	I understand now	I still don’t understand	I know how to use it	I will start using it						
	Note: 1) Group them, if possible, under sessions of the curriculum where they belong (see learning objectives). Remember to introduce this table to participants during the first session. 2) This flipchart will help you assess the learning level of participants as the training progresses.										
	C. Tracking your learning progress: Learning log Participants find ways to track and record what they are learning.										
	1. Ask participants: “What would help you remember what you have learned during this training?”										
	2. Write down ideas as they speak.										
	3. Then summarize, using the flipchart “What I learned today”: “One way to remember what you have learned is to record it. Take notes. Every day, at the end or during each session, write down the points you have learned. You can reproduce this flipchart in your bedroom, a place in your house, or in your notebook, and after the training you can write down what you have learned.”										
	D. Good behavior to make this training a success Participants agree on basic principles that will guide behavior during the training.										
1. Say: “I want each of you to think of two guidelines that the group will have to respect and adhere to make this training a success.”											



Phase/Time/ Materials	Instructional Sequence
	<p>2. Ask a volunteer to start and he or she will pass the paper ball to the next person.</p> <p>Note:</p> <ol style="list-style-type: none"> 1) If participants are reluctant, you could give an example: “Everyone will keep his or her cellphone off or put it on silent mode during sessions.” 2) Write down the guidelines as they speak. From time to time, ask participants to clarify what they mean by the guideline they suggest. <p>3. After all participants have spoken, read the guidelines and ask if everyone agrees. Say: <i>“Congratulations, we now have our guidelines for good behavior for a successful training.”</i></p>
<p>Practice</p> <p>10 minutes</p>	<p>The learning log Participants write down what they have done and learned today.</p> <ol style="list-style-type: none"> 1. Ask participants to reflect and fill in the table “What I learned today” by answering the following questions: <ol style="list-style-type: none"> a. What is this training about? b. What other things have I learned today? c. What do I want to learn from this training? 2. Walk among participants to monitor their progress. <p>Note: This activity also serves as an assessment of learning for LO #2, 3, and 4.</p>
<p>Application</p> <p>10 minutes</p>	<p>This training and my life Participants consider how their learning will be used in their personal life.</p> <ol style="list-style-type: none"> 1. Say: <i>“You have ideas about what you want to learn during this training and topics we will cover. How do you think this course might change your life? Write down at least two examples of things that could change.”</i> 2. Ask one or two volunteers to share their answers.
<p>Assessment</p>	<p>Activities in the “Practice” section will help assess learning objectives #2, #3, and #4.</p>



Phase/Time/ Materials	Instructional Sequence
Trainer Notes for Future Improvement	Date and Trainer Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Trainer Material #1: Sample Flipcharts

Flipchart #1

Things I Would Like to Learn About Managing Money

Flipchart #2

Course Outline

Unit 1: Basic Money Management

Functions of Money

- Sources of Income

- Time Value of Money

- Spending: My Needs and My Wants!

- Assessment Game 1 (Optional)

Unit 2: Personal Money Management

- Setting Financial Goals

- Developing a Personal Budget

- Savings: Pay Yourself!

- Wise Use of Loans—It Is Not My Money!

- Record It! Keeping Financial Records

- Things Happen! Dealing With Life Cycle Events

- Assessment Game 2 (Optional)

Unit 3: Financial Services

- Let's Meet Financial institutions!

- Where to Save—My Bed or the Bank?

- Where to Borrow?

- Financial Negotiations

- How to Use Money Effectively

- Assessment Game 3 (Optional)

- The Money Management Game

Flipchart #3

What I Learned Today



Unit 1: Basic Money Management

This unit contains the following sessions:

Session #2: Let's Talk About Money! Functions of Money

Session #3: Sources of Income

Session #4: Time Value of Money: Time Is Money!

Session #5: Spending: What Do I Need? What Do I Want?

Session #6: Assessment Game 1 (Optional)



Session #2: Let's Talk about Money!

Functions of Money

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session provides participants with knowledge about the functions of money in the economy and challenges them to examine the limits of money in their lives. Participants will recognize the importance of money, and at the same time realize that money cannot do or buy everything.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of functions of money and limitation of money in one's life.
Time:	120 minutes
Prerequisites:	None
Version	July 2012



Session #2: Let's Talk about Money! Functions of Money		
Date: [Pick the date]	Time: 120 minutes	Trainers(s):
<p>Trainer preparation:</p> <ol style="list-style-type: none"> 1. Read Handout #1: A Story of Friendship: Naomi and Mani; and Handout #2: The Story of Friendship: Birthday. Adapt the names of the main characters to reflect local names. 2. Identify participants who will volunteer to role-play and discuss Handout #2 with them. 3. If there is no access to a photocopier, be prepared to read the story aloud. 4. Gather examples of laws in the country that prohibit youth of a certain age from buying certain things. For example, in some countries a person under 18 may not buy cigarettes even if he or she has the money. 5. Gather local currency, including bank notes and coins. 6. Post the flipchart from the "Introduction: Getting Ready" session on what participants would like to learn 7. Prepare to tell a short story about the history of money in the post country or region (What did their ancestors use? Beads, shells, salt, etc.?) <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper (or a chalkboard) 2. Markers (or chalk) 3. A portrait and package (for role-playing) • Prepared Flipcharts <ul style="list-style-type: none"> Flipchart #1: What You Can Do with Money Flipchart #2: The Four Functions of Money Flipchart #3: The Four Functions of Money and Me Flipchart #4: Questions About the Story of Naomi and Mani Flipchart #5: What I Would Like to Learn • Handouts <ul style="list-style-type: none"> Handout #1: A Story of Friendship: Naomi and Mani Handout #2: A Story of Friendship: Birthday • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Sample flipcharts 		
<p>Competency: Participants identify functions of money and its limits.</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Identify four functions of money. 2. List at least three ways money can be used in their lives. 3. Give at least two examples of situations that show the limits of money. 		



Phase/Time/ Materials	Instructional Sequence				
Motivation 15 minutes Flipchart #1: “What You Can Do With Money” Markers	<p>Ideas About Money</p> <p>Participants will share their own ideas about money. They will then identify the functions of money and how money is used in their lives.</p> <ol style="list-style-type: none"> 1. Say: <i>“All of us use money for different kinds of things. Today in this session, we will answer the following questions:”</i> <ul style="list-style-type: none"> • <i>What is money?</i> • <i>What can money help you do?</i> • <i>What are the things you can’t obtain with money or give with money?</i> <p><i>“We will use the story of two imaginary friends, Naomi and Mani, and your own experience to answer these questions.”</i></p> 2. Ask: <i>“Can someone explain how people were doing business or paying for things in this country or region before paper money as we know it today was invented?”</i> 3. After listening to answers, confirm any correct answers and read or tell a short story of the history of money in the country or region. 4. Ask: <i>“What are examples of things that money as we know it (bank notes and coins) today allows people to do?”</i> Record the answers on a flipchart paper or a chalkboard. 5. Display Flipchart #1. <table border="1" data-bbox="561 1278 1352 1461"> <tr> <th>Things you can buy and services you can obtain</th><th>Other things money allows people to do</th></tr> <tr> <td></td><td></td></tr> </table> <p>Work with the participants to classify each answer provided in Step 4 in the appropriate column.</p> <p>Note: If participants do not provide examples to fill in all the columns, you can provide additional examples. Expected answers under “Other things money allows people to do”: Pay salaries; repay debt; help to know the value or cost of things (goods and services) in order to save for future expenses, etc.</p>	Things you can buy and services you can obtain	Other things money allows people to do		
Things you can buy and services you can obtain	Other things money allows people to do				



Phase/Time/ Materials	Instructional Sequence
<p>Information</p> <p>25 minutes</p> <p>Flipchart #2: “The Four Functions of Money”</p>	<p>Definition and Functions of Money Define money by introducing the functions of money.</p> <ol style="list-style-type: none"> 1. Show flipchart #2 and explain: <i>“Money is often defined in terms of its four functions or what it allows people to do. The four functions are:</i> <ol style="list-style-type: none"> a. Means of exchange: To pay for things b. Unit of value: To fix price and determine cost of things c. Store value: To keep the value of things over time d. Means for future payment: Allows for the paying of things in the future, such as salary or loans.” <p>Note: The facilitator can skip technical terms (Means of Exchange, Unit of Value, Store of Value, and Future Payment) and use letters (a, b, c, d) and examples of functions of money. The decision will be based on the level of education of the group, which may vary by country or regions of the country.</p> 2. Using the notes below, explain and work with each of the four functions. The four functions of money : Means of exchange—Money makes the exchange of goods and services possible. It is something that is accepted by people in exchange for goods and services. Money allows you to buy and acquire things that you don’t have. For example, if a man has tomatoes and wants to buy flour, he does not need to find a person who has flour and needs tomatoes; he can sell the tomatoes in the market and, with the money from the sale, he can buy flour. Unit of value—It is the unit used to express the values of goods and services. We will look at an example. 3. Ask: <i>“What is the price of the cheapest cellphone in town?”</i> <ol style="list-style-type: none"> a. Pick one price given by participants and then ask each participant to imagine the price of that cellphone in “cow value” (which means how many cows someone would have to trade for a cellphone). Participants should not share answers with one another; it is an individual exercise. b. Ask participants to read their answers. Note: Using a cow is not necessary. Use whatever animal is relevant in the local culture. It can be offensive to use the example of cows in a culture where a cow is sacred. This is a light moment in the session. It can generate some laughs, but the point is for participants to realize the difficulty of pricing when using elements other than money. c. Note the differences of “price” and the difficulty of determining a price. Say: <i>“The value of each of the goods or services is expressed as a price, that is, the number of monetary units needed for the goods or services to be exchanged.</i>



Phase/Time/ Materials	Instructional Sequence
	<p><i>“For example, if there were no money, it would be difficult to give the value of a cellphone in cow, as you have just realized. Imagine a cellphone costing one leg of a cow (what will you do with the rest of the cow if no one is willing to exchange it for something else?) or imagine a car costing a million tomatoes. For that, all tomatoes will need to have the same shape and weight and remain fresh for a long time. Also, all parts (rubber for the tires, leather for the chairs, etc.) of the car would also be priced in tomatoes.”</i></p> <p>Store of value—Money serves to store the value of goods and services. Instead of keeping your tomatoes or cows, you can convert them and keep the money value instead. (Since money is a unit of value, the holder of money can use his or her currency to spend later in exchange for goods and services). Some goods cannot be stored for a long time because they are spoilable, such as tomatoes, chocolates, and some animals. Other goods might store value (e.g., buildings, land), but they may incur some storage cost and may not be turned into money without losing some value.</p> <p>As a store of value, money can be saved in the bank, can be carried around, or even be sent via cellphone, for example.</p> <p>Means for future payment—Money can be used for future payments. For example, you can work now and accept being paid with money after a month. Or you can borrow some amount of money today and pay it back later.</p> <p>4. After the presentation, organize participants in groups of four and ask each group to identify one example of what each function of money enables us to do.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1) Suggest the following: “Money as [Function] allows for/to...” 2) Participants can write on the flipchart, on the floor, or the blackboard. Allow each group to take turns recording their answers. 3) To organize participants in groups, ask them to count 1, 2, 3, 4, and participants with the same number are put in groups of four or three, depending on the number of participants. 3) LO1 is assessed through Activity #3 <p>B. Limits of Money: What Money Can’t Do</p> <p>Discuss the limits of money.</p> <ol style="list-style-type: none"> 1. Say, <i>“We have just seen that money has four functions; however, there are some things money can’t buy or do. These are things that do not have monetary value. For example:</i> <ol style="list-style-type: none"> a. <i>Money cannot buy feelings: love, people, trust, etc.</i>



Phase/Time/ Materials	Instructional Sequence
	<p><i>b. Money cannot buy rights: the right to vote, etc.</i></p> <p><i>c. Use of money can be restricted by law: In some countries, you may not buy cigarettes if you are under 18.”</i></p> <p>Post adaptation: Use examples of local laws that limit certain commercial transactions based on age or other factors.</p> <p>2. Ask some volunteers to give examples of goods or services or other things you can’t exchange or do with money.</p> <p>Note: After this exercise, you may decide to give a 10-minute break.</p>
<p>Practice</p> <p>45 Minutes</p> <p>Handout #2: “A Story of Friendship: Birthday”</p> <p>Handout #1: “A Story of Friendship: Naomi and Mani”</p> <p>Flipchart #4: “Questions about the Story of Naomi and Mani”</p>	<p>Identify Functions of Money in a Given Situation</p> <p>1. Say: “Two of your friends will act out a story about the friendship between Naomi and Mani. After the role-play, I will ask you some questions about the uses of money in the story.”</p> <p>Post adaptation: If the facilitator cannot find volunteers for the role-play, he or she can read the story. In this case, you might provide each participant with a copy of Handout #2 and invite participants to read it. (Providing copies of the handout is dependent on access to a photocopier. If none is available, consider reading the story aloud.)</p> <p>If the level of literacy is relatively high, the facilitator can opt for Handout #1—the story is richer in terms of examples. In this case, he or she may read the story or participants may read the story.</p> <p>2. After the role-play, ask participants to thank the actors. Then organize participants into new groups of four and invite each group to answer the following questions (Flipchart #4):</p> <ol style="list-style-type: none"> Identify how money is used in the story. Think about the functions of money. List some reasons tomatoes or chocolates cannot be used as money. Give examples from the story of things that cannot be exchanged for money. <p>3. Groups report their answers, each group building on others’ reports (no repeats).</p> <p>Notes:</p> <ol style="list-style-type: none"> Expected answers: <ol style="list-style-type: none"> Naomi has been saving money to buy a set of paintbrushes. They can’t store value because you can’t keep them for long or carry them around easily. It is difficult to use them to fix the prices of different things. Friendship, Mani’s painting talents, Naomi’s kindness, etc. LO # is assessed through this activity



Phase/Time/ Materials	Instructional Sequence					
	<p>Post adaptation: If flipcharts are available, each group of four can write their answer on a flipchart. If flipcharts are not available, each group can make an oral presentation.</p>					
<p>Application</p> <p>30 minutes</p> <p>Flipchart #3: “The Functions of Money and Me”</p>	<p>Money and My Life Participants reflect on the functions of money in their own lives.</p> <p>1. Post Flipchart #3 and ask each participant to reflect on and complete the statements using examples in his or her own life.</p> <p>Money as a <u>means of exchange</u> allows me to...</p> <p>Money as a <u>way to fix prices and determine cost of things</u> allows me to...</p> <p>Money as a <u>means to store value</u> allows me to...</p> <p>Money as a <u>means of future payment</u> allows me to...</p> <p>But for me, money cannot...[two examples]</p> <p>Notes:</p> <p>1) Trainer should walk around and assist participants as necessary.</p> <p>2) Expected answers:</p> <ul style="list-style-type: none">• Money as a <u>means of exchange</u> allows me to buy a new cellphone.• Money as a <u>way to fix prices and determine the cost of things</u> allows me to know in advance the price of my next pair of trousers.• Money as a means to <u>store value</u> allows me to save for future expenses.• Money as a <u>means of future payment</u> allows me to repay a loan I took out last month. <p>3) LO #2 and LO #3 are assessed through this activity</p> <p>4) The facilitator may need to give examples to the group prior to filling it out themselves.</p> <p>2. Ask a few volunteers to share their answers with the group.</p> <p>3. Say to the whole group: <i>“We are almost at the end of this session about money. Who can share the new ideas they have learned about money?”</i></p> <p>4. After listening to participants’ contributions, thank everyone.</p>					
<p>Assessment</p> <p>5 minutes</p> <p>Flipchart #5: What I would like to learn</p>	<p>Assessing your learning Participants demonstrate what they have learned from the session.</p> <p>Remind participants as they leave the room to put a check in the relevant box on “Flipchart #5: What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><td>Things I would like to learn (This column</td><td>I understand now</td><td>I still don’t understand</td><td>I know how to use it</td><td>I will start using it</td></tr></table>	Things I would like to learn (This column	I understand now	I still don’t understand	I know how to use it	I will start using it
Things I would like to learn (This column	I understand now	I still don’t understand	I know how to use it	I will start using it		



Phase/Time/ Materials	Instructional Sequence					
	contains the list of things participants said they wanted to learn)					
Facilitator Notes for Future Improvement	<p>The following activities also serve as assessment of learning objectives:</p> <p>Activity #3 under section “Information”—Learning Objective #1 Activity #2 under section “Practice”—Learning Objective #3 Activity #1 under section “Application”—Learning Objectives #2 and #3.</p>					
	<p>Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]</p>					

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Trainer Material #1: Flipcharts

Flipchart #1: What You Can Do With Money

Things you can buy and services you can obtain	Other things money allows people to do (borrow, save, invest)

Flipchart #2: The Four Functions of Money

- 1) Means of exchange—To pay for and buy things
- 2) Unit of value—To fix price and determine cost of things
- 3) Store of value—To keep the value of things over time
- 4) Means of future payment—For future payment, such as salary, repayment of loans, etc.

Flipchart #3: The Functions of Money and Me

- Money as a means of exchange allows me to....
- Money as a way to fix price and determine cost of things allows me to...
- Money as a means to store value allows me to...
- Money as a means of future payment allows me to...
- But for me, money cannot... [two examples]

Flipchart #4:

Questions About the Story of Naomi and Mani

- a. Identify how money is used in the story.
- b. Think about the functions of money. List some reasons tomatoes or chocolates cannot be used as money.
- c. Give examples from the story of things that cannot be exchanged for money.



Handout #1: A Story of Friendship: Naomi and Mani

Naomi and Mani are cousins and best friends. They share the same birthday and live in a small town called Friendshipville. Their mothers are sisters and very close to each other, and their fathers are great friends.

Naomi

Naomi goes to high school and will graduate next year. She has a younger brother. Although her parents are not rich, they provide the best for Naomi and her brother. Both of her parents work at a big supermarket. Her father is an accountant and her mother works in the sales department. Both parents work hard and receive a decent salary at the end of each month. Among other things, they are able to pay back their car loan and monthly rent for the family house.

Naomi is a very smart girl who dreams of becoming an accountant for a big company. Thanks to her parents, she attends one of the best schools in town; she also receives a weekly allowance to take care of her personal needs. Naomi sometimes wants things that she knows her parents will not give to her, such as extra clothes, makeup, jewellery, gifts for friends, additional books, computer gadgets, and so on.

To earn some money, Naomi works at the local market during school holidays and some weekends. She helps vendors sell their products and sometimes helps them clean their shops. Most people love and admire her in the market. People trust her, because she is honest, respectful, smart, and always willing to help. Her parents receive compliments from their friends about Naomi and they are proud of her. Naomi also saves a small amount of money every week to buy some things she cannot currently afford or things she may need in the future.

Mani

Mani lives with his parents. He is a young and handsome boy. Mani dropped out of school after graduating from primary level. He did not continue his education because his parents could not afford his school fees. He has four siblings. His parents farm a small piece of land where they grow tomatoes and lettuce to sell in the local market. Despite the fact that they don't have much money, they are devoted parents and work hard to make their children happy.

Fortunately, Mani is a gifted young man; he paints and sculpts well. When he was 6 years old, he was already drawing comics for friends who liked them very much. All his friends admire him for his drawing skills.



Mani makes paintings and sculptures that he sells every week in the nearest town. He sometimes sells some paintings for as much as 50 U.S. dollars, while at times his products go for 10 U.S. dollars or less. He makes some money to satisfy some of his needs (e.g., clothing, medicine, paintbrushes) and to help his parents take care of his brothers and sisters. They are thankful that they have such a gifted and generous child.

Mani dreams of owning an art shop where he can paint and design sculptures to sell. The art shop he hopes to open will employ many people.



Handout #2: A Story of Friendship: The Birthday

Today is Naomi's and Mani's birthday. Like every year, the two cousins who are best friends will meet to celebrate and share gifts. They both enjoy this moment.

Mani: Happy birthday, Naomi! You look beautiful, my cousin.

Naomi: Happy birthday to you, too. I am so happy to see you again. That smile tells me that you are preparing a surprise.

Mani: Yes, indeed! Here, take this and open it.

Mani gives Naomi a nicely decorated package. Naomi opens it.

Naomi: My gosh! This is so cool. I can't believe you have done this. Thank you. Thank you!

Naomi realizes that Mani has painted a beautiful portrait of her and put it in a lovely frame he bought at the local market. She is so excited. With a smile, she says:

Naomi: My turn.

She pulls a large package from her bag and gives it to Mani with a smile. Mani excitedly opens the package. To his surprise, he has just received from his cousin a magnificent set of paintbrushes.

Mani: How did you know? I have been saving money for the past few months to buy one of these sets. At one point, I even thought of borrowing money to buy these. Thank you so much. You are such a kind person.

Naomi: I am happy you like them. I thought of buying you chocolates, but I knew that this would come in handy. I still can't believe you are able to draw me. You have a true gift. I wish I could be as talented as you.

Mani: Come on! I can't give you my talent, even if I wanted; but you can get as many paintings from me as you want.

Naomi: Thank you. I truly admire your talent, though.

Mani: I also wish I could be as respected and loved as you are by all these people in the market. People trust you so easily. You have such a good personality.

Naomi: Thank you. There's a quality in each of us that cannot be given away to others no matter what. It is the friendship between us that is special, and nothing can take that special bond from us. I am happy to be your cousin and friend.

Mani: You are so smart. I am happy too.

On that note, they hug and walk toward the park where their friends have organized a small birthday party for them. It was a beautiful sunny day.



Session #3: Sources of Income

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session enables participants to identify different sources and types of income and be aware of some deductions and taxes that may apply to different types of income.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of different types of income locally and the types of taxes and other payments that are deducted from wages.
Time:	90 minutes
Prerequisites:	None
Version:	July 2012



Session #3: Sources of Income		
Date: [Pick the date]	Time: 90 minutes	Trainers(s):
<p>Trainer preparation:</p> <ol style="list-style-type: none"> 1. Review and familiarize yourself with basic deductions or taxes paid by self-employed or wage workers in the communities or region participants are coming from. Adjust the session plan to fit the situation in your country. 2. Review the sample paycheck (Flipchart #1). Modify it as needed, including simplifying, if necessary. 3. The discussion of gross and net income could also be presented as a simple story with the large group answering questions that would help illustrate the point and definitions of terms. You would need to create an appropriate story for your environment. 4. Prepare flipcharts. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Three prepared flipcharts 2. Markers or chalk • Prepared Flipcharts <ul style="list-style-type: none"> Flipchart #1: Paycheck Flipchart #2: What Is Personal Income? Flipchart #3: Definition of Income Flipchart #4: What I Would Like to Learn (from Session #1) • Handouts <ul style="list-style-type: none"> Handout #1: Paycheck template Handout #2: Naomi and Mani personal incomes • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Sample flipcharts 		
<p>Competency: Participants identify sources of their personal income and calculate the amount.</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Differentiate between gross and net income, and monetary and non-monetary income. 2. Identify at least two sources of personal income. 3. Calculate participants' personal income through basic mathematical formulas of addition and subtraction. 		



Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>20 minutes</p>	<p>A. Introduction to Sources and Types of Personal Income</p> <p>Participants will reflect on the nature (monetary and non-monetary) of their incomes.</p> <ol style="list-style-type: none"> 1. Say: <i>“During our last session about functions of money, we saw that money as a means of exchange allows us to buy products and pay for some services. Money also allows us to save and borrow to acquire things we could not afford at the moment.</i> <p><i>“During this session we will define the notion of income and identify where the money we use for buying and paying for different items comes from.”</i></p> <ol style="list-style-type: none"> 2. Say: <i>“Most of us need money to buy things and pay for services or to save for future expenses or activities. I will ask you the following question, and please share your answers with the class. I will write as you speak:</i> <p><i>“Where does the money people use for their expenses come from?”</i></p> <p>Note: Most people will give work-related sources. You should probe them to come up with non-work-related answers such as: rent (for landlords), scholarships, and dividends from investment, interest from savings, pensions, allowances, and so on. You can say, <i>“Think of people who don’t work, like some grandparents or some teenagers. Where does their money come from?”</i></p> <ol style="list-style-type: none"> 3. Review the flipchart and say: <i>“We have seen that there are many sources of income for our expenses. Now, let’s think of things that help us cover our expenses without disbursing money.”</i> 4. Instruct participants to form groups of four and ask them the following: <p><i>“Write down things that can help people cover some of their expenses without paying with money. Examples are bus passes or free store coupons for some items. What else can you think of?”</i></p> <p>Note: To organize participants in groups, ask them to count 1, 2, 3, 4. Participants with the same number are put into groups of four or three depending on the number of participants.</p> <ol style="list-style-type: none"> 5. Ask each group to share their examples and you write them on the flipchart as they speak. 6. Say: <i>“We see that, in addition to money, there are also some non-monetary items, such as bus passes, coupons for free meals in the restaurant at school</i>



Phase/Time/ Materials	Instructional Sequence
	<i>or workplace, which can help people cover some expenses."</i>
<p>Information</p> <p>30 minutes</p> <p>Handout #1: "Paycheck"</p> <p>Flipchart #2: "Definition of Personal Income"</p> <p>Flipchart #1: Reproduction of a Local Paycheck</p>	<p>A. Definition of income Defining forms of income, in terms of monetary and non-monetary items.</p> <ol style="list-style-type: none"> 1. Say: <i>"We just heard that people get money through different sources to cover their expenses and save for future expenses or invest. We also heard from the groups that, in addition to using money, people can receive things or access some services that help them cover their expenses. The information we just heard prepares us to define the notion of income."</i> 2. Ask the following question: <i>"When you hear the word 'income,' what comes to your mind?"</i> 3. After listening, summarize: <i>"We know that people receive money and non-monetary items to cover their expenses and in some cases to save or start a small business. So we can define income as an amount of money and/or non-monetary items (products or services) earned by a person as a result of any type of activity."</i> Show the flipchart with the definition. 4. Ask the group: <i>"When you look at the definition, what can you tell about the forms of income?"</i> <p>Note: Expected answer: Income can be in monetary and non-monetary forms.</p> 5. Summarize by saying: <i>"We see that people can receive two forms of income:</i> <ol style="list-style-type: none"> a) <i>Monetary forms of personal income, such as wages or salary, tips, pensions, interest from savings, and rental fees (for those who own a house people can rent).</i> b) <i>Non-monetary forms of personal income, which help people cover expenses they would have otherwise paid for, such as transportation to their work by their company, free lunches in school for some students, and free housing for some disadvantaged people."</i> <p>Note: Use examples from their answers on a flipchart (Activity #4 under "Motivation") as much as possible.</p> 6. Also say: <i>"Generally, there is a time period attached to income: It can be hourly, every day (daily), every week (weekly), every month (monthly), every three months (quarterly), or every year (annually), and so on. As much as possible, it is always helpful to think of an income with a specific time frame. But some incomes may not have a specific time frame; they may be unexpected, a surprise. Can you give some examples of such income?"</i>



Phase/Time/ Materials	Instructional Sequence				
	<p>Note: Examples may include an inheritance; gifts that can help cover or replace a needed service or product, or a winning lottery ticket.</p> <p>7. Say: <i>“These types of income are also called irregular income. They don’t come at a specific time.”</i></p> <p>B. Sources of income Participants examine and identify sources of income.</p> <p>1. Say: <i>“We have seen the forms of personal income; we know that income can be in the form of money or in the form of goods and services that help people cover some expenses. Now we will examine where income comes from.”</i></p> <p>2. Display the flipchart with participants’ answers to the question posed at the beginning of the session: <i>Where does the money people use for their expenses come from?</i></p> <p>3. Then come back to the answers on the flipchart paper to say:</p> <p><i>“From your answers, we can see that there are two broad categories of sources of income:</i></p> <p><i>“Work-related—People earn income through work; this can be a full-time or part-time job, a paid internship, or self-employment.</i></p> <p><i>“Non-work-related—People can also earn an income outside work, through investments they have made, retirement pensions, rental revenues (money from houses they have and that people are renting), interests from saving, gains from small rotating savings and loan associations (ROSCA), gifts, etc.”</i></p> <p>Note: Provide some examples, if possible, from the participants’ answers. Make sure to use examples that are appropriate to the context.</p> <p>4. Draw the table below and work with the class to fill in the columns using their answers on the flipchart:</p> <table border="1" data-bbox="594 1570 1347 1717"> <tr> <td>Work-related sources of personal income</td><td>Non-work-related sources of personal income</td></tr> <tr> <td></td><td></td></tr> </table> <p>5. Ask: <i>“Can a volunteer summarize what we have learned so far in terms of forms and sources of income?”</i></p> <p>Note: 1) Expected answers:</p>	Work-related sources of personal income	Non-work-related sources of personal income		
Work-related sources of personal income	Non-work-related sources of personal income				



Phase/Time/ Materials	Instructional Sequence
	<ul style="list-style-type: none"> • Forms of income: monetary and non-monetary. • Sources: Work-related and non-work-related (provide examples). <p>2) This activity also serves as an assessment of Learning Objective #2. Depending on participants' answers, the facilitator could provide more explanation.</p> <p>C. Deductions and taxes</p> <p>Introduce to participants the notion of deductions and taxes and differences between gross income and net income.</p> <p>Post adaptation:</p> <p>If these are not appropriate to the context, eliminate this section.</p> <ol style="list-style-type: none"> 1. Ask the group: <i>"Who has heard of gross salary or net salary? And what is the difference?"</i> 2. After giving some time for participants to share their answers, say: <i>"Gross salary is the money you earn from a job before taxes and other deductions. Net salary is what you end up with after deductions are taken out. The same rule applies for distinguishing between gross income and net income."</i> <p><i>"Depending on the country, the government may take some money from your gross income to save for retirement or for taxes to do government work that benefits everyone."</i></p> <p><i>"I will show an example of a paycheck:"</i></p>



Phase/Time/ Materials	Instructional Sequence		
		Employee Name Dupont	Pay Period 1/1/11–1/15/11
		Rate \$7.50	Hours 80
			Best Supermarket, Inc.
			Gross pay this period \$600.00
		Deductions National Income Tax (10%) District Income Tax (5%) Retirement (10%) Medical Insurance (2%) Public Radio and TV (.01%) Transportation (.01%) Total	Current Amount 60.00 30.00 60.00 12.00 6.00 6.00 174.00-
		Net Pay: (Gross Pay minus Deductions)	Net Pay \$426.00
	3. Briefly explain every item and how calculations are made.		
	<p>Note: The key point is for participants to understand that the gross salary is not what they get to keep. It is the net salary that they keep.</p> <p>Post adaptation:</p> <ol style="list-style-type: none"> 1) The facilitator could find a local paycheck or learn about different simple deductions and taxes, and design a local paycheck that reflects realistic amounts. 2) The facilitator can reproduce the paycheck on a board or flipchart paper during preparation. Don't forget to adapt the name of the employee and avoid using the name of a real local company. 3) If the group of participants is composed of a majority of young people not allowed to work and receive a paycheck in accordance with local laws, the facilitator could skip the example of a paycheck. <p>4. Continue by saying: <i>"Deductions and taxes on income depend on the sources of income and the laws of the country. In some countries, young people selling things on the street may not pay taxes, but in other countries, they pay tax on their gross income, generally a fixed amount per week rather than a percentage. For self-employed people, deductions are what you need to pay in order to continue your activity."</i></p> <p>Tips: Instead of saying "young people selling things on the street," the facilitator could use the local name or describe local informal activities youth are involved in.</p> <p>5. The facilitator summarizes by saying: <i>"Remember, your gross income is the money you receive before taxes and deductions. Net income is what you have left after taxes and deductions; it is the income you have for your use."</i></p> <p>Tip:</p>		



Phase/Time/ Materials	Instructional Sequence																														
	<p>Write on a flipchart paper: $\text{Net income} = \text{Gross income} - \text{Deductions and Taxes}$ Net income is income available for use.</p> <p>Note: The facilitator may want to consider a 10-minute break.</p>																														
<p>Practice</p> <p>20 minutes</p> <p>Flipchart #2: “What is Personal Income?”</p> <p>Handout #2: “Naomi and Mani Personal Income”</p>	<p>A. Determine total personal income Participants are introduced to a simple framework for identifying sources and types of personal income before using it on their own during the exercise.</p> <ol style="list-style-type: none"> 1. Say: <i>“Since the beginning, we have been talking about income, forms of income, and sources of income, deductions, and taxes. Now we will have to identify someone’s sources of income and calculate his or her income.”</i> 2. Show the flipchart with the table: “What is the personal monthly income?” <table border="1"> <thead> <tr> <th>Sources of income</th><th>Gross income (Monthly)</th></tr> </thead> <tbody> <tr><td>Wages from jobs</td><td></td></tr> <tr><td>Retirement pensions</td><td></td></tr> <tr><td>Dividends and interest from savings and investment</td><td></td></tr> <tr><td>Allowances</td><td></td></tr> <tr><td>Scholarships</td><td></td></tr> <tr><td>Other sources of income</td><td></td></tr> <tr><td>Total Gross income</td><td></td></tr> <tr><td colspan="2"></td></tr> <tr> <th>Types of deductions and taxes</th><th>Amount</th></tr> <tr><td>1</td><td></td></tr> <tr><td>2</td><td></td></tr> <tr><td>3</td><td></td></tr> <tr><td>Total deductions and taxes</td><td></td></tr> <tr> <td>Net income = Gross income – Deductions</td><td></td></tr> </tbody> </table> <p>Tip: Facilitator reminds participants:</p> <ul style="list-style-type: none"> • $\text{Net income} = \text{Gross income} - \text{Deductions and Taxes}$ • Income can also be weekly, but in this case, it is monthly. 	Sources of income	Gross income (Monthly)	Wages from jobs		Retirement pensions		Dividends and interest from savings and investment		Allowances		Scholarships		Other sources of income		Total Gross income				Types of deductions and taxes	Amount	1		2		3		Total deductions and taxes		Net income = Gross income – Deductions	
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Phase/Time/ Materials	Instructional Sequence																																								
	<p>B. Case study: Naomi's and Mani's monthly incomes</p> <p>Through this case study, participants identify different sources of income and determine their personal income.</p> <p>1. Divide the group into smaller groups of four and give each group Handout #2.</p> <p>The small groups reproduce the table: "What is personal net income?" on two sheets of paper or flipchart paper, one for Naomi and the other for Mani. Then they fill in the tables for</p> <ol style="list-style-type: none"> Naomi's monthly net income. Mani's income from last month. <p>2. Discuss answers with the groups.</p> <p>Note:</p> <ol style="list-style-type: none"> Activities #3 & #4 also serve as assessment of the learning Objectives # 1 and #2. Expected answers: <p>Naomi :</p> <table border="1"> <thead> <tr> <th>Sources of income</th><th>Gross income (Monthly)</th></tr> </thead> <tbody> <tr> <td>Allowances from parents</td><td>\$10</td></tr> <tr> <td>Wages part time</td><td>\$15</td></tr> <tr> <td>Scholarships:</td><td>\$20</td></tr> <tr> <td>Total gross income</td><td>\$45</td></tr> <tr> <td colspan="2"></td></tr> <tr> <th>Deductions and taxes</th><th>Amount</th></tr> <tr> <td>Lunch</td><td>\$15</td></tr> <tr> <td>Library</td><td>\$2</td></tr> <tr> <td>Total deductions</td><td>\$17</td></tr> <tr> <td>Net income = Gross income – Deductions and Taxes</td><td>\$28</td></tr> </tbody> </table> <p>Mani:</p> <table border="1"> <thead> <tr> <th>Sources of income</th><th>Gross income (Monthly)</th></tr> </thead> <tbody> <tr> <td>Sales</td><td>\$120</td></tr> <tr> <td>Total</td><td>\$120</td></tr> <tr> <td colspan="2"></td></tr> <tr> <th>Deductions and taxes</th><th>Amount</th></tr> <tr> <td>Materials</td><td>\$20</td></tr> <tr> <td>Taxes</td><td>\$10</td></tr> <tr> <td>Total deductions and taxes</td><td>\$30</td></tr> <tr> <td>Net income= Gross income – Deductions</td><td>\$90</td></tr> </tbody> </table>	Sources of income	Gross income (Monthly)	Allowances from parents	\$10	Wages part time	\$15	Scholarships:	\$20	Total gross income	\$45			Deductions and taxes	Amount	Lunch	\$15	Library	\$2	Total deductions	\$17	Net income = Gross income – Deductions and Taxes	\$28	Sources of income	Gross income (Monthly)	Sales	\$120	Total	\$120			Deductions and taxes	Amount	Materials	\$20	Taxes	\$10	Total deductions and taxes	\$30	Net income= Gross income – Deductions	\$90
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Phase/Time/ Materials	Instructional Sequence										
Application 15 minutes	My income Each participant will determine his or her source and amount of personal income. 1. Ask each participant to write on a sheet of paper or block note: a. What are my sources of personal income? b. What is my net income for the last month? (Fill out by using a table) 2. Ask participants if they were able to complete the activity. Tip: Remind participants that not all types of personal income are subject to deductions or taxes. The facilitator will walk around to see participants’ work. The facilitator should make sure to have the approval of the participant before looking at his or her work, since some participants may not feel comfortable sharing information about their income.										
Assessment 5 minutes Flipchart #4: “What I Would Like to Learn”	Assessment Participants demonstrate what they have learned from the session. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.” <table><tr><td>Things I would like to learn</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table> The following activities also serve as assessment of learning objectives: Activity #3 and #4 under section “Practice”—Learning Objectives #1 and #3 Activity #1 under section “Application”—Learning Objectives #1, #2, and #3	Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it							
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]										



Trainer Resource #1: Flipcharts

Flipchart #1: Paycheck

Employee Name Dupont	Pay Period 1/1/11–1/15/11	Best Supermarket, Inc.
Rate \$7.50	Hours 80	Gross pay this period \$600.00
	Current Amount	
National Income Tax (10%)	60.00	
District Income Tax (5%)	30.00	
Retirement (10%)	60.00	
Medical Insurance (2%)	12.00	
Public Radio and TV (.01%)	6.00	
Transportation (.01%)	6.00	
Total	174.00	
Net pay:	Net pay:	Check Date:
Gross pay – Deductions	\$426.00	1/16/11



Flipchart # 2: What is Personal Income?

Sources of income	Gross income (Monthly)
Wages from jobs	
Retirement pensions	
Dividends and interest from savings and investment	
Allowances	
Scholarships	
Other sources of income	
Total Gross income	
Types of deductions and taxes	Amount
1	
2	
3	
Total deductions and taxes	
Net income = Gross income – Deductions and Taxes	

Flipchart #3: Definition of Income

Income is an amount of money and/or non-monetary items (products or services) earned by a person as a result of an activity.



Handout #1: Paycheck

Employee Name J Dupont	Pay Period 1/1/11–1/15/11	Best Supermarket, Inc.
Rate \$7.50	Hours 80	Gross pay this period \$600.00
	Current Amount	
National Income Tax (10%)	60.00	
District Income Tax (5%)	30.00	
Retirement (10%)	60.00	
Medical Insurance (2%)	12.00	
Public Radio and TV (.01%)	6.00	
Transportation (.01%)	6.00	
Total	174.00	
Net pay: Gross pay – Deductions and Taxes	Net pay: \$426.00	Check Date: 1/16/11



Handout #2: Naomi's and Mani's Personal Incomes

Naomi

Naomi is a very smart girl who dreams of becoming an accountant for a big company. Thanks to her parents, she attends one of the best schools. She receives a monthly allowance of 10 U.S. dollars from her parents to take care of her personal needs.

To earn extra money, Naomi works at the local market during school holidays and some weekends. She helps vendors sell their products and sometimes helps them clean their shops. Most people love and admire her in the market. She receives a total of 15 U.S. dollars every month from her part-time jobs. People trust her, because she is honest, respectful, and smart. She's always willing to help others.

Naomi is a studious person. This year, Naomi received a special scholarship of 20 U.S. dollars per month that is paid directly to the school on her behalf. Her scholarship pays for 15 lunches per month (1 U.S. dollar per lunch) and for her library pass, with a value of 2 U.S. dollars every month. She receives 3 U.S. dollars in cash. Even though she doesn't receive all the cash from her scholarship because deductions are taken by the school, Naomi knows she is fortunate and is working really hard in school to keep her scholarship. Naomi also saves a small amount of the money every week to buy some things she cannot currently afford or things she may need in the future.

Mani

Mani is a gifted young man; he paints and sculpts very well. Mani makes beautiful paintings and sculptures that he sells every week at the nearest town and weekly market.

He sometimes sells paintings for as much as 50 U.S. dollars, while at times his products go for 10 U.S. dollars or less.

Last month, Mani sold about 120 U.S. dollars' worth of products. As a smart young businessman, he knows that he has to put money aside to buy new materials, which he estimates as 20 U.S. dollars last month; but he also has to pay a fixed sales tax (to be able to sell in the big art center in town) of 10 U.S. dollars every month. Last month, Mani earned a net income of 90 U.S. dollars. That was a good month for him. He was happy; however, he only wished he did not have to pay the required sales tax. Next time, he will try to ask for an exemption on the grounds that he is from a poor family; he hopes he will be granted an exemption.



Session #4: Time Value of Money: Time Is Money!

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants will learn that time affects the value of money; and money received or payments made at present are worth more than the same amount in the future.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge about interest and opportunity cost.
Time:	120 minutes
Prerequisites:	Participants will have already participated in Session #2, “The Functions of Money” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #4: Time Value of Money		
Date: [Pick the date]	Time: 120 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare pieces of paper the size of sticky notes (according to the number of participants): <ul style="list-style-type: none"> • Pieces of paper with the title “Money” – should be half the number of participants • Pieces of paper with the title “Time = Now” should be one-fourth of the number of participants • Pieces of paper with the title “Time = Later” should be one-fourth of the number of participants 2. Prepare flipcharts. <p>Note: This session may not be appropriate in communities where only strict Islamic banking rules are used. Islamic banking rules are consistent with the principles of Islamic law (Sharia). These rules prohibit the use of interest or fees for loans or savings. For example, instead of lending money, the lending institution or the lender will take a stake in the investment, or will buy and own the equipment, transferring full ownership to the borrower only when the agreed cost of the investment has been reimbursed. While this session does not cover loans or savings, the concept of “time value of money” presupposes notions of interest and other related notions (financial fees and charges).</p> <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Pieces of paper • Prepared Flipcharts <p>Flipchart #1: Payoff Formula</p> <p>Flipchart #2: Definition of Interest</p> • Handouts <p>Handout #1: Money and time pieces of paper</p> <p>Handout #2: Naomi’s Decision</p> • Trainer Materials <p>Trainer Material #1: Boxes with the pieces of paper, sample flipcharts</p> 		
<p>Competency: Participants analyze consequences of making or receiving a payment on time or late.</p> <p>Session Learning Objectives: Participants will</p> <ol style="list-style-type: none"> 1. Make money decisions related to time (when to receive or make a payment). 2. Analyze consequences of making or receiving a payment on time or late. 		



Phase /Time Materials	Instructional Sequence
<p>Motivation</p> <p>20 minutes</p> <p>Prepared pieces of paper: “Money,” “Time= Now” “Time = Later”</p>	<p>Time and money</p> <p>Participants discuss the relationship between time and money before making decisions and identifying consequences related to their decisions about the timing of a financial transaction, such as receiving or making payments.</p> <ol style="list-style-type: none"> 1. Divide participants into two groups: Time and Money. 2. Divide the “Time” group into two groups: “Time = Now” and “Time = Later.” Participants with the sheet of paper mentioning “Time” are seated in a row. 3. Provide the following explanations: <i>“We have two groups of participants— ‘Money’ and ‘Time’ (‘Time’ participants are in a line; however, they are divided between ‘Time = Now’ and ‘Time = Later’). Participants with ‘Money’ will pick one participant with ‘Time.’ It doesn’t matter if two ‘Money’ participants pick the same ‘Time’ person.</i> <p><i>“However, when a ‘Money’ participant picks someone, it means that the ‘Money’ persons will receive the money either now or later (depending whether you pick ‘Time = Now’ or ‘Time = Later.’”</i></p> <p>Note: The facilitator will write on a flipchart or blackboard the payoff formula: “Money” picks “Time = Now” means Receive Money Now “Money” picks “Time = Later” means Will receive Money Later.</p> 4. Ask participants from the “Money” group to make their pick. Then when the teams are formed, ask the “Money” people why they picked the “Time” person they did. 5. Also ask those who were not picked (most likely “Time = Later”) why they think they were not picked. 6. Write the reasons on the flipchart. 7. Summarize: <i>“Generally, people prefer to receive money now rather than in the future. In the next activities, we will see why, and what it means when you decide to receive money or pay now or in the future.”</i>



Phase /Time Materials	Instructional Sequence																		
Information 30 minutes Flipchart # 2: “The Definition of Interest”	<p>Learning about interest and opportunity cost</p> <p>Participants identify advantages of receiving money sooner rather than later, as well as the sacrifices (opportunity cost) one makes by receiving money later. They also recognize the value of setting a price or value for waiting until later to receive money.</p> <p>1. Instruct participants: <i>“In groups of two, write on a piece of paper five things you agree that you need to buy or pay for at the beginning of next month (no later than the first week) with \$20. Use the table below:</i></p> <table border="1"> <thead> <tr> <th>Things I need to buy or pay for</th><th>Amount</th></tr> </thead> <tbody> <tr> <td> </td><td> </td></tr> <tr> <td> </td><td> </td></tr> <tr> <td> </td><td> </td></tr> <tr> <td> </td><td> </td></tr> <tr> <td> </td><td> </td></tr> <tr> <td>Total:</td><td> </td></tr> </tbody> </table> <p>Note: The total of the expenses should be \$20.</p> <p>Post adaptation: In some situations, \$20 may be a lot of money. If so, adjust the amount into local currency to reflect basic needs of most youth of the community.</p> <p>2. Once the pairs are finished with their lists, the facilitator goes around the room after looking at the total amount, and says the following: <i>“Now, imagine that you have only \$5 to pay for all these things. But a friend who owes you \$10 makes the following suggestions:</i></p> <ol style="list-style-type: none"> <i>I’ll pay you \$10 now.</i> <i>Or, I’ll pay you \$15 at the end the next month.</i> <i>Or, I’ll pay you \$20 two months from now.</i> <p><i>Will you accept \$10 now, \$15 at the end of the next month, or \$20 in two months?”</i></p> <p>3. Put the participants who chose the same amount together and ask them to give the reasons for their choices. In thinking of the reasons, ask them to use the table below:</p> <table border="1"> <tbody> <tr> <td>The good things about getting the money (1) now, (2) at the end of the month, or (3) in two months (choose <i>one</i> option)</td><td>Things we may be missing or cannot do by getting money (1) now, (2) at the end of next month, or (3) in two months (choose the same option you picked at left)</td></tr> <tr> <td> </td><td> </td></tr> </tbody> </table>	Things I need to buy or pay for	Amount											Total:		The good things about getting the money (1) now, (2) at the end of the month, or (3) in two months (choose <i>one</i> option)	Things we may be missing or cannot do by getting money (1) now, (2) at the end of next month, or (3) in two months (choose the same option you picked at left)		
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Phase /Time Materials	Instructional Sequence
	<p>4. Ask all pairs to share their reasons.</p> <p>5. Building on the answers, say: <i>“We see that some things will have to wait, so some things you wanted to do were sacrificed. This is also known as an opportunity cost. An opportunity cost is the value of not doing something you wanted to do or buy.”</i></p> <p>6. Pick an example of something that was “sacrificed” by one of the pairs [better to pick an example with either some financial or social consequence] and say: <i>“By sacrificing this item, the pair missed an opportunity or could pay more in the future.”</i></p> <p>7. Ask, <i>“Are there examples of things that were sacrificed? How did the people making the decision feel about it?”</i></p> <p>8. After listening to some answers, say:</p> <p><i>“Some people cited the fact that they will receive more money later. In fact, to compensate for the fact that you are missing something by not having the money now, and also to cover some risks (for example, not being sure that you will receive the money back), future payments have to be “equal” to present payments. For this to happen there has to be an additional amount added. This additional amount is called interest. The interest depends on many things, which include the duration of the wait, the risks involved (of not being paid on time), and the amount involved. Also affecting the amount of interest will be how much demand there was for a loan.”</i></p> <p>9. Ask the group: <i>“Can someone tell me where or when you have seen or heard the term ‘interest’ used?”</i></p> <p>10. After listening to some answers, say: <i>“We often hear the term ‘percentage’ associated with interest. We hear people say, ‘I borrow money at 4 percent interest per year,’ which means that if they are to pay back the money in a year, they will pay back 4 percent more than what they borrowed.</i></p> <p><i>“It’s the same when you hear people saying that the money they save earns 3 percent interest a year, for example. The fact that they will not be able to use the money to buy or pay for things during that year means they are sacrificing; and the interest is the compensation for letting the bank have access to their savings for that period of time.</i></p> <p><i>“For example, if you have \$100 and save it in the bank, and the bank pays 4 percent interest per year, then in one year you will have an extra \$4 interest or</i></p>



Phase /Time Materials	Instructional Sequence															
	<p><i>\$104 in total."</i></p> <p>Note: Make the calculation on a flipchart:</p> <ul style="list-style-type: none">• Your savings account has \$100• The bank pays you 4 percent per year of interest: $\\$100 \times 4/100 = \\4• The total is $\\$100 + \\$4 = \\$104$• Explain that 4 percent is also another way to say, "For every \$100, the bank adds \$4." <p>11. Say: <i>"The interest is the amount the borrower pays to the lender in addition to the original amount."</i></p> <p>12. Summarize: <i>"The basic idea behind the time value of money is that money received now has more value than the same amount of money received in the future."</i></p>															
<p>Practice</p> <p>20 minutes</p> <p>Handout #2: "Naomi's Decision"</p>	<p>Simulation: Help Naomi Decide Participants experience the difficulty of making money decisions related to time and the different values of money over time.</p> <p>1. Distribute Handout #2 to all participants and say: <i>"Read the story and help Naomi decide to whom she should lend money."</i></p> <p>2. <i>"First make the basic calculations using the table below:"</i></p> <table><tr><td>Amount to lend to:</td><td>Amount to be paid back</td><td>Difference between amount lent and received</td><td>How much Naomi has left after lending the money</td><td>Number of days before the trip the payment will be made</td></tr><tr><td>Alicia: \$15</td><td>\$20</td><td></td><td></td><td></td></tr><tr><td>Barack: \$10</td><td>\$12</td><td></td><td></td><td></td></tr></table>	Amount to lend to:	Amount to be paid back	Difference between amount lent and received	How much Naomi has left after lending the money	Number of days before the trip the payment will be made	Alicia: \$15	\$20				Barack: \$10	\$12			
Amount to lend to:	Amount to be paid back	Difference between amount lent and received	How much Naomi has left after lending the money	Number of days before the trip the payment will be made												
Alicia: \$15	\$20															
Barack: \$10	\$12															



Phase /Time Materials	Instructional Sequence		
	<p><i>"Second, identify the 'good things' and the 'things that Naomi will miss or not be able to do.' Fill in the table:"</i></p> <p>If Naomi lends to:</p>	The good things that could happen	The things that Naomi may be missing
	Alicia		
	Barack		
<p>Note:</p> <ol style="list-style-type: none"> 1) The facilitator could reproduce the tables on flipchart paper and ask participants to do the same in their notebook. 2) The facilitator explains each column. 3) The columns: "How much Naomi has left after lending the money" and "Number of days before the trip the payment will be made" allows participants to see the risk Naomi is taking. 4) The column "How much Naomi has left after lending the money" shows the opportunity cost and the risk she is taking in facing unforeseen events. 5) The column "Number of days before the trip the payment will be made" illustrates the risks based on the days left for the trip: 6) With Alicia paying one day before the trip, the risk is higher; and 7) With Barack paying one week before the trip, the risk is lower (It gives Naomi some time to find the money should Barack fail to pay.) <ol style="list-style-type: none"> 3. Walk around to explain if needed. 4. When participants have completed the exercise, divide participants based on whether they chose Barack or Alicia. 5. Ask some volunteers from each group to explain their decision. 6. Conclude: <i>"There are no correct answers. However, it is important to notice that the money you have now is worth more than the same amount in the future. With time, money loses its value. That is why you may pay a bit more after some time to make up for the difference in value.</i> <p><i>"Also, choosing to receive or make a payment by a certain date has consequences:</i></p> <ol style="list-style-type: none"> a. <i>You can gain more after a certain time but may not be able to do certain things now because you don't have the money;</i> 			



Phase /Time Materials	Instructional Sequence
	<p style="text-align: center;">OR</p> <p>b. <i>You can do or buy things now but have less or no money in the future."</i></p>
<p>Application</p> <p>30 minutes</p>	<p>Application of time value of money: making payment on time or later Participants identify consequences of decisions related to making or receiving payment on time or later.</p> <ol style="list-style-type: none"> Organize participants in groups of four, then give them the following two examples and the questions: <i>"Think of a real situation where someone you know (it can be someone from the group) had to borrow money and pay back more after a certain period.</i> <ol style="list-style-type: none"> <i>How long did it take to pay the money back?</i> <i>Can you now explain why the person had to pay back more?"</i> Ask the groups the following questions: <i>"Have you or someone you know lent or saved money, expecting to get it back after some time?</i> <ol style="list-style-type: none"> <i>For how long did you save or lend?</i> <i>What did you give up because you did not have the money to use?</i> <i>Did you receive back the same amount, or more? If more, why?"</i> Ask groups to share their answers. Note: As participants share their answers, the facilitator takes every opportunity to stress the notion of interest and opportunity cost.
<p>Assessment</p> <p>20 minutes</p>	<p>Participants assess their understanding of the notion of time value of money.</p> <ol style="list-style-type: none"> Ask participants to form pairs, then say the following: <i>"In pairs, discuss and write down:</i> <ol style="list-style-type: none"> <i>One consequence of receiving the same amount of money one year from now compared with receiving it today.</i> <i>One reason for charging interest for a late payment.</i> Ask each pair to report to the whole group. Remind participants, as they leave the room, to put a check in the relevant box on the flipchart 'What I would like to learn,' discussed during the session 'Introduction: Getting Ready'."



Phase /Time Materials	Instructional Sequence				
	Things I would like to learn	I understand now	Still don't understand	Know how to use it	Will start using it
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]				



Trainer Resource #1: Flipcharts

Flipchart #1:

Payoff Formula

Money picks “Time = Now” means Receive Money Now

Money picks “Time = later” means Will Receive Money Later.

Flipchart #2:

Definition of Interest

Interest is the amount of money the borrower pays to the lender in addition to the original amount borrowed. The interest depends on many things, which include how long it will take to pay back the loan, the risks involved (of not being paid on time), and the original amount of money.



Handout #1: Money and Time

MONEY

**TIME =
NOW**

**TIME =
LATER**



Handout #2: Naomi's Decision

Naomi has planned to travel to the big city to visit a friend at the end of the month. The trip costs \$10. So far, she has succeeded in saving \$15 and is happy to have the money two weeks before the trip. She feels safe because she not only has the \$10 for the trip, but she also has an additional \$5 for some unforeseen events or things she may want.

Naomi has two good friends, Alicia and Barack. They have been friends for a long time now, and Naomi trusts them equally. Alicia and Barack don't have stable sources of income. They are both students.

Alicia comes to see Naomi because she has a personal problem and needs \$15. Alicia promises to pay Naomi back \$20 in two weeks (one day before the trip).

Naomi also knows that Barack is going through some financial problems. He has asked her to lend him \$10. Barack promises to pay her back \$12 in one week (that is a week before Naomi's trip).



Session #5: Spending: What Do I Need? What Do I Want?

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session enables participants to distinguish between needs and wants and prioritize their spending in a spending plan.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers and local counterparts who have been trained in the Financial Literacy module of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> and have basic knowledge of financial priorities and types of expenses.
Time:	90 minutes
Prerequisites:	None
Version:	July 2012



Session #5: Spending: What Do I Need? What Do I Want?		
Date: [Pick the date]	Time: 90 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare a box or envelope with folded pieces of paper with different denominations on each, from \$20 to \$100 or the equivalent in local currency on each piece of paper. Prepare one per participant. 2. Prepare flipchart: “List of expenses” 3. Note to facilitator: Keep examples of participants’ expenses that are suggested in this session to use in Session #8: Developing a Personal Budget. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk • Prepared flipcharts Flipchart #1: List of Expenses • Handouts Handout #1: Mani’s Expenses • Trainer Materials Trainer Material #1: Sample of prepared flipcharts Trainer Material #2: A box or envelope with pieces of paper with amounts of money 		
<p>Competency: Participants prioritize their expenses and differentiate their needs from their wants.</p> <p>Session Learning Objectives: Participants will</p> <ol style="list-style-type: none"> 1. Distinguish needs from wants. 2. Develop a list of prioritized expenses. 		

Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>20 minutes</p> <p>A box or envelope with pieces of paper each with denominations of \$20 to \$100 on</p>	<p>Making choices about how to spend Participants make spending choices and explore the reasons behind their choices and how these reasons can help them prioritize their spending.</p> <ol style="list-style-type: none"> 1. Say: <i>“The question we are going to address during this session is: What do we spend money on?”</i> 2. Ask the following question and encourage each participant to write down his or her answer: <i>“Imagine that you have just received \$200. What will you spend that money on? List each item and how much you will spend on</i>



Phase/Time/ Materials	Instructional Sequence
<p>them</p>	<p><i>each.”</i></p> <ol style="list-style-type: none"> After participants have a few minutes to think, ask some volunteers to share their answers. The facilitator then carries a box filled with folded pieces of paper containing different denominations of currency. [Remember, the amount varies from \$20 to \$100 U.S.] S/he walks around the room and asks participants to pick one piece of paper without opening it. When all the participants have a piece of paper, the facilitator then asks them to unfold it. Say: <i>“Now imagine that, instead of the \$200 we talked about, you actually have the amount of money indicated on the piece of paper you just received.</i> <p><i>“Go back to your list and take off items you cannot afford, based on the actual amount of money you have. Make a new list of things you will buy or do.”</i></p> <p>Post adaptation: The idea of the activity is to put participants in a situation where they are forced to make choices regarding spending. Therefore, adapt the amount in local currency accordingly.</p> <ol style="list-style-type: none"> Go around the room and ask people: <i>“What did you drop, and why?”</i> Ask participants to share what lesson can be learned from the exercise. Summarize by saying: <i>“Generally, most people have a limited amount of money to spend. They have to make choices about how to spend the money they have. How do we make choices? There are many ways; however, it is important to know our needs and our wants.”</i>
<p>Information</p> <p>20 minutes</p> <p>Flipchart #1: “List of Expenses”</p>	<p>A. The difference between needs and wants Participants define needs and wants and identify what distinguishes them.</p> <ol style="list-style-type: none"> Ask some participants to share with the class what they chose the first time when they thought they had \$200 (first list) and what they decided to keep and remove from the second list when they learned they really had only \$20. Collect information from participants’ “First List” and “Second List” and write this on the table below.



Phase/Time/ Materials	Instructional Sequence				
	<p>3. Ask volunteers to explain the difference between the two columns.</p> <table border="1" data-bbox="500 325 1393 508"> <tr> <th data-bbox="500 325 945 363">First List</th><th data-bbox="945 325 1393 363">Second List</th></tr> <tr> <td data-bbox="500 363 945 508"></td><td data-bbox="945 363 1393 508"></td></tr> </table> <p>4. Summarize by saying: <i>“It seems that the column ‘First List’ contains a mix of things that are necessary and things that are not necessary. The column ‘Second List’ seems to contain mostly things that are necessary.</i></p> <p><i>“Needs are things you must have or pay for to survive, such as food, medicine when you are sick, shelter, etc. Needs are also responsibilities you have to fulfill, such as taking care of a dependent, contributing to a savings group, or paying a debt.</i></p> <p><i>“Wants are things that can satisfy your desires, such as music, videos, and treats like ice cream, but that you can do without.</i></p> <p><i>“There are also some categories of needs that can be both needs and wants.</i></p> <p><i>For example:</i></p> <ul style="list-style-type: none"> • <i>“Food—water (a need) and ice cream or soda (wants)</i> • <i>“Clothes—sweater when it is cold (a need) and designer leather jacket (a want)”</i> <p>B. Prioritizing expenses</p> <p>Participants prioritize in the face of limited resources.</p> <p>1. Say (Display flipchart list of expenses): <i>“We don’t have the money to cover all of our needs and wants, so we have to make choices. We will learn a simple method to make choices: making a list of expenses.</i></p> <p><i>“This list can be for a week, a month, or a year.</i></p> <p><i>“Let’s look at these simple five steps:</i></p> <ol style="list-style-type: none"> 1) <i>Write down things you must have or pay for on a monthly basis under the title ‘Needs: I must’</i> 2) <i>Write down things you want, under the ‘Wants but can do without’</i> 3) <i>Rank the importance of each thing, numbering them from 1 (most important) to 5 (least important). To do this, ask the question: ‘What</i> 	First List	Second List		
First List	Second List				



Phase/Time/ Materials	Instructional Sequence																																												
	<p><i>if I don't pay or buy it now?'</i></p> <p>4) <i>Determine the cost of each expense.</i></p> <p>5) <i>After each item, ask the question: 'What if I don't pay or buy it now?'</i> <i>This question helps you identify the consequences of your decision."</i></p> <p>List of expenses</p> <table><tr><th>Expenses</th><th>Rank</th><th>Amount</th><th>What if I don't pay or buy it now?</th></tr><tr><td><u>Needs: I must...</u></td><td></td><td></td><td></td></tr><tr><td>-</td><td></td><td></td><td></td></tr><tr><td>-</td><td></td><td></td><td></td></tr><tr><td>-</td><td></td><td></td><td></td></tr><tr><td><u>Total of needs</u></td><td></td><td>(Here)</td><td></td></tr><tr><td><u>Wants: But can do without...</u></td><td></td><td></td><td></td></tr><tr><td>-</td><td></td><td></td><td></td></tr><tr><td>-</td><td></td><td></td><td></td></tr><tr><td><u>Total of wants</u></td><td></td><td>(Here)</td><td></td></tr><tr><td><u>Total of all expenses</u></td><td></td><td>(Here)</td><td></td></tr></table> <p>2. <i>"Ranking your expenses is also known as <u>setting priorities</u>. For example, paying for food is more important than buying a ticket for a concert. Later, these priorities will help you decide where to spend your income."</i></p> <p>Note:</p> <ul style="list-style-type: none">• A participant could ask the question: "What happens when you don't have enough income to cover your needs?"• <i>Answer:</i> There are many options: You can either see if you can reduce the quantity that you buy or borrow money, the reimbursement of which becomes a need. But we will come back to that question with more detail during the course.• Remind participants that the list can also be developed for a weekly calendar.	Expenses	Rank	Amount	What if I don't pay or buy it now?	<u>Needs: I must...</u>				-				-				-				<u>Total of needs</u>		(Here)		<u>Wants: But can do without...</u>				-				-				<u>Total of wants</u>		(Here)		<u>Total of all expenses</u>		(Here)	
Expenses	Rank	Amount	What if I don't pay or buy it now?																																										
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<p>Practice</p> <p>25 minutes</p> <p>Handout #1: "Mani's Expenses"</p> <p>Handout #2: "List of Expenses"</p>	<p>Distinguish between needs and wants and make spending priorities</p> <p>Participants use a case study: "Mani's expenses" and help Mani determine his needs and wants and set priorities.</p> <p>1. Ask participants to form pairs. Then ask them to decide in each pair who will be Mani, and who will be Mani's friend. Say:</p> <p><i>"Mani is your good friend who wants your advice on how to prioritize his expenses for the coming month. Each pair will work together to fill out the table 'list of expenses.'</i></p> <p>Note:</p> <ul style="list-style-type: none">1) This activity also serves as an assessment of Learning Objectives #1 and #2.2) Be prepared to read the handout if the literacy level is a problem.																																												



Phase/Time/ Materials	Instructional Sequence										
	<p>2. Ask pairs to show how they have filled out the table “list of expenses.”</p> <p>Note: There may be some differences in scoring. This is a learning point: Prioritization is a decision process and people make different decisions. What is most important is to be aware of the consequences of one’s decisions.</p> <p>3. Conclude the exercise by saying: <i>“Determining needs and wants is a personal exercise and one that requires discussions and choices. At the level of a household, there will be some discussions as to what is really important and a high priority. Be prepared to weigh the advantages and disadvantages of each spending decision; for that, always ask the question: ‘What if I don’t pay for or buy it now?’”</i></p>										
Application 20 minutes	<p>Determining my needs and wants for next month Participants apply the acquired skills and knowledge to their personal life.</p> <p>1. Ask participants to fill out the table “List of Expenses” for their next month’s expenses.</p> <p>2. Ask participants if they were able to complete the activity. Remind them that they can do the same activity with their parents at home or with their friends in youth associations.</p>										
Assessment 5 minutes	<p>Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><th>Things I would like to learn</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table> <p>Activity #1 in Practice and Activities #1 and #2 in Application also serve as an assessment of learning objectives.</p>	Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it							



Phase/Time/ Materials	Instructional Sequence
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]

References:

Federal Reserve Bank of Cleveland and The Learning Center and Money Museum. *Great Minds Think: A Kid's Guide to Money*.

http://www.clevelandfed.org/Learning_Center/Online_Activities/great_minds_think/Great_Minds_Think.pdf



Trainer Resource #1: Flipcharts

Flipchart #1:

List of Expenses

Expenses	Rank	Amount	What if I don't pay or buy it now?
<u>Needs: I must...</u> - - -			
<u>Total of needs</u>		(Here)	
<u>Wants: But can do without...</u> - -			
<u>Total of wants</u>		(Here)	
<u>Total of all expenses</u>		(Here)	



Handout #1: Mani's Expenses

As a smart young businessman, Mani knows that he must pay \$20 every month for business expenses in order to stay in business. He also has to pay a sales tax of \$10 every month to be able to sell in the big art center in town.

Mani is not only a smart young businessman, but he is also a good young man with responsibilities and desires. For example, he has agreed to pay for food and electricity in his house. At the beginning of each month, he gives his mom \$15 for these expenses.

He is also a member of a youth community bank, where he has to save \$4 every month. At the end of the year, the group members share the interest earned from the group savings.

Mani loves chocolate as a treat. Every month he spends at least \$3 on chocolates. Also each month, he goes to the movies with his cousin, Naomi. This month, there is a new movie coming to the village. All his friends are planning to watch it. Mani is planning to watch the movie with Naomi. The movie will be a surprise for Naomi. He has not yet told her about his plans to see the movie. For the two of them, the movie will cost \$3 (\$1.50 each).

There are two things Mani is planning to do next month:

1) Most of his friends are wearing a new design of jeans; Mani has other trousers, but having this specific pair of jeans is the coolest trend in the village. A pair of jeans costs \$10; he saw them last week in the village and he is really considering buying them, to look cool like his friends.

2) Last week on the radio, he heard of a free HIV testing campaign taking place in the nearest city; while the testing is free, the transportation cost to get to the city and back is \$5. Mani is interested in knowing his HIV status. He heard that even if you are not involved in risky behaviors, it is still a good thing for a person to know his or her HIV status. Next month is the last month of free testing.

Mani knows he can't cover all these expenses next month based on his monthly income of \$ 60. He will have to make some important choices.

Can you help him make these choices?



Session #6: Assessment 1: Tell Me What You Know! (Optional)

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This optional session enables participants to assess what they have learned during the unit “Basic Money Management” unit by playing a game.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of the content of all sessions of Unit 1: “Basic Money Management”
Time:	60 minutes
Prerequisites:	Participants will have already participated in the unit “Basic Money Management,” Sessions #1–5 of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #6: Assessment 1: Tell Me What You Know!		
Date: [Pick the date]	Time: 60 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare a box of pieces of paper with numbers 1–3 to form the teams 2. Prepare the question board (with questions, answers, and score); see Flipchart #1 3. Prepare the scoring board for three teams <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Tape • Prepared Flipcharts <p>Flipchart #1: Question Board</p> <p>Flipchart #2: Scoreboard</p> • Trainer Materials <p>Trainer Material #1: Sample of prepared flipcharts</p> <p>Trainer Material #2: A box or envelope with pieces of paper with numbers (1, 2, 3) to form three teams</p> <p>Trainer Material #3: Prize: a box of candy or any other prize</p> 		
<p>Competency:</p> <p>Participants assess their knowledge covered in the unit “Basic Money Management”</p> <p>Session Learning Objective:</p> <ol style="list-style-type: none"> 1. Participants answer questions related to sessions of Unit 1: “Basic Money Management.” 		

Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p> <p>A box with pieces of paper</p>	<p>Forming teams.</p> <p>Participants form their “Jeopardy!” teams and give themselves names.</p> <ol style="list-style-type: none"> 1. Say: <i>“We will play a game called ‘Tell me what you know.’ But before playing, let’s form three teams. I will call each one of you here, and each person will pick a paper from the box.”</i> <p>Post adaptation:</p> <p>If possible, adapt the name to local context. If there is a local TV game show, you can consider it.</p> <ol style="list-style-type: none"> 2. <i>“People with the same number will be on the same team. Go to your teams.”</i>



Phase/Time Materials	Instructional Sequence
	<ol style="list-style-type: none"> 3. <i>"Pick a name for your team."</i> 4. When the teams are ready, have them introduce themselves. Then say: <i>"We have our three teams. Let me tell you about the game and give you the rules."</i>
<p>Information</p> <p>10 minutes</p>	<p>A. Instructions to the team</p> <p>Participants receive instructions from the facilitator, who also explains his or her role.</p> <ol style="list-style-type: none"> 1. Provide the following instructions to the teams: <ol style="list-style-type: none"> a. <i>"Each group will pick a box from the question board. Each box is identified by a number. The number is the quantity of points the question is worth."</i> b. <i>"The boxes with higher point values have questions that are more challenging."</i> c. <i>"Teams take turns and select a box and answer the question. A team can select any box that has not been answered."</i> d. <i>"If a team fails to answer a question correctly, then the question goes to the next team. However, the next team doesn't lose its turn to pick a question."</i> e. <i>"I will keep track of teams' scores on the scoreboard."</i> f. <i>"The team with the highest score at the end of the game wins this activity and the prize."</i>
<p>Application</p> <p>35 minutes</p>	<p>Let the game begin!</p>
<p>Assessment</p> <p>15 minutes</p>	<p>Reflecting on the Game.</p> <p>Participants discuss any gaps of knowledge with the facilitators.</p> <ol style="list-style-type: none"> 1. Congratulate the winners. Give them a prize (candy, etc.). 2. Thank all the participants for their efforts. 3. Come back to any topics participants had trouble with (e.g., a question that went around several times or was not answered).



Phase/Time Materials	Instructional Sequence
	<p>4. Ask participants if they still have questions on the four sessions that they reviewed during the game.</p> <p>5. Conclude by thanking participants.</p>
Facilitator Notes for Future Improvement	<p>Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]</p>



Trainer Material #1: Flipcharts

Flipchart #1: Questions Board

Time Value of Money	Sources of Income	Functions of Money	Spending: Needs and Wants
100	100	100	100
200	200	200	200
300	300	300	300
400	400	400	400



Flipchart #2: Scoreboard

Round	Team [Name]	Team [Name]	Team [Name]
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
Total			



Assessment 1: BASIC MONEY MANAGEMENT

	<i>Time Value of Money: Time Is Money!</i>	<i>Sources of Income</i>	<i>Functions of Money</i>	<i>Needs and Wants</i>
100 points	<p>True or False: Before the existence of paper and coin money, people were not buying and selling things.</p> <p><u>Expected answer:</u> False 100</p>	<p>Name two sources of personal income.</p> <p><u>Expected answer:</u> <i>Wages from work.</i> Interest and dividends from savings or investments. Family allowances. 100</p>	<p>Two things money helps you do.</p> <p><u>Expected answer:</u> Buy things you need. Make payments such as debt, and salaries to workers, etc. 100</p>	<p>What are needs? Give two examples.</p> <p><u>Expected answer:</u> Things you can't live without, which are necessary for one's survival. Water and food. 100</p>
200 points	<p>What is interest?</p> <p><u>Expected answer:</u> The amount of money the lender charges the borrower in addition to the original amount borrowed. The amount depends on the rate, the duration of the loan, and the original amount borrowed. 200</p>	<p>What are the two forms of income people can receive?</p> <p><u>Expected answer:</u> Monetary forms (money) and non-monetary forms (goods and services). 200</p>	<p>True or false: Money can buy a person's feelings and rights?</p> <p><u>Expected answer:</u> False 200</p>	<p>What are wants? Give two examples.</p> <p><u>Expected answer:</u> Things that one would like, but can do without (e.g., designer clothes, soda). 200</p>
300 points	<p>Give one consequence of receiving the same amount of money in a year as you would have received today?</p> <p><u>Expected answer:</u> You do not have access to the</p>	<p>What is the difference between gross income and net income?</p> <p><u>Expected answer:</u> Net income is gross income minus deductions and taxes.</p>	<p>Besides buying things, give two things money helps you do.</p> <p><u>Expected answer:</u> Repay debt Pay someone for a service that I need (e.g., a mechanic to fix my</p>	<p>True or False: To reduce my total spending, I start by reducing my needs. <i>Why?</i></p> <p><u>Expected answer:</u> False. Needs are more important than wants.</p>



money, so you can't do things that you would have done today, if you had the money (opportunity cost).

300

Net income is the money available that I can use.

300

bicycle).

Keep a savings account.

300

300

400 points

You borrow 10 U.S. dollars from a friend with an interest rate of 10 percent per month. How much will you have to pay your friend back after one month?

Expected Answer:

Amount borrowed: \$10

Interest: $\$10 \times 10/100 = \1

Amount to pay back = \$11

400

Mani works 40 hours a week for an hourly rate of 7.50 U.S. dollars. After two weeks, he earns 600 U.S. dollars before taxes and deductions. Is the 600 U.S. dollars gross or net income? Expected answer:

Gross income

400

Give two reasons chocolates cannot be considered money.

Expected answers:

Can't be used to buy things or pay for services.

Can't be saved to be used in the future – to pay for things. They are perishable (they go bad).

400

Explain one way of setting spending priorities.

Expected answer:

Separate your needs from your wants.

Rank needs by order of importance by asking the question, "If I don't buy or pay, what will happen?"

Determine the cost of each expense.

400



Unit 2: Personal Money Management

This unit contains the following sessions:

Session #7: Setting Financial Goals

Session #8: Developing a Personal Budget

Session #9: Savings: Pay Yourself!

Session #10: Wise Use of Loans – It Is Not My Money

Session #11: Record It! Keeping Financial Records

Session #12: Things Happen! Dealing With Life Cycle Events

Session #13: Assessment Game 2 (Optional)



Session #7: Setting Financial Goals

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Young people have dreams and this session provides an opportunity for participants to break down their dreams into achievable goals and analyze the cost implications of their goals.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of goal setting processes.
Time:	105 minutes (1 hour 45 min)
Prerequisites:	Participants will already have completed Session #5 “Spending: What do I need? What do I want?” in the unit “Basic Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #7: Setting Financial Goals		
Date: [Pick the date]	Time: 105 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare a flipcharts 2. Note: Keep examples of participants' expenses to use in Session #8. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Masking tape • Prepared flipcharts <p>Flipchart #1: Characteristics of A Goal</p> <p>Flipchart #2: My Goals</p> • Handouts <p>Handout #1: Can You Help the Old Man?</p> <p>Handout #2: Mani's Goals</p> <p>Handout #3: Naomi's Goals</p> • Trainer Materials <p>Trainer Material #1: Prepared flipcharts</p> 		
<p>Competency:</p> <p>Participants set financial goals</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Develop small steps needed to realize a personal dream. 2. Identify the financial implications and costs of each step. 3. Organize these steps in terms of short-, medium-, and long-term goals. 		

Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p> <p>Handout #1: "Can You Help the Old Man?"</p>	<p>The importance of goal setting</p> <p>Participants experience the importance of setting goals.</p> <ol style="list-style-type: none"> 1. Say: <i>"Welcome to this new session. Before we start, each of you will receive a handout about an old man who seems to be lost and confused. He needs your help. Let's see if you are able to help him."</i> 2. Give each participant Handout #1 with the illustration of the old man, and say: <i>"You have two minutes to help the old man. What will you tell him?"</i> <p>Post adaptation:</p>



Phase/Time Materials	Instructional Sequence
	<p>In case there are no copies of the handout, the facilitator can reproduce the handout on a flipchart or a board and still ask the same question.</p> <p>3. After two minutes, stop everyone and ask: <i>“What did you tell the old man?”</i></p> <p>Note: Expected answer: We can’t help him if he doesn’t know which way to go. He has no direction.</p> <p>4. Conclude by saying: <i>“It is difficult to move forward if you don’t know where you are going or where you want to be at the end of the road. That is what all of you wanted to know from the old man.”</i></p> <p>5. Introduce the session by saying: <i>“It is important to know where you are going or what you want to accomplish. During this session we will learn to identify where we want to go, what we need to accomplish to get there, and what the financial implications are.”</i></p>
<p>Information</p> <p>20 minutes</p>	<p>Linking financial goals to personal dreams</p> <p>Participants explore the link between personal dreams and goals. They define goals and their characteristics, as well as evaluate their cost implications.</p> <p>1. Say: <i>“Some people have many dreams for their personal life; they have things they want to accomplish during certain periods of their lives. Dreams that we will be addressing in this session are the hopes and wishes that each of us has.”</i></p> <p>2. Organize participants into groups of four.</p> <ol style="list-style-type: none"> Ask them to discuss their dreams and pick one personal dream that members from the group have in common. Have them illustrate or describe in words what the dream looks like. Ask them to explain by answering the question: <i>“What things happen in the person’s life as a result of that dream coming true?”</i> <p>3. Each group will present the dream they came up with. Ask participants to paste the flipchart paper on the wall or keep their flipchart and continue working on it in the next steps.</p> <p>4. Conclude by saying: <i>“Dreams tell you where you want to go in life, things you want to do. Remember the old man? You needed to know where he wanted to go. Now, let’s see what things need to be accomplished to achieve your dreams.”</i></p> <p>5. Ask the same small groups: <i>“What things do you need to accomplish in order</i></p>



Phase/Time Materials	Instructional Sequence
<p>Flipchart #1: “Characteristics of A Goal”</p>	<p><i>to achieve your dreams?”</i></p> <ol style="list-style-type: none"> 6. Ask each group to share their answers. 7. Write down the answers as the group speaks. <p>Note: For the moment do not focus on how participants frame the things that need to happen. At the end they will be asked to rewrite the steps into achievable goals.</p> 8. Conclude the activity by saying: <i>“In general, goals are things you want to accomplish within a particular time frame that contribute to realizing your dreams.”</i> <p><i>Some goals are financial—things you want to accomplish within a particular time frame that cost money. Some are not finance-related.”</i></p> <ol style="list-style-type: none"> 9. Ask the groups to look at their lists and identify the things that cost money. 10. After participants have shared their answers, say: <i>“Just like you wanted more information from the old man at the beginning, you will need to be more specific about the things that need to be accomplished to make your dreams a reality. Goals have some key characteristics.”</i> 11. Post the flipchart with the characteristics of goals. Explain each characteristic and refer to the participants’ examples whenever possible. <p>Note: Use PowerPoint if possible.</p> <p>Post adaptation: Use the acronym SMART when it works. SMART (Specific, Measurable, Achievable, Realistic, Time-bound) may not work in non-English and non-French speaking countries. The flipchart may only have the five characteristics of a goal.</p> <p>Based on the profile of the participants, you can provide relevant examples of SMART goals. Examples:</p> <ul style="list-style-type: none"> • Buy a used bicycle by the end of the year. • Complete free application to become a member of the local youth center by the end of the week. <ul style="list-style-type: none"> • <i>Specific—What is it that you want to accomplish?</i> • <i>Measurable—How much? How many? Is it something we can measure?</i> • <i>Achievable—Is it something that you can accomplish? (For the moment, don’t ask how.)</i> • <i>Realistic—Is it something possible?</i> • <i>Time-bound—When? How long will it take to accomplish?</i> • <i>As far as time is concerned, goals can be:</i>



Phase/Time Materials	Instructional Sequence												
	<ul style="list-style-type: none">• Long-term—It takes more than a year to achieve.• Medium-term—It takes from three months to a year to achieve.• Short-term—It takes less than three months to achieve. <p><i>In addition to the characteristics above, financial goals have cost implications. You have to ask the question: “How much will it cost to achieve this goal?” Or, “How much do I have to spend or put aside to accomplish my goal?”</i></p> <p>Note: Always ask participants if they have questions as you go through the characteristics.</p> <p>12. Ask each group to reconsider their examples and rewrite the things that need to be accomplished in a way that reflects the characteristics presented.</p> <p>Note:</p> <ol style="list-style-type: none">1) The facilitator walks around and helps groups.2) This activity helps the facilitator assess the gaps in learning.3) This activity is also an assessment exercise for Learning Objective #1.												
<p>Practice</p> <p>30 minutes</p> <p>Flipchart #2: “My Goals”</p> <p>Handout #2: “Mani’s Goals”</p> <p>Handout #3: “Naomi’s Goals”</p>	<p>Mani’s and Naomi’s dreams and goals</p> <p>Participants analyze Mani’s or Naomi’s dream and identify the different goals that he or she needs to accomplish.</p> <ol style="list-style-type: none">1. Organize new small groups of four people (who want to help the same person, Mani or Naomi) and ask the group: <i>“Who would like to help our friend Mani? Who would like to help our friend Naomi?”</i>2. Based on the groups’ answers, give them either Handout #2 (Mani) or Handout #3 (Naomi) and ask them to read the story and answer the following questions (included on the handouts):<ol style="list-style-type: none">a. <i>What is Mani’s/Naomi’s dream and what things are happening in that dream?</i>b. <i>What does Mani/Naomi want to accomplish this year?</i>c. <i>Does what Mani or Naomi has accomplished contribute to realizing his or her dream?</i>d. <i>Help Mani/Naomi fill out the table: My Goals</i> <table><tr><th>Goals: What do I need to accomplish?</th><th>Completed by:</th><th>Is it a financial goal? Yes or No</th><th>How much will it cost? Or how much will I have to save?</th></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	Goals: What do I need to accomplish?	Completed by:	Is it a financial goal? Yes or No	How much will it cost? Or how much will I have to save?								
Goals: What do I need to accomplish?	Completed by:	Is it a financial goal? Yes or No	How much will it cost? Or how much will I have to save?										



Phase/Time Materials	Instructional Sequence			
	3. Ask the groups to share their answers with the rest of the participants. As in a fair, one member of each group will remain in front of the group flipchart to answer questions “visitors” may have, while other members will walk from one group to another, asking questions.			
	4. After the sharing, summarize by saying: “Mani [or Naomi] is a clever person who has many dreams. But for this particular dream, he [or she] has identified some goals that need to be achieved this year, and some of them are financial goals. They require him [or her] to spend or set money aside. These goals may not help him [or her] achieve his [or her] entire dream, but they are bringing him [or her] closer to his [or her] dream.”			
	5. Conclude by saying: “We have analyzed Mani’s [or Naomi’s] dream and goals; now let’s look at your personal dreams and goals.”			
Application 30 minutes Flipchart paper Masking tape Notebooks	My dreams and my goals Each of the participants will describe a dream he or she has and identify some important things s/he wants to accomplish and their cost implications. 1. Say: “Each of you will receive a flipchart. I would like you to use this flipchart to describe one of the dreams you have for your personal life. You can also illustrate your dream with a drawing. You will be asked to post your flipchart on the wall for everyone to see.” Then ask participants to think of their lives and follow these instructions on a flipchart: a. Describe a dream you have for your life and things that are happening in that dream (you may draw it). b. Identify at least four goals you need to accomplish between now and next year that can contribute to that dream (remember the characteristics of a goal). c. Fill in the table: My Goals. 2. When participants have completed the exercise, ask them to hang their dreams on the wall for everyone to see. Note: The facilitator walks around and helps participants, particularly those who may have a problem expressing themselves in writing or drawing.			



Phase/Time Materials	Instructional Sequence										
	<p>3. Remind participants to be realistic and that these goals will be used throughout the training and will also serve them outside the classroom.</p> <p>Note: For instruction c) The table: My Goals, the facilitator will ask participants to write in an exercise book or notebook.</p> <p>4. Ask one or two volunteers to share with the group their work on Instruction C.</p> <p>Note: If flipchart paper is not available, each participant can write in his or her exercise book or notebook.</p>										
<p>Assessment</p> <p>15 minutes</p> <p>Flipchart: “What I Would Like to Learn”</p>	<p>Sharing your goals</p> <p>Participants assess how realistic and achievable their goals are.</p> <p>The facilitator organizes participants in pairs who share with each other:</p> <ul style="list-style-type: none">a. How his or her goals contribute to his or her dream.b. Why he or she thinks that the goals are realistic and can be achieved.c. Which of the goals are short-term and which one are medium-term. <p>The facilitator walks around to each pair to listen and help when needed.</p> <p>Note: Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><th>Things I would like to learn</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it							
<p>Facilitator Notes for Future Improvement</p>	<p>Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]</p>										



Trainer Resource #1: Flipcharts

Flipchart #1: Characteristics of A Goal

Specific—What is it that you want to accomplish?

Measurable—How much? How many? Is it something we can measure?

Achievable—Is it something that you can accomplish? (For the moment don't ask how?)

Realistic—Is it something possible?

Time-bound—When? How long will it take to accomplish?

Flipchart #2: My Goals

Goals: What do I have to accomplish?	Completed by	Is it a financial goal? Yes or No	How much will it cost? Or how much money do I have to set aside?

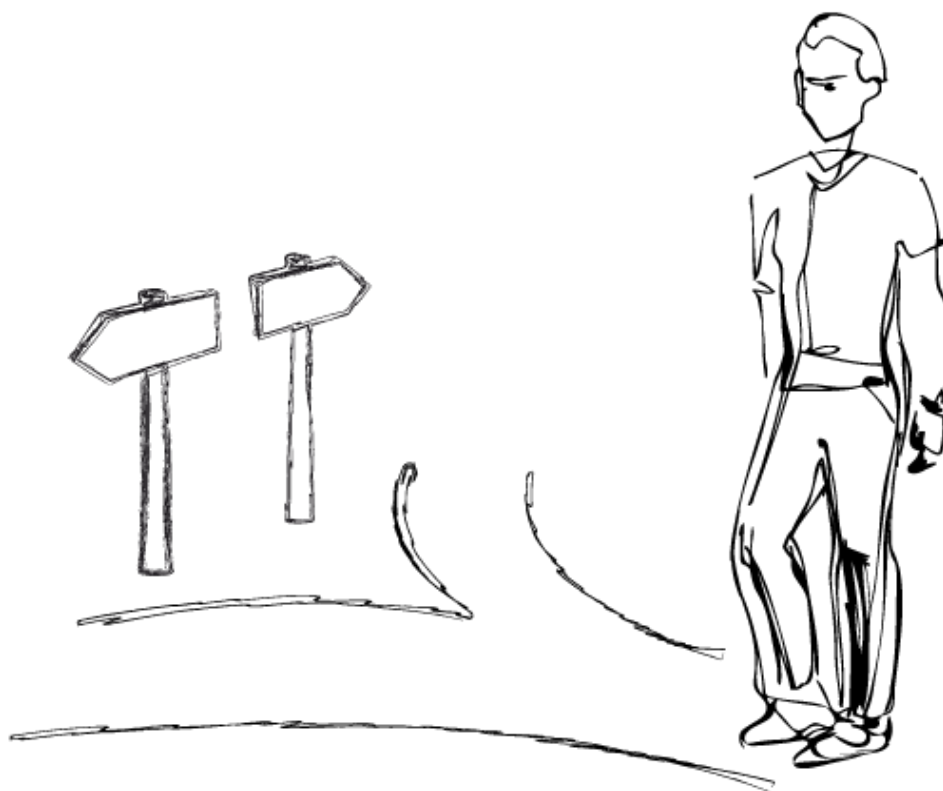


Handout #1: Can You Help the Old Man?

Old Man: *Greetings to you.*

You: *Thank you. Can I help you?*

Old man: *Yes, please. Can you tell me where to go from here?*



Handout #2: Mani's Goals

Mani dreams of owning an art shop where he can paint and design sculptures to sell. The art shop he hopes to open will employ and train many young people. Tourists from all over the world will visit his store and buy his creations. He also knows that to accomplish this dream, it will require hard work, commitment, and money.

Mani has always wanted to improve his talents; he believes that one way for him to do this is to meet great artists. Attending the international art expositions that are organized in the capital is one of Mani's dreams. While he can manage to get a free entry ticket, he knows that the trip may cost him about \$100. But it is something he is willing to accomplish this year.

Also this year, he has set the goal of mastering stone carving and sculpting. He realizes it is cheaper to find stones than to buy them, and many people like stone sculptures.

Mani is not concerned about the hard work of learning different styles of sculpting. However, he is concerned about raising the money. He has joined an association of young artists in town.

There are 10 members. They have decided to save money together and hope in five years to have saved enough money to build their own art center. Mani knows it is an important step for his long-term dream of owning his art center. So each member has to save \$30 every month, which means Mani has a savings goal of \$360 each year.



Questions:

- a. *What is Mani's dream?*
- b. *What does Mani want to accomplish this year?*
- c. *Do Mani's accomplishments contribute to the realization of his dream?*
- d. *Help Mani fill out the table: My Goals*



Handout #3: Naomi's Goals

Naomi is a smart student in her final year of high school. She dreams of becoming an accountant, but that is a very long-term dream that may change. However, she would be happy to attend the prestigious business school in the capital. If that happens, it would be a dream come true. Most of the best accountants in the country have graduated from that school. However, admission is very competitive.

To increase her chances of being accepted to the business school, she will have to pass her final exam with a grade of A+.

She has also learned from some of her friends in the business school that she will need to take extra math lessons. Although she has a scholarship to cover her school tuition, the scholarship does not cover extra lessons. She will have to pay \$5 every month until the end of the year to cover her math lessons. Naomi is determined to register for nine months of extra math classes until the final exam.



Naomi is encouraged by her parents, even though they are a little bit concerned that their “little girl” will have to move to the capital city to attend a university.

Questions:

- a. *What is Naomi's dream?*
- b. *What does Naomi want to accomplish this year?*
- c. *Do Naomi's accomplishments contribute to the realization of her dream?*
- d. *Help Naomi fill out the table: My Goals*



Session #8: Developing a Personal Budget

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants develop a personal budget to better plan how to use their income (fixed or variable) to achieve their goals and meet their monthly expenses.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers and local counterparts who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have basic knowledge of budgeting and setting financial priorities.
Time:	150 minutes (2 hours 30 minutes)
Prerequisites:	Participants will already have completed Sessions #3 and #5 of the unit “Basic Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #8: Developing a Personal Budget		
Date: [Pick the date]	Time: 150 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Practice the exercise “Budget: Do I Need One?” under the section “Motivation.” 2. Prepare flipcharts or a PowerPoint presentation of Handouts #1 and #2. 3. Prepare the cards for a “Budget Item Box.” Using badge-size (approximately 2-by-3-inch) cards, create a set of four cards, each containing several different budget items. The items on the cards should be based on participants’ expenses collected after Session #5, “Needs and Wants,” and Session #7, “Financial Goals.” Number the cards 1-4. Make multiple sets of the four cards so that groups of four can have a full set. Mix the cards up and place them in the Budget Item Box. 4. Prepare a box for “Variable Income Cards.” Each card should have a different income amount, determined by the facilitators, to probably create a range of surplus and deficit situations for youth. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Calculator • Prepared flipcharts <p>Flipchart #1: Flipchart #1: Budget at Your Fingertips</p> <p>Flipchart #2: Flipchart #2: Budget template</p> • Handouts <p>Handout #1: Budget at Your Fingertips</p> <p>Handout #2: Budget Template</p> • Trainer Materials <p>Trainer Material #1: Prepared flipcharts</p> <p>Trainer Material #2: Budget item box containing cards</p> <p>Trainer Material #3: There is a second box with variable income cards. To create the variable income cards, determine the amount based on your estimations of minimum and maximum income a young person in your community can receive in a month. (You decide to create deficits or surplus depending on what you want each group to focus on.)</p> 		
<p>Competency:</p> <p>Participants develop the skills to design and use a simple budget.</p> <p>Session Learning Objectives:</p> <p>Participants will:</p> <ol style="list-style-type: none"> 1. List at least two reasons for using a budget. 2. Create a personal weekly budget (with fixed or variable income). 		



Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>30 minutes</p> <p>A budget items box: A box filled with badge-size cards, each containing different budget items.</p>	<p>Budget: Do I need one?</p> <p>Participants experience the need to estimate their future expenses and income.</p> <ol style="list-style-type: none"> 1. The facilitator has a box filled with small (2-by-3-inch) badge-size cards, and says: <i>"I would like to present you with a small card. Each of you will pick a card from the box. Your job is to determine the realistic prices for each item on your card. Do not show anyone what you write."</i> 2. Ask each participant to pick a card and write down the amounts for each item. 3. Instruct participants to write down the prices for each item or write "I don't know" or "zero" (if they are not the one paying for the item). 4. Assure participants of the confidentiality of the information by saying: <i>"After collecting the cards, I will mix them up, so no one will know who wrote what."</i> 5. Walk around and collect the cards from the participants. 6. Arrange the cards to form complete sets of four cards (1, 2, 3, and 4). Then organize participants into groups of four. <ul style="list-style-type: none"> Note: The number of items on a card can be modified so that when groups are formed, a complete budget is created. The facilitator needs to prepare this before the session. 7. Ask each group to align their cards vertically. 8. Ask: <i>"Which group(s) has all the boxes filled in with amounts?"</i> 9. In case there are group(s) with missing data, ask the following questions: <ul style="list-style-type: none"> • <i>"Which items are missing information?"</i> • <i>"What do you think can happen when you don't know how much you will spend?"</i> • <i>"What happens when you don't know your future income?"</i> 10. After listening to participants' responses, ask: <i>"Why is it important to estimate your future expenses?"</i> Write down participants' answers as they speak. 11. The facilitator concludes by saying: <i>"In this session we will use a tool that can help you decide your future expenses and plan how to distribute your income in order to cover your future expenses."</i>



Phase/Time Materials	Instructional Sequence
<p>Information</p> <p>45 minutes</p> <p>Flipchart #1: “Budget at Your Fingertips”</p> <p>Handout #1: “Budget at Your Fingertips”</p> <p>Flipchart #2: “Budget Template”</p>	<p>A. What’s a budget? Participants improve their understanding of the budget and list reasons for using a budget.</p> <ol style="list-style-type: none"> 1. Define a budget by saying: <i>“A budget is a plan with numbers that shows how you will use your estimated future income to cover your estimated expenses. The future can be in terms of weeks, months, or even years.”</i> 2. Show an example of a budget template for the year and explain the main items (Income, Expenses, Weeks, and Difference of Income vs. Expenses). 3. Ask: <i>“Why is it important to put in more than one week or month?”</i> 4. After listening to answers, summarize by saying: <i>“It is always good to have more than one week or month because it will help you see the money that will be earned (income) and the money that will be spent (expenses) well beforehand.”</i> 5. Ask participants the following question: <i>“Why is it important to have a budget?”</i> 6. Write down the answers as participants speak. 7. After listening, say: <i>“A budget helps you to know your future expenses and estimates your income in order to help you reach your financial goals, make payments on time, and know what you owe and who owes you, and how much you may be able to save, etc.”</i> <p>B. How do you budget: the budgeting process Participants learn to develop a budget.</p> <ol style="list-style-type: none"> 1. Say: <i>“Budgeting is the process of planning how your income will be used to cover your expenses. You can do a budget by taking the five following steps.”</i> 2. Use the budget template as you explain, <i>“We will see what happens in each step.”</i> 3. Step 1: List—<i>“Think of all your expenses for the weeks or months of the period of time you want to cover. There are some expenses that are weekly or monthly, for example, rent, utilities, and food. Some expenses change from one month to another. Write down the ones that have a high chance of occurring and the rest you can call ‘other expenses.’ Also remember that some of your expenses are financial goals you have set to achieve your dreams, such as saving.</i>



Phase/Time Materials	Instructional Sequence
	<p><i>“List your expenses: Write down the estimated amount of each. To estimate is another way of saying what you think you will spend.</i></p> <p><i>“Fixed expenses—Some expenses are called fixed expenses. This amount is known. For example, your rent, school fees, and in some cases transportation to school or work, are fixed expenses.</i></p> <p><i>“Variable expenses—There are variable expenses, such as utilities and taxes. The amount is not always known ahead of time because it changes from one period to another. You have to anticipate how much you will spend during those months.</i></p> <p><i>“Other expenses—These are expenses that are not frequent, but are those you anticipate having after purchasing such things as gifts, items, or services you want to acquire or have access to (e.g., new membership in a youth club).</i></p> <p><i>“Income—You need to determine how much income you will receive for each week or month. Make sure you write down net income. For example, if you have a salary, make sure you are using the actual amount of money you bring home, after subtracting deductions and taxes. Your income can come from multiple sources, such as employment, sales, rent, dividends, gifts, and an allowance.</i></p> <p>4. Step 2: Add—<i>“Add up all of your expenses for each week. Add up all of your income for each week. If you are paid at the end of the month, write down the total amount of your expenses and income for the month. Remember to add all income.</i></p> <p>5. Step 3: Subtract—<i>Once you’ve added up your weekly or monthly income and your weekly or monthly expenses, subtract the expense total from the income total to find out how much money you have left over (Surplus) or how much money you are missing (Deficit).</i></p> <p>Note: The facilitator will show the result line (total) in the budget on the flipchart.</p> <p>Tip: Show the prepared flipchart with the drawing and, if possible, give them a copy of Handout #1</p> <p>6. Ask: <i>“What does a negative number mean in your budget? What does a positive number mean?”</i></p>



Phase/Time Materials	Instructional Sequence
	<p>7. After listening to answers, summarize: <i>“A positive number is also called a budget surplus, and means you will earn more than you will spend.”</i></p> <p><i>“A negative number, also called a budget deficit, means you will spend more than you will earn.”</i></p> <p><i>“This can vary from one week to another, which means you can have a surplus (extra money) one week and a deficit (not enough money) the next week or month.”</i></p> <p>8. Step 4: Decide—<i>The total you get when you subtract expenses from income calls for a decision.</i></p> <p><i>“A positive number in your budget means you will have money left over after your expenses.”</i></p> <ol style="list-style-type: none"> Ask: <i>“What decision can you make if the number is positive?”</i> After listening to answers, say: <i>“You can decide to put that money aside to prepare for unforeseen events such as an accident; it could be for a gift you want to give to someone; or you could use it to make up the deficit during weeks or months when expenses are higher than income. You can also decide to save it if you are not already in a savings program or use the extra money to start a small business.”</i> Ask: <i>“What decision can you make if your budget has a negative number; that is, if you have more expenses than income?”</i> After listening to answers, say: <i>“You will have to reduce your expenses. This is where your knowledge of “Needs and Wants” becomes important. Can someone remind us of the difference between needs and wants?”</i> After listening to answers, say: <i>“Begin by identifying things you can’t live without (needs) and things you would like to have but are not necessary (wants). Then see if there are wants that you can eliminate or if you can reduce the amount you spend on them. Then add up all the expenses with the new amount and see if the difference between the total of your expenses and your income is zero or positive.”</i> <p><i>“Now you have a budget! The next step is to stick to it and adjust as needed.”</i></p> <p>9. Step 5: Stick to It—<i>Now you have a plan to use your income to cover your expenses and achieve your financial goals. This plan contains information you need for making your financial decisions. There may be some changes, but be careful when making these changes. Remember, each change has consequences for your financial situation.”</i></p>



Phase/Time Materials	Instructional Sequence
	<p>10. Conclude by saying: <i>“Now we will practice our budgeting skills.”</i></p> <p>Note: Facilitator can introduce a 15-minutes break.</p>
<p>Practice</p> <p>45 minutes</p> <p>Calculator</p> <p>Handout #1: “Budget at Your Fingertips”</p> <p>Handout #2: “Budget Template”</p> <p>Variable Income cards</p>	<p>A. One-month budget with a fixed regular income</p> <p>Participants will follow the five steps of budgeting (List, Add, Subtract, Decide, Stick to It) to create their group budget using a regular income.</p> <ol style="list-style-type: none"> Keep participants in the same groups they were in for the Motivation exercise at the beginning of the session. Give them Handout #2 (Budget template) and instruct them to use the items on the cards to do Steps 1 and 2 by saying: <ol style="list-style-type: none"> <i>“List all your expenses and your income. For the expenses, start with ‘Week 1.’ Where it says, ‘I don’t know,’ agree on an amount to fill in the box.</i> <i>“For income, consider that the income is a fixed income of \$25 U.S. every week.</i> <p><i>“Fixed income is income that is the same amount every week, month, or year. So don’t use the income amount you currently have on each card.”</i></p> <p>Note: For the fixed weekly income, the facilitator will choose a realistic weekly income determined by participants during the motivation exercise (neither the maximum nor minimum). That way, some groups will have a deficit and others a surplus.</p> Walk around to the groups to verify the difference between income and expenses, and then ask each group to share their results. Ask groups to make decisions based on the result: <ol style="list-style-type: none"> <i>“For those who have a surplus—what changes will you make, and why?”</i> <i>“For those who have a deficit—what changes will you make, and why?”</i> <p>Note: The facilitator gives the group some time to discuss and make a decision.</p> Ask each group to explain its decision. <p>Note: This is an opportunity for the facilitator to also see if the groups with a surplus know about saving, or decide to increase some expenses (remind participants that increasing expenses even though they have a surplus has consequences, one of which is that it reduces their capacity to face unforeseen events. There are also some opportunity costs.) For those with a deficit, see whether they have understood the concept of needs vs. wants.</p>



Phase/Time Materials	Instructional Sequence
	<p>B. Budgeting with a variable income Participants will adjust their budget based on variable income.</p> <ol style="list-style-type: none"> 1. Address the groups in the following terms: <ol style="list-style-type: none"> a. <i>"In the previous exercise you had an income you knew and expected. Now you will have an income you did not expect and do not know the exact amount of in advance. It is called variable income."</i> b. Ask the groups to discuss the following questions: <ul style="list-style-type: none"> • "How will that affect your monthly expenses?" • "What will you put as income?" c. Ask them to share their answers. <p>Note:</p> <ol style="list-style-type: none"> 1) These questions can be difficult, since participants don't have a set amount to start with. However, the reality of some of the participants is that they don't know when and how much income they will get the following month. This exercise simulates that reality and the expected answers will offer them some tips. 2) Expected answers: <ol style="list-style-type: none"> a. I will reduce my wants, things that are not necessary for my life. b. I will estimate my income based on my income-generating activities and previous income. 3) The point here is that, when you operate with a variable income while budgeting your expenses, the focus is on the needs rather than wants. 2. Ask groups to create a budget for the second month, using the one they have as a base, but not being certain about the second month's income or expenses. <ol style="list-style-type: none"> a. Walk around to observe progress. When all the groups have created a budget, ask each group to pick a variable income card from the box and adjust the budget accordingly. <p>Note: To create the variable income cards, decide the amount based on your calculations of the group's total expenses. You decide to create deficits or surplus depending on what you want each group to focus on.</p> b. Ask the groups: <i>"How does variable income affect the budget?"</i> 3. After listening, say: <i>"We have seen that even when you have variable income, like most young people doing casual work or receiving money from parents and family members, you still need to budget. It is important to prioritize your needs over your wants and to put money aside when you have a surplus, since you don't know how much and when your next income will come."</i>



Phase/Time Materials	Instructional Sequence										
Application 20 minutes Flipchart with a pre-written budget; Handout #2: “Budget Template”	<p>Do you have a personal budget? What is in it? Participants will create their own monthly personal budget.</p> <p>1. Say: “Now each of you will create your own personal budget for next month. Follow the five steps we have used and be realistic.”</p> <p>Tips: The facilitator can remind them that they have already collected the following information from previous exercises (if they are using exercise books or notebooks):</p> <ul style="list-style-type: none">• Expenses—During the session on Needs and Wants• Income—During the session on Sources of Income.• Financial goals—During the session on Setting Financial Goals. <p>2. Walk around to monitor progress and help those who need help.</p> <p>Note: Remind participants that the personal budget they are creating will also be used for the rest of the training and can help them in their personal lives.</p>										
Assessment 20 minutes	<p>What have you learned and how will you apply it? Participants assess what they have learned and where they still have difficulties.</p> <p>a. Give two reasons a budget is important. b. What is a personal budget surplus, and what can you do with it? c. Describe one way of dealing with a personal budget deficit. d. How can you estimate variable income in a budget? e. What else do you need in order to start using your personal budget?</p> <p>Note: 1) <u>Expected answers:</u></p> <p>a. The budget helps me think of how to use my income to cover my expenses, helps me make payments on time, and gives me an idea of how much I can put aside. b. A budget surplus occurs when my total income is higher than my total expenses. I can put it aside, save, or invest it in a small business. c. A budget deficit occurs when expenses are higher than income. I can reduce my wants or remove some of them, or postpone some payments (remind participants that choosing this particular solution may have some negative financial consequences, such as paying more interest or fees next time). d. Base it on my past income or the type of income generating activities I do.</p> <p>2) Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><th>Things I would like to learn</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it							



Phase/Time Materials	Instructional Sequence
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]

References

Smart Personal Money — “How to budget your expenses”

<http://www.smartpersonalmoney.com/howtobudget.html>



Trainer Material #1: Flipcharts

Flipchart #1

Budget at Your Fingertips:

List

Add

Subtract

Decide

Stick to It

Flipchart #2

Make expense list and one column (for 1 week) from Handout #1.



Handout #1: One Month Budget

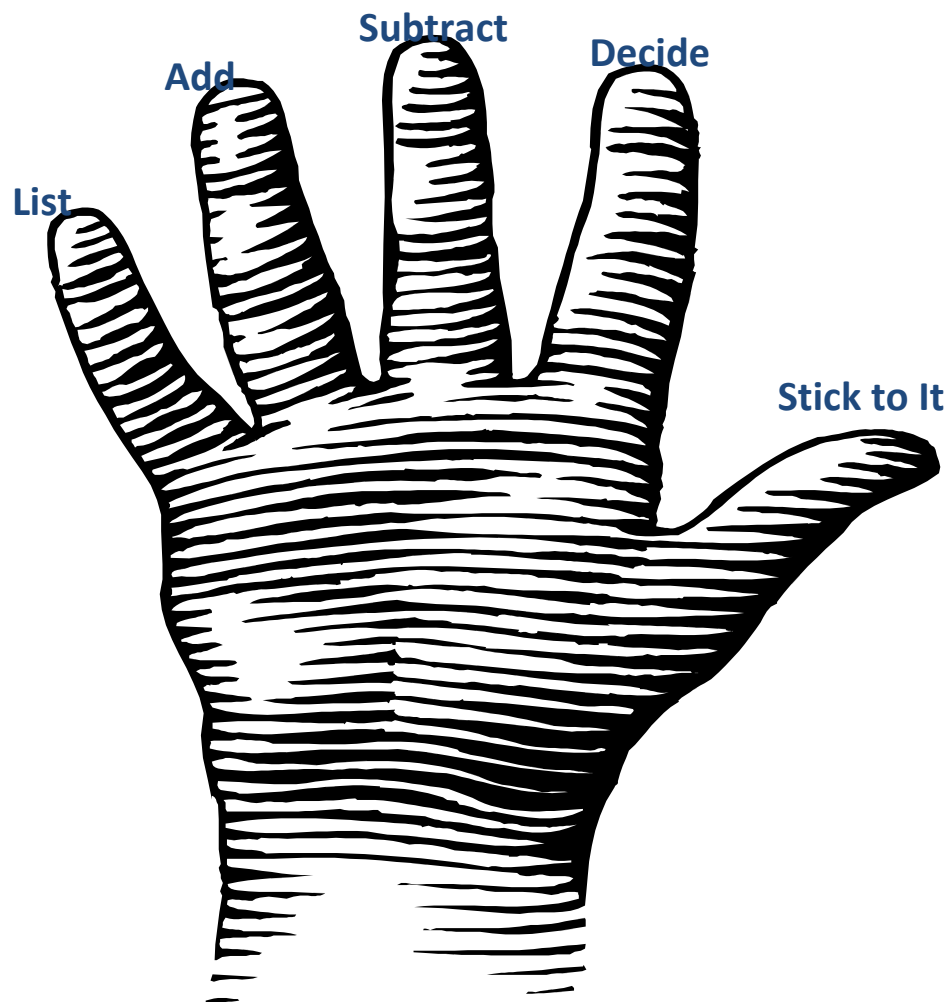
Expenses	Week 1: Amount	Week 2: Amount	Week 3: Amount	Week 4: Amount	Total for the Month
Rent	\$				
Utilities (electricity, water, kerosene, etc.)	\$				
Food	\$				
Medicine	\$				
Personal care (soap, shampoo, etc.)	\$				
Transportation	\$				
Internet	\$				
Loan repayment	\$				
Savings	\$				
Gifts	\$				
Entertainment (movies, events, etc.)	\$				
Total of expenses	\$				
Sources of Income	Week 1: Amount	Week 2: Amount	Week 3: Amount	Week 4: Amount	Total for the Month
Wages (net salary)	\$				
Profits from business	\$				
Received loan payment	\$				
Allowance from parents	\$				
Scholarship	\$				
Other	\$				
Total Income	\$				



Income - Expenses	Week 1	Week 2	Week 3	Week 4	Month
Total income	\$				
Total expenses	\$				
Budget surplus (+) or Shortfall (-)	\$				



Handout #2: Budget at Your Finger Tips



Trainer Material #3: Budget Items Box

Card # 1

Spend on:	Week 1: Amount	Week 2: Amount	Week 3: Amount	Week 4: Amount	Total for: Month
Food					
Telephone cards					
Gifts for friends, family, church, etc.					
Repaying a loan					
Internet activities					
Unforeseen events (sickness, accident, etc.)					
Your net income					

Card # 2

Spend on:	Week 1: Amount	Week 2: Amount	Week 3: Amount	Week 4: Amount	Total for: Month
Medicine					
Soda and snacks					
Transportation					
Utilities (water, electricity, kerosene, TV cable, etc.)					
Your net income					



Card # 3

Spend on:	Week 1:	Week 2:	Week 3:	Week 4:	Total for:
	Amount	Amount	Amount	Amount	Month
Entertainment (video clubs, concerts, etc.)					
Clothes					
Education (school fees, books, etc.)					
Helping family members, friends, etc.					
Your net income					

Card # 4

Spend on:	Week 1:	Week 2:	Week 3:	Week 4:	Total for:
	Amount	Amount	Amount	Amount	Month
Electronics (video games, cellphones, etc.)					
Work tools (paintbrush, pots, uniforms, machetes, etc.)					
Personal care (soap, body lotion, etc.)					
Put money aside (savings account, savings association, etc.)					
Rent					
Your net income					



Session #9: Savings: Pay Yourself!

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session prepares participants to make savings decisions and develop a savings plan.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of savings methods and personal savings plans.
Time:	120 minutes
Prerequisites:	Participants will have already completed Session #7 of “Personal Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #9: Savings: Pay Yourself!		
Date: [Pick the date]	Time: 120 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare a Box with “Savings Cards” (See Handout #3). Adapt the amounts and currency to the local context. Create at least two copies of each savings card. 2. Reproduce on a flipchart Handout #1: What Do I Need to Know in Order to Save? <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk • Prepared flipcharts <ul style="list-style-type: none"> Flipchart #1: Reasons People Save Flipchart #2: Savings Rules Flipchart #3: Definition of A Savings Goal Flipchart #4: Self-assessment Questions • Handouts <ul style="list-style-type: none"> Handout #1: What Do I Need to Know in Order to Save? Handout #2: Savings Plan Handout #3: Savings Cards • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Prepared flipcharts Trainer Material #2: Box with “Savings Cards” (made from Handout #3) 		
<p>Competency: Participants develop a savings plan.</p> <p>Session Learning Objectives: Participants will</p> <ol style="list-style-type: none"> 1. List at least two reasons to save. 2. Set savings goals. 3. Develop a savings plan. 4. Commit to a savings goal. 		

Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>20 minutes</p> <p>Handout #1: “What Do I Need to Know</p>	<p>Deciding to save Participants develop questions that accompany the decision to save.</p> <ol style="list-style-type: none"> 1. Say: <i>“If you have ever saved money for something special, please stand up. “If you are currently saving, please raise your hand. “If you want to start saving for something special, raise your foot.”</i>



Phase/Time/ Materials	Instructional Sequence
in Order to Save?"	<p>Note: Make sure all participants are able to perform these movements; otherwise change the activity. Be aware of persons with disabilities.</p> <ol style="list-style-type: none"> 2. After the activity, say: <i>"Generally, most people find themselves in at least one of these categories."</i> 3. Read Handout #1 or distribute it to participants, then say: <i>"Read Handout #1 and tell your friend what questions he or she needs to consider before deciding on the amount to save."</i> 4. Ask some volunteers to read their answers to the group. Write their questions on the flipchart as they speak. 5. After the activity, summarize by saying: <i>"It helps to know why you want to save, how much money you need to save, how much income you can receive, and how long you will save."</i> <p>Continue: <i>"During this session, we will discuss a savings plan and learn about good ideas for saving."</i></p>
<p>Information</p> <p>40 minutes</p> <p>Flipchart #1: "Reasons People Save"</p> <p>Flipchart #2: "Savings Rules"</p> <p>Flipchart #3: "Definition of A Savings Goal"</p> <p>Flipchart #4: "Self-assessment Questions"</p>	<p>A. Identifying reasons to save During group discussions, participants will identify reasons and challenges to saving.</p> <ol style="list-style-type: none"> 1. Organize participants into groups of three or four (depending on the number of participants) and say: <i>"Discuss together and write down some reasons people save money."</i> <p>Note: The facilitator will write on a flipchart or the board: People save for:</p> <ol style="list-style-type: none"> 1) 2) 3) 4) 2. Walk around to monitor progress, and then ask groups to share their answers. 3. Summarize by contrasting participants' answers with the pre-written flipchart (reasons people save). Say the following: <i>"People save for:</i> <ul style="list-style-type: none"> • <i>Investment—To put money in an activity that generates income</i> • <i>Expenses—To cover needs or wants they can't pay for now or they will pay for later</i>



Phase/Time/ Materials	Instructional Sequence															
	<ul style="list-style-type: none">• <i>Emergencies—To prepare for sudden and unforeseen events</i>• Retirement—<i>To make sure that when they are older and no longer work, they will still have money to support themselves.”</i> <p>Note: For each category, the facilitator asks participants to provide examples from their discussions.</p> <p>4. Ask: “Among these four categories of reasons, on a scale of 1 to 4 (4 being the most important and 1 the least important) rank reasons young people in this community save. And give one example of the types of activities you want to do with your savings.”</p> <p>Note: Suggest the table below and make sure the examples are concrete enough for participants to understand.</p> <p>Reasons young people save:</p> <table><tr><th>Categories of reasons</th><th>Rank: 1 to 4</th><th>One concrete example</th></tr><tr><td>Investment</td><td></td><td></td></tr><tr><td>Expenses</td><td></td><td></td></tr><tr><td>Emergencies</td><td></td><td></td></tr><tr><td>Retirement</td><td></td><td></td></tr></table> <p>5. Ask each group to present their work.</p> <p>B. Setting savings goals Participants determine their savings goals and financial implications.</p> <p>1. Say: “Remember the question you asked your friend who wanted to save at the beginning of the session? You asked: ‘What are you saving for?’</p> <p>“In a group, decide and write down one of the most important things your group wants to save for.” Each group will identify a concrete example.</p> <p>2. After the exercise, say: “Now that you have something you want to use your savings for, what is the next thing you want to know before you start to save?”</p> <p>Note: Expected answer: How much it will cost.</p> <p>After listening to answers, say: “You want to know how much it will cost.”</p> <p>3. Ask groups to calculate how much the example they have identified will cost.</p> <p>4. The facilitator circulates among groups and makes sure the groups have</p>	Categories of reasons	Rank: 1 to 4	One concrete example	Investment			Expenses			Emergencies			Retirement		
Categories of reasons	Rank: 1 to 4	One concrete example														
Investment																
Expenses																
Emergencies																
Retirement																



Phase/Time/ Materials	Instructional Sequence										
	<p>determined the amount of their savings goals.</p> <p>5. Say: <i>“Congratulations! You all have a savings goal. A savings goal is the amount of money you want to put aside by a given date or period of time to achieve something important.”</i> (Read from Flipchart #3.)</p> <p><i>“The next thing is to know how much money you need to save regularly within a specific period of time (day, week, or month) in order to achieve your goal or goals.”</i></p> <p>6. Ask participants: <i>“How do you know how much you need to save each week or month to achieve your goals?”</i></p> <p>Note: Expected answer: It depends on how long you want to take to achieve your goals. You divide the cost of the goal by the number of contributions you want to make. The number of contributions, of course, depends on whether you have chosen to contribute daily, weekly, or monthly.</p> <p>7. After listening to the answers, say: <i>“You can determine how much you need to save each time by dividing the total amount of the goal by the number of days or weeks or months you need to achieve the goal.”</i></p> <p><i>“For example, let’s say that what you want to buy costs \$4 and you want to get it in four weeks. That means you will have to save \$1 every week; others could save in less time, depending on their income and their expenses. You can use the table below”:</i></p> <table border="1" data-bbox="456 1213 1330 1400"> <tr> <th>If I want to reach my goal in:</th><th>I will have to save</th></tr> <tr> <td>4 weeks (one month)</td><td>$\\$4 / 4 = \\1 per week</td></tr> <tr> <td>3 weeks</td><td>$\\$4 / 3 = \\1.33 per week</td></tr> <tr> <td>2 weeks</td><td>$\\$4 / 2 = \\2 per week</td></tr> <tr> <td>1 week</td><td>$\\$4 / 1 = \\4</td></tr> </table> <p>Post adaptation: Use local currency.</p> <p>8. Ask groups to decide whether to save per week or per month. How much will they save per week or per month to achieve their savings goal?</p> <p>Note: There may be discussion in some groups as to whether they have to save per week or per month. Tell them that it depends on when they get their income. Some people are paid daily, some weekly, and some monthly.</p> <p>C. Creating a savings plan Participants create a savings plan and learn tips to stick to it.</p>	If I want to reach my goal in:	I will have to save	4 weeks (one month)	$\$4 / 4 = \1 per week	3 weeks	$\$4 / 3 = \1.33 per week	2 weeks	$\$4 / 2 = \2 per week	1 week	$\$4 / 1 = \4
If I want to reach my goal in:	I will have to save										
4 weeks (one month)	$\$4 / 4 = \1 per week										
3 weeks	$\$4 / 3 = \1.33 per week										
2 weeks	$\$4 / 2 = \2 per week										
1 week	$\$4 / 1 = \4										



Phase/Time/ Materials	Instructional Sequence
	<ol style="list-style-type: none"> 1. Ask groups to use the information they have determined (see below) to fill out the savings plan (Handout #2): <ul style="list-style-type: none"> • What are you saving for (reason to save)? • How much money do you need? • How long do you want to take (duration)? • How much will you save per period (days, weeks, or months)? 2. Walk around to monitor progress and help. 3. Say: <i>“Congratulations you have all developed a savings plan. Some people had discussions to decide on the savings period, whether in days, weeks, or months.”</i> <i>“Remember these three rules about saving [display Flipchart #2]:</i> <i>“Save every time you receive income (daily, weekly, or monthly).</i> <i>“Spend less than your income.</i> <i>“No amount is too small to be saved.”</i> <u>Note:</u> The facilitator can provide a 10-minute break.
Practice 20 minutes Box with Savings Cards (made from Handout #3)	Role-play: Create a savings plan Participants will use a given situation to make savings decisions and develop a savings plan. <ol style="list-style-type: none"> 1. Organize participants in pairs and have each pair pick a “savings card” from the box. The savings card contains information about saving. The pairs will make savings decisions and develop a savings plan. When all pairs have picked their savings card, say: <i>“Use the savings plan (Handout #2) to develop a savings plan for the scenario described in your savings card.”</i> 2. During the exercise, walk around to monitor progress. <u>Note:</u> After they have completed the exercise, they can use another scenario. For “savings card 3: Why save?” – Expected answer: Save for emergency, future expenses, or investment in a small income-generating activity. 3. After completion of the activity, ask some volunteers to share their work. <u>Note:</u> Encourage the groups that had “savings card 3” to share their work.



Phase/Time/ Materials	Instructional Sequence
	<p>4. Ask: <i>“Which group saved more than they needed?”</i></p> <p>5. If there is such a group, congratulate the group and say: <i>“Remember, you don’t always have one goal to save for. An unplanned event might come up, such as helping a friend, or getting something you want. Or an emergency can happen. So always save more, when possible.”</i></p> <p>6. Summarize: <i>“Most of you had a goal, a reason to save. ‘Savings card 3’ did not have a specific goal; but even in this case, remember it is important to save for unforeseen events or future expenses. Always remember the three rules for saving:</i></p> <ul style="list-style-type: none"> • <i>“Save whenever you receive income (daily, weekly, or monthly).</i> • <i>“Spend less than your income.</i> • <i>“No amount is too small to be saved.”</i>
<p>Application</p> <p>25 minutes</p> <p>Handout #2: “Savings Plan”</p>	<p>A. My savings plan</p> <p>Participants create their personal savings plan and commit to respect it.</p> <p>1. Ask each of the participants to write down a personal goal they want to achieve in four weeks.</p> <p>2. Say: <i>“Since saving is something important, we will put it into practice. Think of something you have wanted to achieve. Describe or draw it. You will share it with the rest of the class.”</i></p> <p>Note: The facilitator can remind participants to think of or use their financial goals set during the session on financial goals. Encourage participants to think of a short-term goal (something they think they can achieve in less than a month).</p> <p>3. Ask participants to form groups with whom they would like to share their goals. They can form groups of their choice, but no more than four people per group. In their group discussions, they should talk about this question: <i>“Why did you pick a particular goal to achieve?”</i></p> <p>4. Ask volunteers to share the results of their group discussions.</p> <p>5. After listening, say: <i>“Congratulations! You now have a good reason to save; you know how to do it, and your friends know about it.”</i></p> <p>6. Ask each of the participants to reproduce “Handout #2: Savings Plan” and create a savings plan for themselves.</p>



Phase/Time/ Materials	Instructional Sequence										
	<div>7. Walk around and observe who might need help with the calculations.</div> <div>8. Ask participants to share their savings plans with their initial groups (those with whom they have discussed their goals).</div> <div>9. Ask some volunteers to share their savings plans with the whole group.</div> <div>B. Raising a challenge Participants commit to save.</div> <div>1. Say: <i>“You have a reason to save and a plan to save. How will your friends know that you are actually saving? Can someone come up with an idea?”</i> Tip: The facilitator can jump-start the conversation by suggesting that after four weeks, every participant will show his or her achievement.</div> <div>2. Conclude by saying: <i>“Congratulations for your commitment to save. Let’s see after four weeks what will come out of it.”</i></div>										
<div>Assessment</div> <div>15 minutes</div> <div>Flipchart #4: “Self-assessment Questions”</div>	<div>Assessing your learning Participants will assess what they have learned.</div> <div>1. The facilitator asks each participant to write the answers to the following questions:<div>a. What are two reasons people save?</div><div>b. What types of questions can help you create your savings plan?</div><div>c. Your friend tells you: “I earn so little at the end of each week that I can’t save for anything.” What advice can you give your friend?</div></div> <div>2. The facilitator walks around to ensure that all participants have answered all the questions or determine where there are still gaps. Note: Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</div> <table><tr><th>Things I would like to learn</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn	I understand now	Still don’t understand	Know how to use it	Will start using it							



Phase/Time/ Materials	Instructional Sequence
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Trainer Material #1: Flipcharts

Flipchart #1

Reasons People Save

Investment—Put money into an activity that generates income or does good in the community

Expenses—To cover needs or wants that they can't pay for now or they will need to pay for later

Emergencies—To prepare for unforeseen events (sickness, accident) or opportunities that come up, etc.

Retirement—To make sure that when they are older and no longer work, they will still have money to support themselves

Flipchart #2

Savings Rules

- a. Save whenever you receive income (daily, weekly or monthly).
- b. Spend less than your income.
- c. Always save: no amount is too small to be saved.

Flipchart #3

Definition of A Savings Goal

A savings goal is the amount of money you want to put aside by a given period of time to achieve something important.

Flipchart #4:

Self-assessment Questions:

- a. Can you give two reasons people save?
- b. What type of questions can help you create your savings plan?
- c. Your friend tells you: "I earn so little at the end of each week that I can't save for anything."
What advice can you give your friend?



Handout #1: What Do I Need to Know in Order to Save?

Your friend is very excited. Your friend has made the decision to put some money aside each week; however, your friend doesn't know how much to save.

Your friend: I think I have to start putting some money aside.

You: That is a good idea!

Your friend: I want to save, but I am a little confused.... I don't know how much I should put aside.

You: It depends...

Your friend: It depends on what? What do I need to know? Please tell me!

(What questions do you think your friend needs to answer before starting to put money aside?)

You:



Handout #2: Savings Plan

What to save for (reason)?					
How much do I need to save?	\$				
How long do I want to save for it? (Number of weeks or months)					
Weeks	Week 1	Week 2	Week 3	Week 4	Total amount: Month 1
Amount per week (how much to save each week)	\$	\$	\$	\$	\$



Handout #3: Savings Cards

Saving Card 1: Visiting friends in town

You will visit your friends four weeks from now. They live in the next town over and the transportation cost is \$2. You are planning to bring them some presents that cost about \$10.

You have an income of \$10 per week, which allows you to cover your needs and leaves \$3 to \$4 for additional expenses.

Saving Card 2: Selling Newspapers

A big newspaper is planning to recruit out-of-school youth to sell magazines. These youth will be paid. The deadline to apply is in three weeks. You want to apply.

However, you have to place a deposit of \$10 that you don't have now. You are currently helping some sellers in the market, which is how you earn an income of \$10 per week. This income allows you to cover your needs and leaves you \$3 to \$4 for additional expenses.

Saving card 3: Why save?

You are lucky; your fruit business is going well.

Every week, after paying for your needs (rent, food, utilities, etc.), you still have \$3 to spend on extra items. Even if you spend the full \$3, you know that next week, you will still have at least \$3 extra. Should you save? If yes, what will your savings plan look like?



Session #10: Wise Use of Loans— It Is Not My Money!

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session gives participants the opportunity to analyze the situation when a loan is needed. Participants will also learn advantages and disadvantages of loans, as well as compare a loan to saving.
Target Audience:	In-school and out-of-school youth who have completed at least primary education
Facilitator Expertise:	Peace Corps Volunteers and local counterparts who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have basic knowledge of developing small loan plans.
Time:	150 minutes (2 hours 30 min)
Prerequisites:	Participants will have already completed Session #9 of “Personal Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #10: Wise Use of a Loan. It Is Not My Money!		
Date: [Pick the date]	Time: 150 minutes (2.5 hours)	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Read Session #4, “Time Value of Money,” particularly the notion of interest and the justification for looking for additional funds, rather than saving for items you don’t currently have money for. 2. Check commonly used vocabulary for loans. Some use the term “credit” when they borrow money. Be prepared to use the appropriate term during the session. 3. Note: Avoid discussing interest (Activity #8 under “Information”) in communities where only strict Islamic banking rules are used. Islamic banking rules are consistent with the principles of Islamic law (Sharia). These rules prohibit the use of interest or fees for loans or savings. For example, instead of lending money, the lending institution or the lender will take a stake in the investment; or will buy and own the equipment and only transfer full ownership to the borrower when the agreed cost of the investment has been fully repaid. <p>Materials :</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk • Prepared flipcharts <p>Flipchart #1: Questions to Consider When Taking Out a Loan</p> <p>Flipchart #2: To Save or to Borrow?</p> <p>Flipchart #3: Definitions</p> • Trainer Materials <p>Trainer Material #1: Sample flipcharts</p> 		
<p>Competency:</p> <p>Participants analyze the need for, and consequences of, taking a loan and can develop a personal repayment plan.</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Analyze a situation to determine when a loan is needed. 2. Analyze advantages and constraints associated with using a loan. 3. Develop a personal loan repayment plan. 4. Distinguish between a loan and savings. 		

Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>20 minutes</p> <p>Flipchart paper</p>	<p>What is a loan and why do people take out loans?</p> <p>Participants list reasons young people take out loans.</p> <ol style="list-style-type: none"> 1. Say: <i>“Last time we talked about savings—the money you set aside. Today we will talk about a loan—the money you borrow from someone or an institution, with the obligation to pay it back.”</i>



Phase/Time/ Materials	Instructional Sequence
	<ol style="list-style-type: none"> 2. Ask participants the following: <i>“If you have ever borrowed money, stand up. If you have ever lent money to a friend or family member, raise your hand.”</i> Note: Make sure all participants are physically able to stand up or raise their hands, otherwise change the activity. Be aware that there may be people with disabilities. 3. Organize participants into groups of four, making sure at least one person who has either stood up or raised his or her hand is part of the group of four. Then ask the group: <i>“Can you write down three reasons young people like yourself might take out a loan?”</i> 4. Each group presents its work. Write down on a flipchart the reasons mentioned. Ask participants if they can put those reasons into categories. Note: The facilitator can provide an example of categories: Emergencies, regular expenses (consumption), investment in a business, etc. 5. Summarize by saying: <i>“Young people borrow money for different reasons, but there are three main categories. They borrow money: 1) for emergencies, 2) to cover regular expenses, and 3) to invest in an opportunity that will pay in the future (small businesses, education, etc.). We will examine the advantages and disadvantages of a loan and how to go about repaying.”</i>
<p>Information</p> <p>60 minutes</p> <p>Flipchart #1: “Questions to Consider When Taking Out a Loan”</p> <p>Flipchart #3 “Definitions”</p>	<p>A. Advantages and constraints of a loan in a given situation Participants first define the term loan and analyze situations where a loan is necessary, as well as the constraints related.</p> <ol style="list-style-type: none"> 1. Ask: <i>“What comes to your mind when you hear the word loan?”</i> Write participants’ answers on a flipchart. 2. Then summarize by saying: <i>“A loan is a debt, an amount that you owe to a person or an organization, for money you borrow from a person or organization with the obligation to repay under certain agreed conditions or terms.”</i> 3. Ask: <i>“What are some of the conditions of borrowing money in this community?”</i> Note: <ol style="list-style-type: none"> 1) The facilitator will remind participants about the concept of interest (see Session #4, “Time Value of Money”). However, the facilitator should consider whether it is appropriate to talk about interest in the community. Some communities may be operating under Islamic finance rules, which do not recognize or use interest. 2) Loan versus credit – In some countries, these two terms are used interchangeably, but in other countries “loan” may be the most appropriate term to use, as it may



Phase/Time/ Materials	Instructional Sequence												
	<p>also include informal borrowing transactions (between individuals or with informal groups). Meanwhile, credit may mean a formal borrowing transaction between a financial institution and individuals.</p> <p>4. Organize participants in groups so each group represents a category of reasons for borrowing: Emergency, regular expenses, investing (a small business, education, etc.). Ask each group to come up with three concrete examples for each.</p> <p>Note: The facilitator circulates among groups and reproduces on a flipchart the result of their work.</p> <table border="1" data-bbox="532 621 1360 1018"> <tr> <th>Categories of reasons to borrow</th><th>Examples</th></tr> <tr> <td>Emergency</td><td>1 2 3</td></tr> <tr> <td>Regular expenses</td><td>1 2 3</td></tr> <tr> <td>Invest in education, small business</td><td>1 2 3</td></tr> </table> <p>5. After making sure all groups have examples and that participants are well aware of these examples, assign new categories to each group. Ask groups to write on a flipchart the advantages and disadvantages, if any, to borrowing for a particular category.</p> <p>6. Say: <i>“In your group, using the examples, fill in the flipchart below. Please write clearly as we will be having a fair, during which you will present your ideas.”</i></p> <table border="1" data-bbox="532 1407 1360 1589"> <tr> <th>What good things happen when you borrow money for [category]?</th><th>What things can happen that you don’t like when you borrow money for [category]?</th></tr> <tr> <td></td><td></td></tr> </table> <p>7. The Fair: When all the groups have completed the activity, instruct them to leave one group member in front of their flipchart, while the rest visit the other groups to see what they came up with. The remaining member of the group will explain to “visitors” what their group did and answer questions. The facilitator will “open” the fair by “cutting the ribbon” and visit stands with the rest of the participants.</p>	Categories of reasons to borrow	Examples	Emergency	1 2 3	Regular expenses	1 2 3	Invest in education, small business	1 2 3	What good things happen when you borrow money for [category]?	What things can happen that you don’t like when you borrow money for [category]?		
Categories of reasons to borrow	Examples												
Emergency	1 2 3												
Regular expenses	1 2 3												
Invest in education, small business	1 2 3												
What good things happen when you borrow money for [category]?	What things can happen that you don’t like when you borrow money for [category]?												



Phase/Time/ Materials	Instructional Sequence								
<div>Flipchart #2: "To Save or to Borrow?"</div>	<div>8. Summarize your observations by saying: <i>"There may be some advantages and constraints to borrowing money. Some constraints: a) paying back more than what you have borrowed. The additional amount you pay is called interest. b) Providing collateral, which is something of value the borrower provides or promises the lender in case the borrower doesn't pay back the loan."</i></div> <div>9. Say: <i>"Let's talk about interest. Who has heard the term interest before?"</i> <div>Note: Remind participants that you have used the term in a previous session: "Time Value of Money."</div></div> <div>10. Explain by saying: <i>"The lender charges a fee for using his or her money. Interest is the additional amount you pay on money borrowed. The interest is determined as a percentage of the amount of money borrowed."</i></div> <div>11. Let's say you borrow \$100 at an interest rate of 2 percent per month and you have to repay at the end of the month. You will end up paying back \$102 at the end of the month."</div> <div><div>Amount borrowed, or "principal" = \$100</div><div>Interest rate = 2% every month</div><div>Total amount of interest = $100 \times 2/100 = \\$2$</div><div>Total to pay at the end of the month = $\\$100 + \\$2 = \\$102$</div><div>The loan term is one month</div><div>Note:<div>1) Skip this activity in communities applying strict Islamic banking rules.</div><div>2) The facilitator uses the flipchart with the definition of terms while explaining the exercise.</div></div></div> <div><div>4. To save or to borrow?</div><div>Participants analyze the differences between loans and savings and examine the consequences of using one or the other.</div><div>1. Ask participants to go back into their groups and consider each of the reasons for borrowing that they identified, and choose one of the examples they have for each reason.<div><div>a. Discuss whether it would be better to save for or borrow the money for each example.</div><div>b. Complete the chart. Give one reason for each example.</div></div></div><table><tr><th>Reasons to borrow</th><th>Examples</th><th>Borrow or Save?</th><th>Why? (Reasons)</th></tr><tr><td>Emergency</td><td></td><td></td><td></td></tr></table></div>	Reasons to borrow	Examples	Borrow or Save?	Why? (Reasons)	Emergency			
	Reasons to borrow	Examples	Borrow or Save?	Why? (Reasons)					
	Emergency								



Phase/Time/ Materials	Instructional Sequence			
		Regular expenses		
		Invest in small business		
	<p>2. Walk around to monitor progress and clarify the activity.</p> <p>3. When the groups have completed the exercise:</p> <ol style="list-style-type: none"> Ask each group for one example. The next group must give a different example. Ask: <i>“Who has thought of needs and wants in making the decision on ‘regular expenses’? Congratulations to the group!”</i> <p>4. Conclude the activity by saying: <i>“During the session on needs and wants, we saw that it is wise to give more importance to your needs than to your wants. In this case, since borrowing will always cost you more money at the end, in deciding what to do for ‘regular expenses,’ it is important to separate your needs from your wants.</i></p> <p><i>“It is not wise to borrow for your wants. If you save for your wants instead of borrowing for them, then you don’t pay more for them.”</i></p> <p>C. Payback time!</p> <p>Participants learn how to prepare repayment plans for their loan.</p> <ol style="list-style-type: none"> Say: <i>“When you take out a loan, sometimes it is a choice among other choices. But to repay a loan is a need you can’t escape from or postpone without consequences. As with all other needs, you can better handle a loan repayment if you are well prepared; in this case you need a plan.”</i> Organize participants in groups of four and say: <i>“Think of a young person in the community who has borrowed money from a friend or an organization. What kind of agreements do young people make for repaying loans they take out from their friends? Think of the final amount they must pay back—and things that happen if they don’t pay.”</i> Each group presents their scenario and the result of their work. Build on their work and read from Flipchart #1 to say: <i>“When you take out a loan, it is important to consider the following questions with the person or the institution from whom you are borrowing:”</i> <ol style="list-style-type: none"> <i>“How much do I need to borrow? – (Borrow just what you need, not all that you may want.)</i> <i>“When am I supposed to finish paying back the loan?”</i> 			



Phase/Time/ Materials	Instructional Sequence
	<p>c) <i>“Can I pay in small amounts on a regular schedule? – (Pay each week, or each month. Can I put aside that amount after paying for my needs?)</i></p> <p>d) <i>“How much will the small amounts be? (It is preferable to decide on the amount and the period. Don’t wait to have to pay back the whole amount in one lump sum. Pay small amounts regularly, and make the payments a required expense in your budget.)</i></p> <p>5. <i>“These five key questions are your repayment plan. A repayment plan is the schedule and amount you have agreed to pay back for the money you have borrowed.”</i></p> <p>6. Continue by saying: <i>“In some cases, people or credit institutions may ask you to pledge something of value, like a bicycle or a piece of land before they will give you a loan. This is called collateral or a guarantee. In case you don’t pay back, they take the collateral.”</i></p> <p>Note:</p> <ol style="list-style-type: none"> 1) The questions are written on Flipchart #1. 2) The facilitator can provide a 10-minute break.
<p>Practice</p> <p>30 minutes</p>	<p>To save or to borrow?</p> <p>Participants compare the concepts of borrowing and saving and analyze the consequences of their decisions.</p> <ol style="list-style-type: none"> 1. Organize participants in groups of four, and then present them with the following situation: <i>“A friend wants to buy a new pair of jeans that costs \$12. It is a special new design of jeans every young person in the village or neighborhood is talking about. He does not have the money now, but he has the choice to either borrow the money or save to buy the pair of jeans at a later time.”</i> 2. <i>“Borrowing: “If he decides to borrow, he can buy the pair of jeans now and attend the community party this weekend. However, he will have to repay the loan amounting to \$18 over nine months, paying \$2 every month. What is the amount of the principal and how much is the interest?”</i> 3. <i>“Saving: “By making some sacrifices he can save \$3 every month and buy the pair of jeans at \$12 after four months.”</i> 4. <i>“What will you advise your friend to do: to save or borrow, and why? Use the five questions discussed above [show the flipchart with the questions] as you make your decision.”</i>



Phase/Time/ Materials	Instructional Sequence
	<p>5. Each group presents their decision and the consequences.</p> <p>Note:</p> <ol style="list-style-type: none"> 1) The exercise has no wrong or right answer. The main purpose is for the participants to compare loan and savings plans and explore the consequences of each choice. During the debriefing of the exercise, remind them of the difference between needs and wants (in this case having the pair of jeans is a want). 2) Loan : <ul style="list-style-type: none"> • They are paying \$6 extra in interest, which is half the price of a new pair of jeans. They have a constraint to pay someone else \$2 every month for nine months. But they also have the pair of jeans sooner. 3) Saving: <ul style="list-style-type: none"> • They are sacrificing some wants to save for this particular one. • They are putting money aside that could also help them in an emergency. • They will pay the real price of the jeans without any additional charge or interest. • However they will have the pair of jeans later. <p>6. Summarize the advantages and disadvantages of each option and conclude: <i>"Each financial decision has consequences. When you want to take out a loan, it is important to ask the five questions [remind them of the questions on the flipchart] and also to compare other needs that you have. Remember, the repayment of a loan is a need, something you have to do every month or week, depending on when you have to pay. It is better to take a loan for a need or for something that will bring you income, rather than for a want."</i></p>
<p>Application</p> <p>25 minutes</p>	<p>How a loan works</p> <p>Participants describe a situation where they or a friend or a family member has borrowed money.</p> <ol style="list-style-type: none"> 1. Say: <i>"Describe a situation where you, a friend, or a family member has borrowed money. Use the five questions to describe the situation."</i> 2. <i>"Looking back at the situation, could you or that person have saved for the purchase, rather than borrowing? How much would you have had to save weekly or monthly, and for how long?"</i> 3. Ask volunteers to share their exercises with the group. 4. Summarize: <i>"A loan is not your money. It is the money you borrowed with the obligation to pay it back. Sometimes you repay more than the amount you borrowed because of interest. That is why you have to compare the advantages and disadvantages of a loan with other options you have, such as saving to cover your expenses or to invest. When you take out a loan, make sure to think of how much you will pay at the end, including the additional amount of money you will pay, and how long it will take to pay it back."</i>



Phase/Time/ Materials	Instructional Sequence										
Assessment 15 minutes	<p>Challenging each other Participants ask each other questions about what they have learned about loans.</p> <ol style="list-style-type: none">1. Organize participants in pairs, and each participant comes up with two questions (and answers) to ask the other participant. The winner will be the participant who has answered the most questions correctly. Both can win. Participants take turns asking questions (one question at a time). <p>Note:</p> <ol style="list-style-type: none">1) Give each participant the time to find the questions and the answers.2) Some questions to consider:<ul style="list-style-type: none">• What is a loan?• What is interest?• Why does a lender charge interest?• What are the disadvantages of loans?3) List at least two reasons young people in the community use loans.4) List at least three questions to answer before taking a loan. <ol style="list-style-type: none">2. Facilitator walks around to facilitate or arbitrate discussions in some cases.3. The facilitator concludes by asking all the winners to stand up and asks the group to congratulate the winners.4. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.” <table><tr><td>Things I would like to learn (This column contains things participants said they wanted to learn during the Introduction session)</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn (This column contains things participants said they wanted to learn during the Introduction session)	I understand now	Still don’t understand	Know how to use it	Will start using it					
Things I would like to learn (This column contains things participants said they wanted to learn during the Introduction session)	I understand now	Still don’t understand	Know how to use it	Will start using it							
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]										



Trainer Resource #1: Flipcharts

Flipchart # 1

Questions to Consider When Taking Out a Loan

1. **How much do I need to borrow?**—You need just enough.
2. **How much will I pay?**—Is it the same amount or a higher amount because of interest?
3. **If it is a higher amount than what I borrowed, how much higher is it?**
4. **When am I supposed to finish repaying the loan?**
5. **Can I pay in small amounts on a regular schedule (day, week, or month)?** How much will the weekly payment be, including principal and interest?

Flipchart #2

To Save or to Borrow?

Reasons to borrow	Examples	Borrow or Save?	Why? (Reasons)
Emergency			
Regular expenses			
Invest in small business			

Flipchart #3: Definitions

Loan—Money you borrow from a person or organization with the obligation to repay under certain agreed conditions or terms.

Principal—The money you initially borrow, not including any interest.

Collateral—Something of value the borrower gives or promises to give to the lender if the borrower can't pay back the loan.

Interest—The additional amount you pay on the money borrowed.

Loan term—The time the borrower has to pay back the loan.



Session #11: Record It!

Keeping Financial Records

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants develop their own ways of tracking and keeping their financial records and personal documents.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Trainer Expertise:	Peace Corps Volunteers and local counterparts who are knowledgeable about financial record-keeping systems and processes.
Time:	90 minutes
Prerequisites:	Participants have knowledge of simple budgeting, types of expenses, and incomes.
Version:	July 2012



Date: [Pick the date]	Time: 90 minutes	Trainer(s):
<p>Trainer preparation:</p> <ol style="list-style-type: none"> 1. Convert the U.S. dollar amount into local currency. 2. Read the text of Mani's record keeping and convert the amount into local currency. 3. Label three boxes (or baskets or folders): "Personal Documents," "Expenses," and "Income." 4. Prepare a flipchart with an example of a record-keeping system: financial ledger. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipcharts and markers, or chalk, if using a board 2. Three boxes (or baskets or envelopes) labeled "Personal Documents," "Expenses," "Income." An alternative might be folders or envelopes or labeled zip-close bags for each of these three things, rather than separate boxes. Put everything in one box. • Prepared flipcharts <p>Flipchart #1: Record-keeping System: Financial ledger</p> <p>Flipchart #2: Things I Would Like to Learn</p> • Handouts <p>Handout #1: Mani's Record Keeping</p> <p>Handout #2: Blank Ledger</p> • Trainer Materials <p>Trainer Material #1: Prepared flipcharts</p> <p>Trainer Material #2: Three boxes</p> 		
<p>Competency:</p> <p>Participants develop simple ways to track and keep their financial information and documents.</p> <p>Session Learning Objectives:</p> <p>Participants will:</p> <ol style="list-style-type: none"> 1. List at least two reasons for tracking and keeping financial records. 2. Identify at least two types of financial documents to keep. 3. Develop a practical system for tracking personal income and expenses. 		



Phase/Time/ Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p>	<p>Your documents: Who keeps them? Participants reflect on the importance of record keeping and obstacles to record keeping.</p> <ol style="list-style-type: none"> 1. Say: <i>“Let me start this session by asking a couple of questions. Stand up if your answer to my question is ‘yes.’</i> <ol style="list-style-type: none"> a. <i>Are you the one responsible for keeping your birth certificate?</i> b. <i>Do you keep all receipts for the things you buy?</i> c. <i>Do you recall all the things you bought last week and how much they cost?”</i> <p>Note: Keep track of how many times people stand; after the exercise, compliment participants who stood up for B and/or C.</p> 2. Ask the group: <i>“Why do people keep receipts of their purchases and of income received? Write their answers on the board or a flipchart under the title: “Reasons for record keeping.”</i> 3. Ask the group: <i>“Why do some people not keep their receipts or track their expenses or income?” Write their answers under the title “Obstacles to record keeping.”</i> 4. Ask, <i>“What might be the consequences of not keeping records?”</i> 5. Summarize: <i>“We now know that it is important to keep financial records. We will now identify ways to track and keep your records.”</i>
<p>Information</p> <p>30 minutes</p>	<p>A. Types of records to track and keep Participants identify important personal and financial documents and information to keep and where to keep them.</p> <ol style="list-style-type: none"> 1. Organize participants in groups of three and ask each group to answer the following questions: <ol style="list-style-type: none"> a. <i>What personal documents are important to keep in a safe place?</i> b. <i>Thinking of your previous expenses and income, what financial information do young people like you need to know in order to better use their money? Use the table below.</i> <p><i>“For each expense or income, list, when possible, the documents where you can find that information.”</i></p>



Phase/Time/ Materials	Instructional Sequence												
Flipchart # 1: “Record-keeping System: Financial Ledger”	<p>The table:</p> <table border="1" data-bbox="418 363 1040 779"> <tr> <td data-bbox="418 363 724 453">Items</td><td data-bbox="724 363 1040 453">Is there a document or proof with information on the amount and date?</td></tr> <tr> <td data-bbox="418 453 724 646">Expenses: Money spent on:</td><td data-bbox="724 453 1040 646"></td></tr> <tr> <td data-bbox="418 646 724 779">Income: Received from:</td><td data-bbox="724 646 1040 779"></td></tr> </table> <p>2. Ask a volunteer to summarize the exercise by asking: <i>“What financial information is important to track and keep?”</i></p> <p>Note: Expected answers: A—Birth certificate, government-issued identification card, diplomas, insurance documents, vaccination card, etc. B—Table</p> <table border="1" data-bbox="418 1089 1040 1619"> <tr> <td data-bbox="418 1089 724 1205">Items</td><td data-bbox="724 1089 1040 1205">Is there a document or proof with information on the amount and date?</td></tr> <tr> <td data-bbox="418 1205 724 1472"> Expenses: Money spent on: Groceries (supermarket) Food in the marketplace Clothing Education- Books Pens </td><td data-bbox="724 1205 1040 1472"> Receipts Sometimes not available Sometimes not available Receipts </td></tr> <tr> <td data-bbox="418 1472 724 1619"> Income: Received from: Wages Selling things on the street Selling things to friends </td><td data-bbox="724 1472 1040 1619"> Pay stubs Receipt book or in my head </td></tr> </table> <p>3. Say: <i>“While it is important to keep and track information related to your expenses and income, in some cases it is difficult to get a document (receipts, invoices, etc). Even without the document, there are ways to make sure you have kept the information.</i></p>	Items	Is there a document or proof with information on the amount and date?	Expenses: Money spent on:		Income: Received from:		Items	Is there a document or proof with information on the amount and date?	Expenses: Money spent on: Groceries (supermarket) Food in the marketplace Clothing Education- Books Pens	Receipts Sometimes not available Sometimes not available Receipts	Income: Received from: Wages Selling things on the street Selling things to friends	Pay stubs Receipt book or in my head
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Phase/Time/ Materials	Instructional Sequence																														
	<p>B. Record-keeping systems and processes</p> <p>Participants develop ways to track their finances.</p> <p>1. Say: <i>“Please write down or draw some ideas...</i></p> <ul style="list-style-type: none">a. <i>Of how people can remember or know information about their expenses and incomes.</i>b. <i>Of where people keep financial and personal documents like birth certificates, receipts, pay stubs, invoices, etc.”</i> <p>2. Participants form groups of four to share and discuss their ideas. Each group will then present the results of their discussions on the following two points:</p> <ul style="list-style-type: none">a. Ways to track personal expenses and incomeb. Places and ways to keep important personal financial documents <p>3. Summarize: <i>“We see that there may be different ways to track your expenses and income and keep your important personal and financial documents safe.”</i></p> <p>4. Tracking your financial records</p> <ul style="list-style-type: none">a. One way is to keep a simple financial ledger where you record your daily expenses and income according to dates and activities.b. Show the prepared flipchart and explain each column with examples: <p>Record system: Financial ledger</p> <table><tr><th>Date</th><th>Description</th><th>Expense Amount</th><th>Income Amount</th><th>Proof/Remarks</th></tr><tr><td>Dec 3</td><td>Transportation to visit my aunt</td><td>\$1</td><td></td><td>Bus ticket</td></tr><tr><td>Dec 3</td><td>Gift for my cousin</td><td>\$1</td><td></td><td>Receipt</td></tr><tr><td>Dec 4</td><td>Bought a basket of fruit</td><td>\$1</td><td></td><td>No receipt</td></tr><tr><td>Dec 4</td><td>Tips from the restaurant</td><td></td><td>\$4</td><td>No receipt</td></tr><tr><td>End of week</td><td>Total</td><td>\$3</td><td>\$4</td><td>1 on hand</td></tr></table> <p>c. Say: <i>“As you fill in the expenses and income, you can check with your budget to see your progress.</i></p> <p><i>“You can even draw the table on the back of your bedroom door as a reminder.”</i></p>	Date	Description	Expense Amount	Income Amount	Proof/Remarks	Dec 3	Transportation to visit my aunt	\$1		Bus ticket	Dec 3	Gift for my cousin	\$1		Receipt	Dec 4	Bought a basket of fruit	\$1		No receipt	Dec 4	Tips from the restaurant		\$4	No receipt	End of week	Total	\$3	\$4	1 on hand
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Phase/Time/ Materials	Instructional Sequence																																																												
	<p>5. Keeping your financial documents and other important documents</p> <p>a. Say: <i>“Some financial transactions (expenses, payments, etc.) come with a document (receipts, savings cards, pay stub, etc.). It is important to keep them organized and in a safe place. Some people use boxes like these.”</i></p> <p>b. Show the prepared boxes and explain what would go in each:</p> <ul style="list-style-type: none">• Personal documents – Any documents, leasing contract, loan or loan documents, certificates, diplomas, etc.• Expenses – Receipts from purchases and payments• Income – Pay stubs, sales receipts, etc. <p>6. Conclude and say: <i>“Now we will practice.”</i></p>																																																												
Practice 20 minutes	<p>Mani’s record keeping Participants will help Mani track his financial records.</p> <p>1. Ask participants to form pairs and give each pair Handout #1.</p> <p>a. Each pair will read the story and answer the questions at the end of the handout.</p> <p>Note: Expected answers:</p> <table><tr><th>Date</th><th>Description</th><th>Expense: Amount</th><th>Income: Amount</th><th>Proof/remarks</th></tr><tr><td>Nov 1</td><td>Payment received</td><td></td><td>\$30</td><td>Copy of receipt</td></tr><tr><td>Nov 1</td><td>Chocolates</td><td>\$2</td><td></td><td></td></tr><tr><td>Nov 2</td><td>Contribution given to Mom for household expenses</td><td>\$10</td><td></td><td>No receipt</td></tr><tr><td>Nov 7</td><td>Paintbrushes</td><td>\$ 5</td><td></td><td>Receipt</td></tr><tr><td>Nov 8</td><td>Medicine for Mom</td><td>\$5</td><td></td><td>Receipt from the pharmacy</td></tr><tr><td>Nov 8</td><td>Taxes</td><td>\$5</td><td></td><td>Receipt</td></tr><tr><td>Nov 15</td><td>Movies</td><td>\$1</td><td></td><td>Ticket</td></tr><tr><td>Nov 16</td><td>Sale of painting</td><td></td><td>\$15</td><td>Copy of receipt</td></tr><tr><td>Nov 16</td><td>Jeans</td><td>\$6</td><td></td><td></td></tr><tr><td>Nov 24</td><td>Lunches</td><td>\$7</td><td></td><td>No receipt</td></tr><tr><td></td><td>Total</td><td>\$41</td><td>\$45</td><td>\$4 cash on hand</td></tr></table> <p>b. It is important for Mani to track his financial operations because this gives him a good idea of how much money he has earned, how much he is spending, and also if there are differences compared with his budget. This also can help Mani decide how much to save or borrow.</p> <p>c. “Expenses box” – receipts from taxes, receipts from purchases made</p> <p>d. “Income box” – payment by clients</p>	Date	Description	Expense: Amount	Income: Amount	Proof/remarks	Nov 1	Payment received		\$30	Copy of receipt	Nov 1	Chocolates	\$2			Nov 2	Contribution given to Mom for household expenses	\$10		No receipt	Nov 7	Paintbrushes	\$ 5		Receipt	Nov 8	Medicine for Mom	\$5		Receipt from the pharmacy	Nov 8	Taxes	\$5		Receipt	Nov 15	Movies	\$1		Ticket	Nov 16	Sale of painting		\$15	Copy of receipt	Nov 16	Jeans	\$6			Nov 24	Lunches	\$7		No receipt		Total	\$41	\$45	\$4 cash on hand
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Phase/Time/ Materials	Instructional Sequence										
Application 15 minutes	<p>Let’s start recording! Participants use their financial record-keeping system.</p> <ol style="list-style-type: none">1. Say: “You have just helped Mani recreate his financial ledger. I would like you to do the same for yourself. Think of the past two weeks and fill in the financial ledger I am giving you.” (Handout #2)2. Walk around to monitor progress.3. Ask who was able to complete the exercise.4. Congratulate those participants who completed the exercise. Then ask some volunteers to explain how keeping records can help them.										
Assessment 15 minutes	<p>What do we know about financial record keeping? Participants will assess their knowledge about financial record keeping.</p> <ol style="list-style-type: none">1. Ask participants to write down...<ol style="list-style-type: none">a. Two reasons people should keep their financial records.b. Two financial documents that need to be kept safely.c. What information is important to write down when recording expenses and income in the ledger? Note: Expected responses:<ol style="list-style-type: none">a. To know how they are using their money – To help them decide how much to save or borrow.b. Receipts for purchases made, proof of payment received (salary).c. Date, amount, description of the activity.2. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.” <table><tr><th>Things I would like to learn (This column contains the list of things participants said they wanted to learn)</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn (This column contains the list of things participants said they wanted to learn)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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Phase/Time/ Materials	Instructional Sequence
Trainer Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Trainer Material #1: Flipcharts

Flipchart # 1: Record-keeping System: Financial Ledger

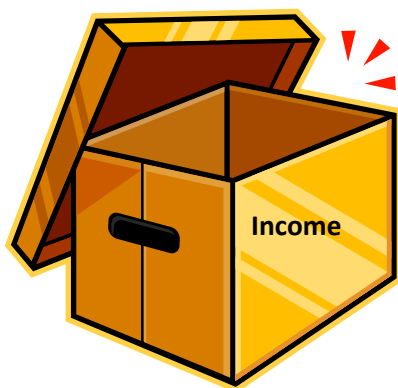
Date	Description	Expense: Amount	Income: Amount	Proof/remarks
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Dec 4	Tips from the restaurant		\$4	No receipt
End of week	Total	\$3	\$4	1 on hand

Flipchart # 2: Things I Would Like to Learn

Things I would like to learn (This column contains the list of things participants said they wanted to learn)	I understand now	Still don't understand	Know how to use it	Will start using it



Trainer Material #2: Three Boxes (or baskets, envelopes)



Handout #1: Mani's Record Keeping

Today is the last day of November. At the end of each month, Mani has to decide how much money he wants to put into his savings account with the youth association in the small community where he lives.

However, this month was particularly busy for Mani. He did not have the time to record all his financial transactions. He is trying to remember some of the things he did and exactly how much he earned, in order to know how much he can save and still have some cash on hand. He is really annoyed. He also has boxes where he tries to put all his receipts. So between the content of the boxes and his memory he will try to record all his expenses in his financial ledger.

From the "Expenses Box" he found the following:

On November 7, he paid \$5 for a set of paintbrushes. On November 8, he paid a monthly tax of \$5.

He remembered that on November 1, a customer who owed him \$30 paid him back. Mani gave him a receipt and kept a copy. He was so happy that he remembered buying a box of chocolates to share with his nephew. He thinks he bought it for \$2.

He just found a ticket for the movie theater from November 15, which cost \$1.

He knows he gave his mom \$10 on November 2 for his contribution for food and electricity. He paid \$6 for a pair of jeans at the market, but he cannot find the receipt. He thinks it was during the market day, a Tuesday, but he is not sure about the exact date. This is really annoying. Next time he will make sure that he records the payment and files the receipt on the same day.

He also remembered selling some paintings for \$15 on November 16. He gave a receipt to the client and kept a copy. He remembered because it was the day he went to see a soccer match between his team and the team from the neighboring city. What a match! His team won. Now he remembers. That was also the day he bought a pair of jeans for \$3.

Thank goodness he has also found a receipt for the medicine he bought for his mom, which cost \$5. He paid for it on November 8.

He thinks these are all the transactions he made during the month of November. Oh no! He forgot the lunches. Yes, on November 24, he paid the \$7 he owed to the woman selling food by his shop. He only wished that he had recorded all these transactions more frequently—as they happened—and kept the receipts in a safe place.



Questions:

- a. Can you help Mani recreate his ledger, using the expenses and income he remembers?
- b. How much cash should Mani have on hand at the end of November?
- c. Why is it important for Mani to keep track of his financial records?
- d. What are examples of documents Mani can put in the “Expenses Box” and in the “Income Box”?

Date	Description	Expense Amount	Income Amount	Proof/Remarks
End of week	Total			



Session #12: Things Happen! Dealing With Life Cycle Events

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants consider possible unexpected events that may affect their financial situation and explore ways to deal with them.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of functions of money and limitations of money in one's life.
Time:	75 minutes (1 hour 15 min)
Prerequisites:	Participants will have already completed Sessions #7, #8, #9, and #10 of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #12: Things Happen! Dealing With Life Cycle Events		
Date: [Pick the date]	Time: 75 minutes	Facilitator(s):
<p>Facilitator preparation: Prepare the flipcharts (see below)</p> <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper and markers (or a board with chalk) • Prepared flipcharts <ul style="list-style-type: none"> Flipchart #1: Different Types of Unexpected Events Flipchart #2: Ways to Face Unexpected Events Flipchart #3: How to Prepare for Unexpected Events Flipchart #4: Questions to Ask When Preparing for Unexpected Events Flipchart #5: Things I Would Like to Learn • Handout <ul style="list-style-type: none"> Handout #1: Ways to Face Unexpected Events • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Sample flipcharts 		
<p>Competency: Participants evaluate and face financial implications of unexpected life events.</p> <p>Session Learning Objectives: Participants will:</p> <ol style="list-style-type: none"> 1. Identify at least three unexpected life events that might affect participants' financial situation. 2. Evaluate potential financial implications of these life events. 3. Develop ways to address financial aspects of unexpected life events. 		



Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p> <p>Flipchart paper and markers</p>	<p>Unexpected events in your life</p> <p>Participants share some examples of unexpected events that happened to them over the last couple of weeks.</p> <ol style="list-style-type: none"> 1. Say: <i>“Today we will see how to face unexpected events—another term for things that happen in your life without warning.”</i> 2. Ask some participants to answer these questions: <ol style="list-style-type: none"> a. Can some of you tell us something that has happened in your life without warning? b. How did that situation affect you? 3. After listening to participants, conclude and say: <i>“Some unexpected events or things happen to us. These events can have financial consequences, and it is important to know how to face them.”</i>
<p>Information</p> <p>25 minutes</p> <p>Flipchart #1: “Different Types of Unexpected Events”</p> <p>Flipchart #2: “Ways to Face Unexpected Events”</p>	<p>Unexpected Life Events</p> <p>Participants differentiate and evaluate different types of life events that affect them and youth in their community.</p> <ol style="list-style-type: none"> 1. Ask participants to form groups of three and discuss the following: <ol style="list-style-type: none"> a. What are some unexpected events that happen to youth in your community? b. How do these events affect youth? c. Can you put these events into categories? 2. Ask groups to report their answers to the whole group. <p>Note:</p> <ol style="list-style-type: none"> 1) Expected answers: <ul style="list-style-type: none"> • Medical emergencies (Illness, accidents, etc.), theft • Gift from friends and relatives – birthday gifts, financial help 2) Two main categories: <ul style="list-style-type: none"> • Events with positive financial effects—Ones that are good for us. • Events with negative financial effects—Ones that are painful or bad for us and cause us to have to spend money we haven’t planned for. 3. Conclude: <i>“Many unexpected things can happen in our lives. They can affect us positively or negatively. We then distinguish two main types of unexpected events:</i> <ul style="list-style-type: none"> • <i>“Events with positive financial consequences—they bring new opportunities to earn money or prevent people from having to spend money that they would have spent on needs, for example.</i>



Phase/Time Materials	Instructional Sequence												
	<ul style="list-style-type: none">“Events with negative financial consequences—they may be worrisome and sometimes painful and require that people spend money. <p>“However, not all events that require you to spend are negative. Some events may present themselves as investment opportunities (to start a small business) or opportunities to spend on needs (surprise discount on food if you buy a certain quantity).”</p> <p>B. Facing unexpected events Participants identify ways to deal with unexpected events that have financial consequences.</p> <ol style="list-style-type: none">Tell participants to stay in the same groups of three and identify ways young people deal with these unexpected events. Use Handout # 1 (and show Flipchart # 2, prepared ahead of time).Ask each group to share their answers.<p>Note: Expected answers in table below.</p><table><tr><th>Types of unexpected events</th><th>Some examples</th><th>What young people do?</th><th>They can do this because:</th></tr><tr><td>Events with positive financial consequences</td><td>Surprise gift from relative or friend</td><td>Put aside Spend on needs; Invest on small income-generating activities</td><td>They have a savings goal. They know their needs. They have a small business idea—a way to earn some money</td></tr><tr><td>Events with negative financial consequences</td><td>Illness</td><td>Use savings Take a loan Rely on people for support</td><td>They have savings for emergencies/ They know someone who can lend money, or someone whom they can reimburse</td></tr></table> <ol style="list-style-type: none">Conclude by Saying: “People deal with the financial consequences of unexpected events differently, depending on whether the events are positive or negative.	Types of unexpected events	Some examples	What young people do?	They can do this because:	Events with positive financial consequences	Surprise gift from relative or friend	Put aside Spend on needs; Invest on small income-generating activities	They have a savings goal. They know their needs. They have a small business idea—a way to earn some money	Events with negative financial consequences	Illness	Use savings Take a loan Rely on people for support	They have savings for emergencies/ They know someone who can lend money, or someone whom they can reimburse
Types of unexpected events	Some examples	What young people do?	They can do this because:										
Events with positive financial consequences	Surprise gift from relative or friend	Put aside Spend on needs; Invest on small income-generating activities	They have a savings goal. They know their needs. They have a small business idea—a way to earn some money										
Events with negative financial consequences	Illness	Use savings Take a loan Rely on people for support	They have savings for emergencies/ They know someone who can lend money, or someone whom they can reimburse										



Phase/Time Materials	Instructional Sequence
	<p><i>“For positive events, they may decide to save money, spend on needs they could not cover, or invest in small income-generating activities.</i></p> <p><i>“For negative events, they may decide to use their savings (if they have them); take a loan if people or financial institutions trust that they can repay the loan; or count on people for help (solidarity).</i></p> <p><i>“But the most important things to do are:</i></p> <ol style="list-style-type: none"> <i>a. Identify some of the predictable life events that can most likely affect you, asking, ‘What could happen to me that I may not see coming?’</i> <i>b. Save! Ask, ‘Do I have savings to face emergencies or a savings account to put aside any additional income?’</i> <i>c. Develop a budget that allows you to anticipate your future expenses and income.</i> <i>d. Know people or places you can go to for a loan.</i> <i>e. Build good relations with people for support and mutual help.”</i>
<p>Practice</p> <p>15 minutes</p>	<p>Your best friend is in town</p> <p>Participants reflect on an unexpected event and develop ways to face such events in the future.</p> <ol style="list-style-type: none"> 1. Ask participants to form pairs. 2. Read them the following story: <p><i>Your cousin, whom you have not seen for years, calls you to tell you that she is in town. In fact she was not supposed to stop in your village, but the bus she took had a problem and it looks like the bus will remain overnight, if not for days, in your community. Your cousin has no money and no place to stay. She is really counting on you for support.</i></p> <p><i>You are happy because you will see your cousin; you have so many things to talk about and to show her in your community. But you realize that you will have to help her for the next two days.</i></p> <p>Note: This example may not be appropriate or relevant in your community. Please think of adapting the scenario to fit a common unexpected situation that young people are faced with.</p> 3. In your pairs, discuss the following questions: <ol style="list-style-type: none"> a. How could that affect you financially? Explain.



Phase/Time Materials	Instructional Sequence														
	<p>b. What do you have to do in the future to be financially prepared for such an event?</p> <p>4. Ask some pairs to share their discussions.</p> <p>Note: Question a. helps assess Learning Objective #2.</p>														
<p>Application</p> <p>20 minutes</p> <p>Flipchart #3: “How to Prepare for Unexpected Events”</p>	<p>Preparing for the unknown Participants develop ways to deal with unexpected events.</p> <p>1. Ask participants to answer the following questions individually:</p> <ul style="list-style-type: none">a. What are some of the unexpected life events that may affect you?b. What actions would you take in case of positive events?c. What actions would you take in case of negative events?d. Who are the people (relatives, friends) you can rely on in case of unexpected events? <p>2. Walk around to monitor progress and provide explanations, if needed.</p> <p>Note: This activity helps assess Learning Objectives #1 and #2.</p> <p>3. Ask some participants to share their answers.</p>														
<p>Assessment</p> <p>5 minutes</p> <p>Flipchart #5: “Things I Would Like to Learn”</p>	<p>Activity under the section “Application” helps assess Learning Objectives #1 and #2.</p> <p>Questions of the activity under “Practice” help assess Learning Objective #2.</p> <p>1. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><th>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</th><th>I understand now</th><th>Still don’t understand</th><th>Know how to use it</th><th>Will start using it</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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Phase/Time Materials	Instructional Sequence
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Trainer Material #1: Flipcharts

Flipchart # 1:

Different Types of Unexpected Events

Events with positive financial consequences—may bring new opportunities to earn money or prevent people from spending money that would otherwise have been spent on needs, for example.

Events with negative financial consequences—may be worrisome and sometimes painful and often require that people spend money.

Flipchart #2:

Ways to Face Unexpected Events

Types of unexpected events	Some examples	What can young people do?	They can do this because:
Events with positive financial consequences			
Events with negative financial consequences			

Flipchart #3:

How to Prepare for Unexpected Events

1. Identify some of the predictable life events that may most likely affect you. What can happen to you that you may not expect?
2. Savings. Do you have savings you can use for emergencies or a savings account where you put aside any additional income?
3. Develop a budget. It allows you to anticipate your future expenses and income.



4. Know people or places you can go to for a loan.
5. Build good relationships with people for support and mutual help when needed.

Flipchart #4:

Questions to Ask When Preparing for Unexpected Events

1. What are some of the unexpected life events that may affect you?
2. What actions would you take in case of positive events?
3. What actions would you take in case of negative events?
4. Who are the people (relatives, friends) you can work with or you can rely on in case of unexpected events?

Flipchart #5:

Things I Would Like to Learn

Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don't understand	Know how to use it	Will start using it



Handout #1: Ways to Face Unexpected Events

Types of unexpected events	Some examples	What young people can do?	They can do this because:
Events with positive financial consequences			
Events with negative financial consequences			



Session #13: Assessment 2: Tell Me What You Know! (Optional)

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session enables participants to assess what they have learned during the unit “Personal Money Management.”
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have basic knowledge of financial operations.
Time:	60 minutes
Prerequisites:	Participants will have already participated in the unit “Personal Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i>
Version:	July 2012



Session #13: Assessment 2: Tell Me What You Know!		
Date: [Pick the date]	Time: 60 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. The facilitator will have a box full of pieces of paper with numbers to form teams. The box contains equal sets of numbers (1, 2, 3, 4), depending on the number of teams the facilitator wants to create. Assume, for example, three teams of four participants, if there are 12 participants. There will be four 1s, four 2s, four 3s and four 4s in the box. 2. Prepare the question board (with questions, answers, and score)—see Resource #1. 3. Prepare the scoring board for three teams. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart papers 2. Markers or chalk 3. Tape • Prepared flipcharts <p>Flipchart #1: Questions Board</p> <p>Flipchart #2: Scoreboard</p> • Trainer Materials <p>Trainer Material #1: Sample of prepared flipcharts</p> <p>Trainer Material #2: A box with pieces of paper with numbers (1, 2, 3, 4) to form the teams</p> <p>Trainer Material #3: Prize: a box of candy or another prize.</p> 		
<p>Competency:</p> <p>Participants assess their knowledge of topics covered in the unit “Personal Money Management.”</p> <p>Session Learning Objective:</p> <ol style="list-style-type: none"> 1. Answer correctly at least two of the three questions on each setting financial goals, developing a personal budget, wise use of loans, keeping financial records, and dealing with unpredictable life cycle events. 		



Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>10 minutes</p> <p>A box with pieces of paper</p> <p>Blank piece of flipchart paper for each team.</p> <p>Colored markers for each team.</p>	<p>Forming teams</p> <p>Participants form their “Jeopardy!” teams and give them names.</p> <ol style="list-style-type: none"> 1. Say: <i>“We will play a game called ‘Tell me what you know!’ But before playing, let’s form three teams. As I call each one of you here, you will pick a piece of paper from the box.”</i> <p>Post adaptation: If possible, adapt the name “Tell me what you know!” to the local context. If there is a local TV game show similar to “Jeopardy!” you can consider it.</p> <p>People with the same number will be on the same team.</p> <ol style="list-style-type: none"> 2. Ask participants to form their teams, to pick the name of their team, and to draw a sign representing their team on a flipchart. 3. When the teams are ready, say: <i>“OK, we now have our three teams. Let me give you the instructions and information about the game.”</i>
<p>Information</p> <p>10 minutes</p>	<p>A. Instructions for the teams</p> <p>Participants receive instructions from the facilitator, who also explains his or her role.</p> <ol style="list-style-type: none"> 1. Provide the following instructions to the teams: <ol style="list-style-type: none"> a. Each group will pick a box from the question board. Each box is identified by a number. The number is the quantity of points the question carries. b. The higher numbers of points are for more challenging questions. Some people may find them difficult. c. Teams take turns and select a box and answer the question. A team can select any box that has not already been chosen. d. If a team fails to answer a question correctly, then the question goes to the next team. However, the next team doesn’t lose its turn to pick its own question. e. The facilitator will keep track of team scores on the scoring board. f. The team with the highest score at the end of the game wins this activity and the prize.



Phase/Time Materials	Instructional Sequence
Application 35 minutes	Let the game begin!
Assessment 15 minutes	Reflecting on the game Participants discuss gaps of knowledge with the facilitators. <ol style="list-style-type: none"> 1. Congratulate the winners. Give them a prize. 2. Congratulate all the participants, as well, for their efforts. 3. Come back to some concepts participants had trouble with, i.e., a question that went around several times or was not answered. 4. Ask participants if they still have questions on the six sessions covered during the game. Discuss their questions. 5. Conclude by thanking participants.
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Trainer Resource #1: Flipcharts

Flipchart #1: Questions Board

Setting Financial Goals	Developing a Personal Budget	Savings: Pay Yourself!	Wise Use of a Loan—It Is Not My Money	Record It! Keep Track of Your Financial Records	Things Happen! Dealing With Life Cycle Events
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400

Flipchart #1: Scoreboard

Round	Team [Name]	Team [Name]	Team [Name]
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
Total			



Assessment 2: PERSONAL MONEY MANAGEMENT

Points	Setting Financial Goals	Developing a Personal Budget	Savings: Pay Yourself!	Wise Use of a Loan—It Is Not My Money	Record It! Keep Financial Records	Things Happen! Dealing With Life Cycle Events
100	<p>True or false: You can't have financial goals for a week.</p> <p><u>Expected answer:</u> False—You can have short-term financial goals</p> <p>100</p>	<p>True or false: A budget shows the money you have.</p> <p><u>Expected Answer:</u> False—It is an estimation of your future income and expenses.</p> <p>100</p>	<p>What is saving?</p> <p><u>Expected answer:</u> Putting money aside with the intention of doing something in the future or to be prepared for an emergency.</p> <p>100</p>	<p>What is a loan?</p> <p><u>Expected answer:</u> It is the money you borrow from a person or an organization with the promise to pay back after a certain time under agreed conditions (interests, calendar of repayment, etc.).</p> <p>100</p>	<p>True or false: You can keep track of your financial records only when you have a job.</p> <p><u>Expected answer:</u> False</p> <p>100</p>	<p>True or false: Building good relationships with people can help you deal with unexpected life events.</p> <p><u>Expected answer:</u> True</p> <p>100</p>
200	<p>Give two characteristics of financial goals.</p> <p><u>Expected answers:</u> Measurable—Can be measured Linked to time—There is a date when it will be completed or achieved.</p> <p>200</p>	<p>What is a budget surplus and what is a budget deficit?</p> <p><u>Expected answer:</u> A budget surplus: income is higher than expenses. A budget deficit: income is less than expenses.</p> <p>200</p>	<p>True or false: You save only when you have a lot of money.</p> <p><u>Expected answer:</u> False—no amount is too small to save.</p> <p>200</p>	<p>True or false: It is always better to borrow money when possible, rather than to use your own money.</p> <p><u>Expected answer:</u> False—loans generally come with a cost.</p> <p>200</p>	<p>Name two financial documents that need to be kept safely.</p> <p><u>Expected answer:</u> Proof of payment (receipts) Bank statements (savings accounts)</p> <p>200</p>	<p>List two actions you will take in the case of a positive life event.</p> <p><u>Possible answers:</u> Save Invest in a small income-generating activity Spend</p> <p>200</p>
300	<p>True or false: Only people who have a job can create financial goals</p>	<p>Name two reasons for using a budget.</p> <p><u>Expected answer</u> To know how your</p>	<p>Give three basic rules that can help you save.</p> <p><u>Expected answers:</u></p>	<p>Why does a lender charge interest?</p> <p><u>Expected answer:</u></p>	<p>Name two advantages of recordkeeping.</p> <p><u>Expected</u></p>	<p>Give an example of an unexpected life event with positive financial impact, and an</p>



Points	Setting Financial Goals	Developing a Personal Budget	Savings: Pay Yourself!	Wise Use of a Loan—It Is Not My Money	Record It! Keep Financial Records	Things Happen! Dealing With Life Cycle Events
	<u>Expected answer:</u> False 300	income will cover your expenses. Plan your expenses. 300	Save every time you receive income. Spend less than your income. No amount is too small to save. 300	Over time, money loses its value. So the lender has to compensate for the lost value, since you are the one using the money. 300	<u>answers:</u> You know where your money is spent, and how. You can find mistakes when they occur. 300	Example of an unexpected life event with negative financial impact. Expected Answer: Serious illness/accident with high medical bills/loss of income; natural disaster with home/roads/ farm damage 300
400	Which of these goals is a financial goal? Why? a) I will be rich when I reach my 40 th birthday b) I have to save at least \$1 every month for the next 12 months. <u>Expected answer:</u> b) Because it is specific, measurable, can be achieved, and is limited in time. 400	Describe steps to develop a budget <u>Expected answer:</u> List your income and expenses. Add your income on one side and your expenses on the other side. Then subtract expenses from income. If the result is negative, decide which expenses to reduce. 400	True or false: People save only for big things like building a house. <u>Expected answer:</u> False. You can save for small things. It is even better for a young person to start saving for smaller things. 400	Give two reasons young people in your community take out loans. <u>Expected answer:</u> Start an income-generating activity Face an emergency 400	When recording expenses and income, what types of information are important to write down? <u>Expected answer:</u> The description of the transaction, the amount, and the date the transaction occurred. 400	Name two ways to prepare for unexpected negative life events. <u>Expected answer:</u> Save Develop good relations with people 400



Unit 3: Financial Services

This unit contains the following sessions:

Session #14: Let's Meet Financial Institutions!

Session #15: Where to Save—My Bed or the Bank?

Session #16: Where to Borrow?

Session #17: Financial Negotiations

Session #18: How to Use Money Effectively

Session #19: Assessment 3: Tell Me What You Know!

Session #20: The Money Management Game



Session #14: Let's Meet Financial Institutions!

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants identify financial services potentially useful to youth in their community and meet with financial institutions providing these services.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Knowledge of financial services and financial institutions in their host community.
Time:	150 minutes (2 hours 30 minutes)
Prerequisites:	Participants will have already participated in Sessions #7-#10 of Unit 2, “Personal Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #14: Let's Meet Financial Institutions!		
Date:	Time: 150 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Conduct a small survey of financial institutions in the community or nearby town. Find examples of different types of financial institutions: traditional commercial banks, credit unions and savings and loans associations, microfinance institutions. 2. Contact managers of different types of financial institutions to set up a field visit for the participants. The ideal situation would be to have at least one bank, one credit union, one microfinance institution, and one ROSCA or youth savings association (or at least all of the types of available institutions locally). Ask the institutions how many people they are willing to welcome at one time during a visit; if your group is large, should you arrange for two different groups? Give them an idea of the types of questions you think the group will have. An alternative is to see if representatives will come to your class. 3. Bring in a photocopy or a real checkbook or one voided check. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper and markers (or a board with chalk) 2. Sticky notes or small pieces of paper and tape 3. Sample checkbook or check • Prepared flipcharts <ul style="list-style-type: none"> Flipchart #1: Financial Services Needed and How Youth Can Find Help Flipchart #2: Main Financial Services Flipchart #3: Many Types of Financial Institutions Flipchart #4: Criteria for Selecting a Financial Institution Flipchart #5: Debriefing Questions: 3–2–1 Flipchart #6: Application Questions Flipchart #7: Things I Would Like to Learn • Facilitator materials <ul style="list-style-type: none"> Trainer Material #1: Sample flipcharts 		
<p>Competency:</p> <p>Participants identify and meet with representatives of financial institutions in their community or city and differentiate the types of services they offer.</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Map out at least three types of financial institutions and associations and four basic financial services that exist in their community (or nearest town). 2. Select the types of financial institutions and at least two services that are best suited to help them reach their financial goals. 		



Phase/Time Trainer/Materials	Instructional Sequence
<p>Motivation</p> <p>30 minutes</p> <p>flipchart paper</p> <p>markers</p>	<p>Introducing financial institutions</p> <p>Participants will share what they know about financial institutions.</p> <ol style="list-style-type: none"> 1. Say: <i>“You have heard the terms ‘bank,’ ‘loan,’ and ‘savings,’ either from other people or during this training. During this session we will talk more about financial institutions like banks, what they do, how they can help you achieve your financial goals, and where you can find them here in the community or in the nearest city.</i> 2. <i>“Let me start by asking you this question: Why do people go to a bank?”</i> 3. Write down their answers on a flipchart or chalkboard. 4. Summarize their answers or say: <i>“We see that people go to the bank to deposit money, retrieve money, ask for a loan, and even invest in some products. All these are called financial services.”</i> 5. Have participants form groups of three and ask them to do the following: <ol style="list-style-type: none"> a. List places or organizations other than banks where people can go for at least one of the services mentioned. b. Name any of these types of organizations in this community. 6. Ask each group to present their answers. <p>Note: Expected answers:</p> <ul style="list-style-type: none"> • Rotating saving and credit associations (ROSCA), youth saving associations, traditional savings groups—merry-go-rounds, savings and loan associations, and mobile banking using mobile phones. • They may also name some small microloan associations, since most of them may distinguish traditional banks from big credit unions and savings and loan associations. 7. After listening to each group, say: <i>“Yes, you have shown that banks are not the only institutions providing financial services. There are other institutions and groups that also provide some of the financial services. Let’s learn more about them.”</i>
<p>Information</p> <p>45 minutes</p> <p>Flipchart #1: “Financial Services</p>	<p>A. Young people and the kind of financial services they need</p> <p>Participants identify financial services needed by young people in the community.</p> <ol style="list-style-type: none"> 1. Say: <i>“We have seen that people go to banks to access some financial services. We also learned that banks are not the only institutions providing</i>



Phase/Time Trainer/Materials	Instructional Sequence										
<p>Needed and How Youth Can Find Help”</p> <p>Flipchart #2: “Main Financial Services”</p> <p>Flipchart #3: “Main Types of Financial Institutions”</p> <p>Flipchart #4: “Criteria for Selecting a Financial Institution”</p>	<p><i>these services.”</i></p> <p>2. Say: “Now, in groups of four, copy the table from Flipchart #1 on a piece of paper. Fill in your group’s ideas.</p> <ol style="list-style-type: none"> List financial services that young people in this community may need to achieve their financial goals. For each financial service, write down an example of how it can help young people. <p><i>Use this table (Flipchart #1) to write down your answers:</i></p> <table border="1"> <caption>Financial services needed and how they can help</caption> <tr> <th>Financial services needed by youth</th><th>Examples of how/where they can find these services</th></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </table> <p>Post adaptation: The table can be drawn on the chalkboard or on a prepared flipchart. Participants will reproduce the table. Try as much as possible to place a person who can write within each group.</p> <p>3. Have groups report one idea each, in turn, to compile all the answers in one “Master Table.” Ask questions for clarification.</p> <p>4. Show Flipchart #2 and ask participants to compare the financial services young people said they needed with the list of main financial services. Ask which of the services may be most useful for young people.</p> <p>Note:</p> <ul style="list-style-type: none"> This table will help participants during their field survey. Comparing the list of financial services they came up with and the list on Flipchart #2 allows them to broaden their understanding. Some of them may not know that some of the services exist. <p>B. Financial institutions and their services Participants learn about financial institutions, based on their services</p> <p>1. Show Flipchart #3 and say: “You said at the beginning that people go to the bank for financial services. Let’s look at some definitions of financial institutions and their services.”</p> <ol style="list-style-type: none"> A bank is a commercial or state institution permitted by the government and the law to provide financial services. Banks are businesses, so they make money on their various services. Each service may well have some type of fee. 	Financial services needed by youth	Examples of how/where they can find these services								
Financial services needed by youth	Examples of how/where they can find these services										



Phase/Time Trainer/Materials	Instructional Sequence
	<ol style="list-style-type: none"> 1) Bank accounts—which allow you to deposit or withdraw money 2) Checks—documents that help you make payments and in some cases pay for things directly (show an example) 3) Lending money 4) Renting safety deposit boxes for people to store important documents 5) Processing transactions, such as money transfers to other bank accounts, payments, etc. <p>b. Ask some volunteers to name banks they know in their community or the country. Do any of the participants have a bank account? If so, what do they use it for?</p> <p>2. Continue: <i>“There are also financial organizations that provide selected banking services without meeting the legal definition of a bank.”</i></p> <ol style="list-style-type: none"> a. Credit union and cooperative banking—This is a financial institution that provides services similar to those at commercial banks. However it differs from banks in that it is governed and operated by its members. It is also approved by the government. b. Microfinance institution—This is a financial institution that provides only a few financial services, such as savings, loans, transfers, and payments. It serves people with few financial resources or self-employed people who do not have access to financial services at commercial banks. c. Rotating savings and credit associations, or ROSCA—This is a group of individuals who agree to meet for a defined period of time in order to save and lend money from their group savings to members who want to borrow it. They frequently charge interest. The ROSCA may be informal, among friends. Sometimes it starts as a self-help group of people who want to support each other in meeting their financial needs and goals. It may be called different names in different countries. d. Mobile banking—Some institutions are proposing financial services, such as savings, transfers, and payments, through mobile devices (simple mobile phones, smartphones, etc.). Using SMS or mobile Web, people can access different financial services. <p>Note: For each group, provide examples from the community/city/country based on your assessment.</p> <p>3. Conclude by saying: <i>“These are not the only types of financial institutions, but they are ones that will most likely help you to meet your financial goals for now.”</i></p>



Phase/Time Trainer/Materials	Instructional Sequence
	<p>C. Selecting a financial institution Participants will list criteria for selecting financial institutions that best address their financial needs.</p> <ol style="list-style-type: none"> 1. Say: <i>“We have looked at four types of financial institutions offering different financial services. In groups of three, answer the following question:</i> <i>“How would you choose which financial institution to use?”</i> <ol style="list-style-type: none"> a. Pick one group to give one idea, and then ask that same group to pick the next group who will give another idea, and so on until all groups have spoken and all of their ideas have been provided. b. Thank the groups for their input. 2. Show Flipchart #4. Explain the criteria on the flipchart, using participants’ answers to the questions below and on the flipchart as much as possible. <ol style="list-style-type: none"> a. Can they help me meet my financial goals—The main criterion for choosing a financial institution is whether the financial institution can help you meet your financial goals through services such as savings or loans. <i>Remember, in a previous session you determined your financial goals. What were some of the goals you set?</i> <u>Note:</u> You should have notes from their goals set in Session #7. b. If the answer is yes, you can then use the “three Cs” to decide which financial institutions to select. <ol style="list-style-type: none"> 1) Costs—Some financial institutions charge fees for some products, such as checkbooks, use of their debit cards, and maintaining a bank account. There is a minimum level of money you need to keep in the institutions to avoid paying fees, so you want to know how much that minimum is. There is also the cost of borrowing money. Some financial institutions charge higher interest rates on loans than others. 2) Convenience—While the cost of doing business with a financial institution is an important criterion, access to a variety of services is also important. For example, do you have to pay for transportation to go to the bank (the transportation cost may be more than some fees charged by other institutions)? How many days a week and for how many hours a day is the bank open? (You may have to miss work every time you go to the financial institution.) Do you have to go to the office to conduct transactions or does the bank have an



Phase/Time Trainer/Materials	Instructional Sequence
	<p>ATM service or can someone come to you (to collect savings or lend you money?) Some microfinance institutions have loan officers on motorbikes. Does the bank offer mobile-banking services and are there special conditions that you need to meet in order to access the service? (With mobile banking, you are able to access your common financial services via your mobile phone).</p> <p>3) Clients—How do they treat clients like you? Do they answer the questions you may have about their services? When there is a problem, do they follow up and provide an answer? How do they assist their customers and encourage them to continue to do business there?</p> <p>Note:</p> <ol style="list-style-type: none"> 1) Try to use a question-and-answer style, as this is a lot of information. Alternatively, if time permits, form three groups and give each group one of the Cs listed above. Have each group devise a skit that demonstrates their C. Discuss with the whole group what that C stands for and what differences they may encounter between institutions regarding that C. 2) The abbreviation “three Cs” may not work in countries where English, French (Coût, Convenance, and Clients) or Spanish (Costo, Conveniencia, Clientes) are not the main languages. In those cases, use only the concepts and the questions. <p>3. Summarize by saying: <i>“We have seen that young people need some financial services. These services are offered by financial institutions such as banks and other nonbanking institutions, including credit unions, microfinance institutions, and other groups, such as ROSCAs, and by mobile banking institutions. While all these institutions provide financial services that young people need, it is important to know which ones help you meet your financial goals, at the lowest costs, and most conveniently and with reliable customer service. We will now prepare to meet these financial institutions.”</i></p>
<p>Practice</p> <p>60 Minutes for preparing for the visits</p> <p>30 minutes to debrief after the visits</p>	<p>A. Preparation for field visit.</p> <p>Participants prepare to conduct a field visit to financial institutions in their community or nearby town.</p> <ol style="list-style-type: none"> 1. We have talked about financial institutions. Now it’s time to meet them. But we have to prepare for the visits. 2. List and describe the different financial institutions participants will visit. <p>Note:</p> <ol style="list-style-type: none"> 1) You may need to discuss the logistics of the visits here, as that may be what the



Phase/Time Trainer/Materials	Instructional Sequence
<p>Flipchart #5: “Debriefing Questions 3–2–1”</p>	<p>participants want to know. If you do, you will probably need to repeat the information again after their preparation.</p> <p>2) Field visits may occur over several days during a week or during more than one week. After each field visit, it is important to debrief and prepare for the next visit. Depending on the size of the group of participants, not all participants may visit a particular institution. You may have to offer a choice on who goes where and when.</p> <p>3. Have participants work in small groups to determine the questions they want to ask. Have groups share their questions with each other and come to agreement on at least some questions they all want answered. Encourage them to think about how they will compare answers from all of the visits. Some questions may be:</p> <ul style="list-style-type: none"> • What services or products do you have for young people like us? • What fees are charged for these services? • What are your interest rates for loans? What interest rates do you pay on savings? • How many agencies or offices do you have in this community? • When members or clients have questions, where can they go to get answers? • Why would a young person like me choose your institution? <p>4. Have participants practice asking questions. Let them determine if they want one person to ask or they all want to take turns.</p> <p>5. Have them think through, and practice, entering the bank and greeting staff. Have them practice introducing the group and why they are there, as well as thanking the staff member who has taken the time to talk to them.</p> <p>6. Have them determine who will take notes so they can remember the answers.</p> <p>7. Have participants discuss how they will dress for the visits.</p> <p>8. Review all of the logistics.</p> <p>9. Say: “After each visit, I want each of you to think and write in your exercise book the following points for class discussion. It is called 3–2–1:</p> <p style="padding-left: 40px;">3 Things you have learned today</p> <p style="padding-left: 40px;">2 Things you will change in your life or in the ways you look at financial institutions</p> <p style="padding-left: 40px;">1 Questions you still have about financial institutions</p> <p>B. The visits</p>



Phase/Time Trainer/Materials	Instructional Sequence
	<p>C. Debriefing of the field visits using the 3–2–1 technique Participants debrief what they have learned from the visits.</p> <p>Note: This series of activities takes place after field visits, when participants are back in their usual training site.</p> <ol style="list-style-type: none"> 1. Have groups present the information they have gained from each institution. If possible, have them make some flipcharts that allow them to compare institutions with regard to types of services, fees, and convenience. <p>Note: You may want to provide each group with a flipchart template with a grid.</p> 2. Ask participants to reflect on the experience of going to the institutions, meeting with employees there, and asking questions. 3. Have them debrief what the information they gained means to them personally. Give participants sticky notes or three pieces of papers. <ul style="list-style-type: none"> • One piece will be to write down three things they have learned from the visits. • One piece will be to write two things they will do differently or things that have changed about the way they look at financial institutions. • One piece is for a question they still have about financial institutions. 4. Then ask participants to paste their pieces of paper on flipcharts prepared for that purpose. There will be three flipcharts—one each for 3, 2, and 1. <p>Note:</p> <ol style="list-style-type: none"> 1) Some participants may not feel comfortable about posting their answers; they may be shy or not confident (because of a language problem). For those, say: “Those who could not finish, please simply state your answers and I will write them down.” 2) This activity also helps assess what participants learned, particularly regarding Learning Objective #1 and also how they view financial institutions. In most cases, some of the youth are intimidated by banks; the change of attitude toward banks is worth tracking throughout this activity. 5. Discuss some of the questions participants still have. If there are specific questions related to conditions on savings programs and loans, say: “These questions will be discussed in the next sessions.”



Phase/Time Trainer/Materials	Instructional Sequence										
<p>Application</p> <p>25 minutes</p> <p>Flipchart #6: “Application Questions”</p>	<p>Choosing my financial institution</p> <p>Participants select the types of financial institutions they are more likely to work with.</p> <p>1. Ask participants to individually answer the following questions in their notebooks:</p> <ul style="list-style-type: none">• How many financial institutions do I know of in this community?• Which types of financial institutions can help me achieve my financial goals, and why? <p>Walk around to monitor progress and assist if needed.</p> <p>Note: This activity also helps you to assess learning.</p> <ul style="list-style-type: none">a. Helps assess Learning Objective #1b. Helps assess Learning Objective #2										
<p>Assessment</p> <p>5 minutes</p> <p>Flipchart #7: “What I Would Like to Learn”</p>	<p>Assessing your learning</p> <p>Participants demonstrate what they have learned from the session.</p> <p>The following activities also serve as assessment of learning objectives:</p> <p>Activity #3 under section “Practice”—Learning Objective #1 Activity #1 under section “Application”—Learning Objectives #1 and #2.</p> <p>Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><td>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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Phase/Time Trainer/Materials	Instructional Sequence
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]

References

Bryan Lorin Sudweek. *Personal finance: Choosing a financial institution*.

<http://personalfinance.byu.edu/?q=node/584> (The notion of “three Cs” was adapted from this source).



Trainer Material #1: Flipcharts

Flipchart #1: Financial Services Needed and How Youth Can Find Help

Financial services needed by youth	Examples of how/where they can find these services

Flipchart # 2: Main Financial Services

These are not the only financial services, but are the main ones you may use:

1. Deposits—they keep money safe and allow for withdrawals
2. Loans—the borrowing of funds, including personal loans, business loans (to start a business), mortgage loans (loans to purchase a home, property or business)
3. Savings—savings accounts with interest
4. Wire transfers—transfer of funds to individuals and institutions, including banks or other bank accounts
5. Checks—to allow payments for goods and services to other organizations by signing a piece of paper called a check, instead of paying with cash
6. Debit cards—allow paying for goods or services without using cash; the amount spent is taken from your bank account by the bank and provided to the payee.
7. Automatic Teller Machine (ATM)—allows financial transactions by using a card without going to the counter of financial institutions
8. In addition to financial services, some banks rent safe deposit boxes to keep important documents locked securely
9. Some banks also provide insurance services
10. Electronic transfer of funds and savings



Flipchart #3: Main Types of Financial Institutions (This is not an exhaustive list)

Types of financial institutions	Main services offered	Key characteristics
Banks	All main services identified	Driven by profit.
Credit unions and cooperatives	Deposits, savings, loans, checkbooks	Generally not for profit. Owned by members, who borrow and save.
Microfinance Institutions	Savings and small loans	Target people with few financial resources, self-employed individuals and groups of people.
Rotating saving and credit associations (ROSCA)	Savings and loans	Not formal, owned and managed by members who save and borrow. Their goal is solidarity that is “friends helping friends.”
Mobile banking	Savings, money transfer, payment of bills from electronic wallet	Can be for profit or not for profit, but is based on online and telecommunication technologies (mobile phone networks and Internet).

Flipchart # 4: Criteria for Selecting a Financial Institution

Can they help me meet my financial goals?

If the answer is yes, you can then use the “**three Cs**” to compare institutions or businesses and pick the best one for yourself:

Costs: Are their services cheaper, compared with others?

Convenience: How convenient is it to do business with this financial institution or business?

Clients: How do they treat clients like me? Are their customer service and technical support reliable?

Choose a financial institution that helps you meet your financial goals at a low cost with convenience, and provides you with reliable customer service.



Flipchart # 5: Debriefing Questions: 3–2–1

- 3** Things I have learned about financial institutions and financial services
- 2** Things I will do differently or change about the way I view financial institutions
- 1** Questions I still have about financial institutions

Flipchart #6: Application Questions

- 1. How many financial institutions do I know of in this community?
- 2. Which types of financial institutions can help me achieve my financial goals, and why?

Flipchart # 7: Things I Would Like to Learn

Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don't understand	Know how to use it	Will start using it



Session #15: Where to Save— My Bed or the Bank?

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	After committing to save, participants decide where to save their money.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have knowledge of the financial services offered by financial institutions in their host community.
Time:	105 minutes (1 hour, 45 minutes)
Prerequisites:	Participants will already have completed Sessions #7 and #9 of the unit “Personal Financial Management” and Session #14, “Let’s Meet Financial Institutions,” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #15: Where to Save—My Bed or the Bank?		
Date: [Pick the date]	Time: 105 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Have the list of savings goals participants created during Session #9, Savings: Pay Yourself. 2. Copy handouts 3. Prepare flipcharts 4. Note: The use of interest or other fees on savings and loans may not be appropriate in communities where only strict Islamic banking rules are used. Islamic banking rules are consistent with the principles of Islamic law (Sharia). These rules prohibit the use of interest or fees for loans or savings. For example, instead of lending money, the lending institution or the lender will take a stake in the investment, or will buy and own the equipment and only transfer full ownership to the borrower when the agreed cost of the investment has been reimbursed. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart or blackboard 2. Markers or chalk • Prepared flipcharts <p>Flipchart #1: Five Questions for Selecting A Place to Save</p> <p>Flipchart #2: Criteria for Selecting a Financial Institution</p> <p>Flipchart #3: Self-assessment Instructions</p> <p>Flipchart #4: Things I Would Like to Learn</p> • Handouts <p>Handout #1: How Much and Where to Save?</p> <p>Handout #2: Deciding Where to Save</p> • Trainer Materials <p>Trainer Material #2: Prepared flipcharts</p> 		
<p>Competency:</p> <p>Participants compare and decide on where to save their income.</p> <p>Session Learning Objectives:</p> <p>Participants will</p> <ol style="list-style-type: none"> 1. Compare saving options in terms of safety, access, required deposits and balances, and interest. 2. Give at least three criteria for choosing where they want to save. 		



Phase/Time Materials	Instructional Sequence												
Motivation 15 minutes	<p>Checking progress</p> <p>Participants assess how far they have come with their savings plans developed during Session #9, Savings: Pay Yourself!”</p> <ol style="list-style-type: none"> 1. Say: <i>“Those of you who have ever saved money for something special, please stand up.</i> <p><i>“Those of you who are currently saving, please raise your hand.</i></p> <p><i>“And those of you who want to start saving for something special, raise your foot.”</i></p> <p>Note: This activity allows you to learn which participants have followed through on their commitment to save—a commitment made during Session #9, “Savings: Pay Yourself!”</p> <ol style="list-style-type: none"> 2. Say: <ol style="list-style-type: none"> a. <i>“During our session on saving, each of you made the commitment to save. Raise your hand if you have reached your goal.</i> b. <i>“For those who have not yet reached your goal, how close are you to reaching it?</i> <p>Note: Make sure that every participant answers these questions.</p> 3. Congratulate those who have achieved their savings goal, and compliment those who are still saving. 4. Ask participants to form groups of four and come up with a ranking from 1 (most used) to 4 (least used), making a list of places where young people such as them generally save their money: <table border="1"> <thead> <tr> <th>Where young people save</th><th>Rank (1 to 4)</th></tr> </thead> <tbody> <tr> <td>A place in the house</td><td></td></tr> <tr> <td>Someone else keeps their money</td><td></td></tr> <tr> <td>Financial institution</td><td></td></tr> <tr> <td>Savings groups between friends</td><td></td></tr> <tr> <td>Electronic Wallet (particularly with Mobile banking, e.g. M-Pesa in Kenya)</td><td></td></tr> </tbody> </table> <ol style="list-style-type: none"> 5. Then compile the results of each group (by averaging the ranking of each place) and come up with the ranking by the group as a whole. 	Where young people save	Rank (1 to 4)	A place in the house		Someone else keeps their money		Financial institution		Savings groups between friends		Electronic Wallet (particularly with Mobile banking, e.g. M-Pesa in Kenya)	
Where young people save	Rank (1 to 4)												
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Financial institution													
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Electronic Wallet (particularly with Mobile banking, e.g. M-Pesa in Kenya)													



Phase/Time Materials	Instructional Sequence
	<p>6. Conclude by saying: <i>“Where you decide to save your money is important. We will compare these places and you will see what advantages and disadvantages there are for each of them.”</i></p>
<p>Information</p> <p>20 minutes</p> <p>Flipchart #1 : “Five Questions for Selecting a Place to Save”</p> <p>Flipchart #2: “Criteria for Selecting a Financial Institution”</p>	<p>A. Things to consider when deciding where to save Participants, through group discussions, identify criteria for selecting a place to save.</p> <p>1. Keep participants in the same groups of four and tell them: <i>“Discuss together and write down things to consider when choosing where to save your money.”</i></p> <p>Note: The facilitator will write the following on a flipchart or the board: Things to consider when deciding where to save:</p> <ol style="list-style-type: none"> 1) 2) 3) 4) <p>2. Walk among the groups to monitor progress, and then ask groups to share their answers as you write them on the flipchart or board.</p> <p>Note: Groups may come up with an idea around the following themes:</p> <ul style="list-style-type: none"> • Safety of the place—Is their savings secure? • Accessibility—Can they have access to their savings when they need it? If accessibility is mentioned in these terms, it is important to remind participants of the fact that it is not a good idea to just use their savings for any small thing; it defeats the purpose of saving, which is putting money aside to do something you especially want or need in the future, or for unexpected expenses. • The potential to grow—Can their savings generate additional interest? <p>3. Say: <i>“These are good ideas. They show that before saving, you ask yourself important questions. To add to what you have said, these are five central questions (from the prepared flipchart) you may want to consider when deciding where to save your money:</i></p> <ol style="list-style-type: none"> a. Is the place safe for my money? Is there physical safety and a savings guarantee? You want to make sure that your savings are protected—savings in some financial institutions are protected by the government. b. Can I take my money back before the agreed period of time for saving? Many places will not allow early withdrawal of money, without having to pay a fee. c. How much money do I need to start saving here? Some financial institutions will ask you for a minimum amount of money in order to



Phase/Time Materials	Instructional Sequence
	<p>open a savings account. Some savings groups ask their members to begin with a minimum amount.</p> <p>d. What is the minimum amount of money I need to keep in the account or at that place? Some institutions require that you keep a minimum amount or balance in your account; you can't withdraw all of the money without closing the account.</p> <p>e. How much will they pay me for holding my money? Or, what is the interest rate for savings? In most financial institutions and savings groups, the money you save grows based on an interest rate. Some financial institutions pay higher interest rates than others.</p> <p>Note: In communities operating under Islamic finance, question (e) is irrelevant and will not be used.</p>
<p>Practice</p> <p>30 minutes</p> <p>Handout #1: "How Much and Where to Save?"</p> <p>Handout #2: "Deciding Where to Save"</p>	<p>Decide where to save Participants will use a given situation to decide where to save.</p> <ol style="list-style-type: none"> 1. Organize participants into pairs. Each pair will receive Handout #1: "How Much and Where to Save?" and Handout #2: "Deciding Where to Save." 2. Say: <i>"Read Handout #1 and use Handout #2 to decide where to save."</i> <p>Note: In forming pairs, ensure that at least one person in the pair can read; or, read Handout #1 aloud for the whole group and take questions for clarification.</p> <p>Post adaptation: Adapt to local currencies.</p> 3. During the exercise, walk around to monitor progress. 4. After completion of the activity, ask different pairs to give information for each block. Make sure they all agree or decide there is more than one answer. 5. Debrief and ask: <i>"Was this exercise helpful? If so, how?"</i> 6. Conclude by saying: <i>"Always remember to ask the five questions before deciding where to save."</i>
<p>Application</p> <p>20 minutes</p>	<p>Where do I save? Participants assess where to save to meet their savings goal decided during Session #9, "Savings: Pay Yourself!"</p>



Phase/Time Materials	Instructional Sequence														
Handout #2: “Deciding Where to Save”	<div>1. Remind participants that each of them decided on a savings goal during Session #9, “Savings: Pay Yourself!”</div> <div>2. Then, say: “Now using Handout #2 and what you have learned during field visits and this session, decide where you could save to achieve your goals, and give reasons.”</div> <div>3. Ask volunteers to share the results of their decisions.</div>														
Assessment 20 minutes Flipchart #3: “Self- assessment Instructions” Flipchart #4: “Things I Would Like to Learn”	<div>Assessing your learning</div> <div>Participants will assess what they have learned.</div> <div>1. The facilitator asks each participant to write down responses to the following directives:<div><div>List at least two places where people save their money in this community.</div><div>List at least three questions that help you decide where to save.</div></div></div> <div>2. Walk around to ensure all participants have responded to both directives, or to see where there are still gaps.</div> <div>3. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</div> <table><tr><td>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>					Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]														



Trainer Material #1: Flipcharts

Flipchart #1: Five Questions for Selecting A Place to Save

1. Is my money safe?
2. Can I take my money out before the agreed upon period of time for saving?
3. How much money do I need to deposit to start saving in this place?
4. What is the minimum amount of money I need to keep in the account or in this place?
5. What is the interest rate that this financial institution pays on savings? Can my money grow?

Flipchart #2: Criteria for Selecting A Financial Institution

- **Can they help me meet my financial goals?** If the answer is yes, you can then use the “three Cs” below to evaluate them.
- **Costs**—Are their services cheaper compared to others?
- **Convenience**—How convenient is it to do business with this financial institution?
- **Clients**—How do they treat clients like me? Is their customer service reliable?

Choose a financial institution that helps you meet your financial goals at low cost and with convenience, and which provides you with reliable customer service.

Flipchart #3: Self-assessment Instructions

1. List at least two places where people save their money in this community.
2. List at least three questions that help you decide where to save.

Flipchart # 4: Things I Would Like to Learn

Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don't understand	Know how to use it	Will start using it



Handout #1: How Much and Where to Save?

Mani is lucky; his art business is going well.

Every week, after paying for his needs (rent, food, and utilities), he still has \$10 to \$15 to spend on extra personal items. Even if he spends all the \$10 one week, he knows that the next week, he will still have at least \$10 extra. Should he save? If yes, how much and where?



- a) In a safe box in the house? There, he can save the amount he wants and can use it anytime in case of emergency.
- b) In the local bank? The bank pays an annual interest rate of 5 percent. But you need to maintain a minimum balance of \$15 in the account at any time; each time you have less than that amount in your account, you pay a fee of \$2.
- c) In a youth savings club? It is a cool group of friends. They save to help each other. At the end of the year, every member gets what he or she has saved, plus a small amount, which is generally around 5 percent of the amount saved.

But each member is required to save at least \$5 every week. Members cannot take back their money until the end of the year. They can borrow from the savings club, but will pay a higher fee than the one the bank charges. That is how the savings of members grows.

- d) Mobile e-wallet—There is an organization offering mobile-banking services, including savings. The mobile banking pays no interest on savings, but offers free access to most financial services Mani needs (payments, balance inquiries, money transfer to other clients of the same organization); and the mobile banking in this case does not require keeping a minimum balance.

Note:

You can save in more than one place.



Handout #2: Deciding Where to Save

Five questions	Safe box in the house	Local bank or local financial institution	Savings club (ROSCA)
Is my money safe?			
Can I take my money back before the agreed period of time for saving?			
How much money do I need to start saving in that place?			
What is the minimum amount of money I need to keep in the account or at that place?			
How much will they pay me for holding my money? Or what is the interest rate for saving?			

I choose _____ because _____



Session #16: Where to Borrow?

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session gives participants the opportunity to compare different lenders and decide where they can borrow, if needed.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and are knowledgeable about lending practices and financial institutions in their host community.
Time:	120 minutes (2 hours)
Prerequisites:	Participants will have already completed Sessions #7, #9, and #10 of the unit “Personal Money Management” and Session #14, “Let’s Meet Financial Institutions!” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #16: Where To Borrow?		
Date: [Pick the date]	Time: 120 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Review Session #10, “Wise Use of Loans–It Is Not My Money!” 2. Gather, if possible, materials on lending institutions you have visited during the field visit to financial institutions in Session #14. 3. Note: The use of interest or other fees on savings and loans may not be appropriate in communities where only strict Islamic banking rules are used. Islamic banking rules are consistent with the principles of Islamic law (Sharia). These rules prohibit the use of interests or fees for loans or savings. For example, instead of lending money, the lending institution or the lender will take a stake in the investment or will buy and own the equipment, and only transfer full ownership to the borrower when the agreed cost of the investment has been reimbursed. <p>Materials :</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart 2. Markers or chalk • Prepared flipchart <ul style="list-style-type: none"> Flipchart #1: Quiz Flipchart #2: Definitions Flipchart #3: Five Questions to Consider When Deciding Where to Borrow Flipchart #4: Things I Would Like to Learn • Handouts <ul style="list-style-type: none"> Handout #1: Deciding Where to Borrow Handout #2: Mani and His Friends Want to Borrow • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Sample flipcharts 		
<p>Competency: Participants compare and decide where to borrow.</p> <p>Session Learning Objectives: Participants will</p> <ol style="list-style-type: none"> 1. Compare and evaluate terms and conditions of loan options available. 2. Decide and defend where they would prefer to borrow. 		



Phase/Time Materials	Instructional Sequence										
<p>Motivation</p> <p>30 minutes</p> <p>Flipchart #1: "Quiz"</p> <p>Flipchart #3: "Five Questions to Consider in Deciding Where to Borrow"</p>	<p>A. Things to know about loans</p> <p>Participants assess their knowledge of loans.</p> <ol style="list-style-type: none"> 1. Say: <i>"During Session #10, 'Wise Use of Loans—It Is Not My Money!' we discussed the reasons for borrowing money and questions to ask before taking out loans. During this session we will consider where to get a loan. Information we have gathered during our field visit of financial institutions will help us.</i> <p><i>"Before we start, let's review what we know about loans."</i></p> <ol style="list-style-type: none"> 2. Ask participants to form groups of three and answer the questions on Flipchart #1: Quiz. The group that answers the maximum number of questions correctly wins a prize. They have 15 minutes for the quiz. <p>Note : Expected answers:</p> <ol style="list-style-type: none"> 1 and 2. See Flipchart #2: Definitions. 3. Emergencies, invest, to pay for education, etc.... 4. At least two of the questions below: Questions to consider when using loans <ol style="list-style-type: none"> a. How much do I need to borrow?—Borrow just what you need, just enough! b. How much will I pay?—Is it the same amount, or a larger amount because of interest charged? c. If it is a higher amount, how much higher? d. When am I supposed to finish paying off the loan? e. Can I pay in small amounts on a regular schedule (daily, weekly, or monthly)? How much will that be? 3. After groups have presented their answers, congratulate the winner(s). 4. Ask participants to form groups of four and come up with a ranking from 1 (most used) to 4 (least used) of where young people, like them, generally go to borrow money: <table border="1" data-bbox="431 1430 1248 1614"> <thead> <tr> <th>Where young people save</th><th>Rank (1 to 4)</th></tr> </thead> <tbody> <tr> <td>A friend or a relative</td><td></td></tr> <tr> <td>Financial institution</td><td></td></tr> <tr> <td>Savings club</td><td></td></tr> <tr> <td>At home</td><td></td></tr> </tbody> </table> <ol style="list-style-type: none"> 5. Ask each group to paste their work on the wall. 6. Conclude by saying: <i>"A loan is not your money. It is the money you borrowed with the obligation to repay; sometimes you repay an amount higher than what you borrowed. That is why you have to ask yourself the questions we have identified; then compare different options before deciding where to</i> 	Where young people save	Rank (1 to 4)	A friend or a relative		Financial institution		Savings club		At home	
Where young people save	Rank (1 to 4)										
A friend or a relative											
Financial institution											
Savings club											
At home											



Phase/Time Materials	Instructional Sequence
	<p><i>borrow.</i></p> <p><i>“Now let’s see how to decide where to borrow.”</i></p>
<p>Information</p> <p>30 minutes</p> <p>Flipcharts #1; #2: “Definitions;” and #3</p> <p>Handout #2: “Mani and His Friends Want to Borrow”</p>	<p>A. Review of Loan Terms Remind participants of the key definitions about loans and key questions to ask by reviewing the content of Flipchart #1 and Flipchart #2.</p> <p>B. Deciding where to borrow Participants, through group discussions, identify criteria for deciding which place to borrow from.</p> <ol style="list-style-type: none"> Organize participants in groups of three and direct them: <i>“Discuss together and write down things to consider when choosing where to borrow.”</i> <p>Note: The facilitator will write on a flipchart or the board: Things to consider when deciding where to borrow money:</p> <ol style="list-style-type: none"> Walk among the groups to monitor progress, and then ask groups to share their answers. <p>Note: Groups may come up with ideas around the following themes:</p> <ul style="list-style-type: none"> How much it will cost (interest rate)? When do I have to pay back? Can I pay in one lump sum or small amounts? Say: <i>“These are good ideas; it means that before borrowing, you ask yourself important questions. To add to what you have said, here are some questions you may want to consider when deciding where to borrow.”</i> Show Flipchart #3 and go through each item. <ul style="list-style-type: none"> Can I borrow the amount I need? Some people or institutions may limit what you can borrow based on what they think you can repay or the amount you have in a savings account with them. What is the interest rate on the loan? How much will I have to repay at the end? Is what I pay back the same amount I borrow or a higher amount because of interest applied by the financial institution or the lender? Can I pay in small amounts on a regular schedule (daily, weekly, or monthly)? How much will each repayment be?



Phase/Time Materials	Instructional Sequence
	<ul style="list-style-type: none"> • Do I need to give or present something of value in order to obtain a loan? Some lenders require that the borrower present something of value before obtaining a loan. This is called collateral. It is to make sure that if the loan is not reimbursed, the lender keeps the thing of value. Some financial institutions require that the lender have some savings with the institution, which is a form of collateral. So if you don't repay your loan, the bank can keep your savings. • Can I benefit from the support of the lender if I need it while using the loan? Some financial institutions provide advice and assistance if you use a loan to start a small business, for example. Microfinance institutions often do this. <p>5. You can put these questions in a table to compare lenders before borrowing money. Show Flipchart #5.</p> <p>Note: In a community applying strict Islamic banking rules, Question #2 is not appropriate and will not be asked.</p>
<p>Practice</p> <p>30 minutes</p> <p>Handout #1: "Deciding Where to Borrow;" Handout #2</p>	<p>A. Decide where to borrow</p> <p>Participants use the information they gathered during the field visit to financial institutions to determine where young people are more likely to go for a loan.</p> <ol style="list-style-type: none"> 1. Organize participants in pairs and give each pair Handout #2. 2. Say, <i>"Read Handout #2 and answer the questions at the end."</i> <p>Questions</p> <ol style="list-style-type: none"> A. <i>What questions do Mani and his friends have to ask themselves first?</i> B. <i>Where in this community, village, or city can they go to borrow the money?</i> C. <i>What questions will they use to compare different lenders or financial institutions?</i> <p>Note: In forming pairs, ensure that at least one person in the pair can read, or read Handout #2 aloud for the whole group and take questions for clarification.</p> <p>Post adaptation: Adapt to local currencies.</p> <ol style="list-style-type: none"> 3. During the exercise, walk around to monitor progress. 4. After completion of the activity, ask each pair to review one question and give their answers. <p>Note: Expected answers:</p> <ol style="list-style-type: none"> a. Five questions to consider when taking out a loan:



Phase/Time Materials	Instructional Sequence
	<ol style="list-style-type: none"> 1) How much do I need to borrow?—You need just enough! 2) How much will I pay?—Is what I repay the same amount I borrowed or a higher amount because of interest? 3) If it's a higher amount, how much higher? 4) When am I supposed to finish repaying the loan? 5) Can I pay in small amounts on a regular schedule (daily, weekly, or monthly)? How much will that be? <ol style="list-style-type: none"> b. The answers will differ from one community to another: people, local banks, youth savings clubs, etc. c. See Handout #2. <p>5. Debrief and ask: <i>"Was this exercise helpful?"</i></p>
<p>Application</p> <p>15 minutes</p> <p>Handout #2</p>	<p>Deciding where to borrow</p> <p>Participants consider their personal situation and identify possible lenders, should they need to borrow.</p> <ol style="list-style-type: none"> 1. Say: <i>"Considering your personal financial situation and goals, and what you have learned about financial institutions, if you needed to borrow money in this community, village, or city, to which institution would you go?"</i> 2. <i>"Fill in Handout #2 and make your best decision."</i> Remind participants that this is just their best guess. 3. Ask some volunteers to share their answers. <u>Note:</u> This activity is an assessment of Learning Objective #2. 4. Summarize: <i>"A loan is not your money. It is money you borrowed with the obligation to repay it. Sometimes you have to repay an amount higher than what you borrowed. That is why you have to ask yourself the five questions that we have discussed and then use the questions in Handout #2 with the various possible lenders."</i>
<p>Assessment</p> <p>15 minutes</p>	<p>Assessing your learning</p> <p>Participants will assess what they have learned.</p> <ol style="list-style-type: none"> 1. The facilitator asks each participant to write down the responses to the following directives: <ol style="list-style-type: none"> a. Name at least two places or people to whom someone in this community can go to borrow money. b. Write at least three questions that help you decide where to borrow. 2. Walk around to ensure all participants have answered all the questions, or



Phase/Time Materials	Instructional Sequence										
	<p>see where there are still gaps.</p> <p>3. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table border="1"> <thead> <tr> <th>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</th><th>I understand now</th><th>Still don't understand</th><th>Know how to use it</th><th>Will start using it</th></tr> </thead> <tbody> <tr> <td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>	Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don't understand	Know how to use it	Will start using it					
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Facilitator Notes for Future Improvement	<p>Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]</p>										



Trainer Material #1: Flipcharts

Flipchart #1:

Quiz

1. What is a loan?
2. Why does a lender charge interest?
3. List at least two reasons young people in your community take loans.
4. Write down at least two questions one needs to ask before taking a loan.

Flipchart #2:

Definitions

Loan: An amount of money that you borrowed from a person or organization and must repay under certain agreed conditions.

Principal: The amount of money you borrowed (without interest).

Collateral: Something of value the borrower provides or promises to give to the lender in case the borrower doesn't pay back the loan.

Interest: The additional amount of money you pay on the money borrowed.

Loan term: The time the borrower has to pay back the loan.

Flipchart #3:

Five Questions to Consider in Deciding Where to Borrow

1. Can I borrow the amount I need?
2. What is the interest rate on the loan? How much will I have to reimburse at the end?
3. Can I pay in small amounts on a regular schedule (daily, weekly, or monthly)?
4. Do I need to give or present something important in order to obtain the loan: collateral?
5. Can I benefit from the support of the lender if I need it in using the loan?



Handout #1: Mani and Friends Want to Borrow

Mani dreams of owning an art shop where he can paint and design sculptures to sell. The art shop he hopes to open will employ and train many young people. Tourists from all over the world will visit his store and buy his creations. He also knows that to accomplish this dream, it will require hard work, commitment, and money.

Mani is not concerned about the hard work of learning different styles of sculpting. However, he is concerned about raising the money. He has joined an association of young artists in town. There are 10 members who have decided to save money together and hope in five years to have saved enough money to build their own art center.

Mani and his friends just learned that the owner of a famous art center is willing to sell the center for the very low price of \$1,000 and is willing to wait for two months for a buyer. This is a great opportunity for Mani and his friends. But they have only \$500 in savings at a local bank. They decide to look for a lender who can lend them the remaining \$500.



Questions

- A. What questions do Mani and his friends have to ask themselves first before deciding where to borrow?
- B. Where in this community or village or city can they go to borrow the money?
- C. What questions will they consider to compare different lenders or financial institutions?



Handout # 2: Deciding Where to Borrow

Five questions	Friend or relative	Local bank or local financial institution	Savings club (ROSCA)
Can I borrow the amount I need?			
What is the interest rate on the loan, and how much will I have to reimburse at the end?			
Can I pay in small amounts on a regular schedule (daily, weekly, or monthly)?			
Do I need to give or present something of value in order to obtain the loan: collateral?			
Can I benefit from the support of the lender if I need it when using the loan?			

I choose _____ because _____



Session #17: Financial Negotiations

Training Package:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants develop a financial negotiation plan and practice their negotiation skills.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have basic knowledge of financial negotiations.
Time:	150 minutes (2 hour 30 min)
Prerequisites:	Participants will have already completed Sessions #7, #9, and #10 of the unit “Personal Money Management” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #17: Financial Negotiations		
Date: [Pick the date]	Time: 150 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare flipcharts 2. Adapt the name and currency in the role-play 3. Photocopy handouts (there are five in this session) <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart 2. Markers or chalk 3. Notebooks and pens/pencils • Prepared flipcharts <ul style="list-style-type: none"> Flipchart #1: Drawing of 11 Oranges Flipchart #2: Definition of Negotiation Flipchart #3: Some Financial Negotiation Situations Flipchart #4: Results of Negotiation Flipchart #5: Preparing for A Financial Negotiation Flipchart #6: Listening During Negotiation Flipchart #7: Things I Would Like to Learn • Handouts <ul style="list-style-type: none"> Handout #1a: Mani's Confidential Instructions Handout #1b: Naomi's Confidential Instructions Handout #2a: Buyer's Confidential Information Handout #2b: Seller's Confidential Information Handout #3: Negotiation Plan • Trainer Materials <ul style="list-style-type: none"> Trainer Material #1: Prepared flipcharts <p>Competency: Participants identify situations that require negotiation and negotiate with each other.</p> <p>Session Learning Objectives: Participants will:</p> <ol style="list-style-type: none"> 1. Describe at least two situations where financial negotiations are needed. 2. Create a negotiation plan for their own (or a given) situation. 		



Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>25 minutes</p> <p>Flipchart #1: “Drawing of 11 Oranges”</p> <p>Handout #1a: “Mani’s Confidential Instructions;”</p> <p>Handout #1b: “Naomi’s Confidential Instructions”</p>	<p>A. Negotiation role-play: Sharing oranges</p> <p>Participants experience two parties negotiating through a role-play.</p> <ol style="list-style-type: none"> 1. Say: <i>“Welcome! Please form pairs. If you cannot find a partner, join one pair. Decide among yourselves who Mani is and who Naomi is.”</i> Post adaptation: Change the names to fit the profile of the participants. Note: If the number of participants is an odd number, one group will have three participants, two will play one (Mani or Naomi). 2. Once the roles are set, ask participants to listen to the scenario: <i>“Mani and Naomi have received 11 oranges from their uncle. They have decided to share the oranges. However, they seem not to agree on how many oranges each of them should have.</i> <i>They are meeting to discuss a fair way to share these oranges.”</i> 3. Distribute Handout #1a to those who play the role of Mani and Handout #1b to those who play the role of Naomi. 4. Ask participants to take two minutes to prepare for the discussions. After the two minutes, ask them to start discussing with each other how to share the oranges. They have five minutes. 5. After the discussions, debrief the participants with the following questions: <ul style="list-style-type: none"> • Which pairs reached an agreement? • What were the terms of the agreement? (Write them down.) • What were each of you trying to do? Note: Expected answer to the third question: “To convince the other” <ul style="list-style-type: none"> • Was there a way each of you could get 11 oranges? Note: If there is a pair who reached that agreement, ask them how they did it. It is not expected that they will come up with that solution. 6. Summarize: <i>“During this exercise you tried to persuade your cousin to let you have the maximum number of oranges. Some of you decided to split so you had 5 1/2 each. But it seemed that there was no way for both of you to get 11 oranges. However, if you had asked why the other wanted the oranges, you would have seen that Mani wanted only the juice and Naomi</i>



Phase/Time Materials	Instructional Sequence
	<p><i>only the skin of the orange. So Mani could get 11 oranges, press them to get the juice out, and then give the 11 oranges to Naomi, who only needed the skin.</i></p> <p><i>“If you did not get 11 oranges, don’t worry, hopefully by the end of this session you will be able to do that.”</i></p>
<p>Information</p> <p>45 minutes</p> <p>Flipchart #2: “Definition of Negotiation”</p> <p>Flipchart #3: “Some Financial Negotiation Situations”</p> <p>Flipchart #4: “Results of Negotiation”</p> <p>Flipchart #5: Preparing for a Financial Negotiation”</p> <p>Flipchart #6: “Listening During Negotiation”</p>	<p>A. Defining negotiation Participants discuss the concept of negotiation and define it.</p> <ol style="list-style-type: none"> 1. Say: <i>“Most of you said you were trying to persuade your cousin to let you have more than half the oranges. You were trying to do so through verbal means.”</i> 2. Show Flipchart #2 and have them read the definition of negotiation: A negotiation is an activity of communication with others with the purpose of persuading them to agree to a proposal that helps you achieve your goals. Financial negotiation involves an agreement about financial goals. <p><i>“Remember that negotiating an agreement is not reached through violence, but through communication and persuasion.”</i></p> <p>B. Situations of negotiation Participants identify a situation of financial negotiation in life.</p> <ol style="list-style-type: none"> 1. Ask participants in pairs to think of a situation in which financial negotiation is or might be needed. 2. Ask each pair to share their answers and write their answers on a flipchart, as they speak. <p>Note: This activity assesses Learning Objective #1</p> <ol style="list-style-type: none"> 3. Show Flipchart #3. Say: <i>“You have mentioned situations that can be summarized in four main categories where financial negotiation is needed:</i> <ol style="list-style-type: none"> <i>a. Buying/paying and selling/providing things or services</i> <i>b. Accessing financial services, such as loans, savings, opening a bank account, etc.</i> <i>c. Determining a salary or job-related benefits</i> <i>d. Managing money with other people, such as friends, colleagues, or relatives”</i> <p>C. Outcomes of a financial negotiation</p>



Phase/Time Materials	Instructional Sequence
	<p>Participants reflect on the nature of the agreement.</p> <ol style="list-style-type: none"> 1. Ask participants: <i>“Looking at the different results you obtained with the exercise on oranges, what are ways a negotiation can end?”</i> 2. Summarize by comparing their answers with Flipchart #4. 3. Say: <i>“As you have observed during your exercise, the following five results may occur with a negotiation:</i> <ul style="list-style-type: none"> • “Win-win — <i>All people involved meet their goals. For example, in the exercise, Mani and Naomi each get 11 oranges. In the case of buying: the client buys at the price he or she wants and the seller sells the quantity he or she wants.</i> • “Half-half or ‘50-50’ — <i>All the people or parties involved in the negotiation get half of what they want. In the case of the oranges, Naomi and Mani each get 5 ½ oranges. In the case of the buying/selling example, the buyer and the seller don’t get all they want, only part of it, but they don’t feel like the other got more than they did. For example, the buyer wants to buy the product at \$6 and the seller wants to sell at \$8 or persuade the buyer to buy two products at \$7 each. But finally they reach an agreement where the buyer buys only one product at \$7.</i> • “Win-Lose — <i>One of the persons involved gets what he or she wants and the other person gets less than what he or she wants, or nothing. In the case of oranges, one of the two gets six or more oranges. In the buying and selling situation, the buyer buys at the price he or she wants and the seller sells at a price that may not allow him to make a profit, or he may even lose money. (This might happen if the seller badly needs some money—maybe for an emergency or to make a payment on his products.)</i> • “Lose-lose — <i>The people involved do not reach an agreement. In the case of oranges, Mani and Naomi do not agree on how to share the oranges. Maybe it becomes a big argument and so the uncle decides to take back the oranges. In the case of buying and selling, the sale does not happen and the buyer and seller do not want to do business with each other again.</i> • “Agreement with help — <i>The people involved agree to disagree and stop the negotiation and look for someone to help them reach an agreement. In the case of oranges, Naomi and Mani decide to ask their uncle to help</i>



Phase/Time Materials	Instructional Sequence
	<p><i>them decide how to share the oranges. In some cases, the buyer and seller can decide to bring in another person, called a mediator, to help them come to an agreement. This often happens in important business negotiations.”</i></p> <p>D. Preparing for a financial negotiation Participants reflect on how to prepare for a negotiation.</p> <ol style="list-style-type: none"> 1. Ask: <i>“How did you prepare to negotiate for the oranges?”</i> 2. Say: <i>“To reach an agreement that satisfies you, it is important to prepare for your financial negotiation. The following are questions that will help you be better prepared. (Flipchart #5):</i> <ul style="list-style-type: none"> • Do I know enough about the issue I will negotiate on?—The more information you have, the better prepared you will be. For example, if the negotiation is about buying something, the more information you have on prices, sellers, etc., the better you can negotiate for a good price. Seek advice, and learn more about the issue. • What do I want to achieve, and why?—It is important to answer these questions for yourself. When you know what you want, and why, you can focus on what is really important: the reasons you want what you want. 3. For example, ask participants to think back to Mani and Naomi: <ul style="list-style-type: none"> • <i>“What did Mani want?” (Answer: More oranges.)</i> • <i>“Why?” (Answer: Because he needed more orange juice.)</i> • <i>“What does Naomi want?” (Answer: More oranges.)</i> • <i>“Why?” (Answer: Because she needs the skins of oranges for her cakes.)</i> • What does the other person want, and why? It is important to know what the other person wants, and why. Even if you think you know, during the negotiation always ask, “What do you want, and why?” 4. Say: <i>“In the case of the oranges, if Naomi and Mani had each known why the other wanted the oranges, they could have worked together toward a ‘win–win’ agreement.”</i> 5. Sometimes, even knowing what the other wants, and why, may not lead to a “win–win” solution, but it may lead to an acceptable situation, either “50–50” or “agreeing to disagree” with no agreement. But both people would not be upset with each other, as can happen with a “lose–lose” or “win–lose” situation.



Phase/Time Materials	Instructional Sequence
	<p>6. Say: <i>“For example: Here’s a situation of buying and selling: The buyer wants to pay a certain price because she doesn’t have any more money than she is offering. The seller wants to sell at a certain price (higher than what the buyer is proposing) because below that price, the seller will not make a profit. Both may agree to disagree, so there is no sale. They may also find a solution together if, for example, the buyer really likes the product and the seller wants to keep a customer.”</i></p> <ul style="list-style-type: none"> • What advantages do you have?—The advantage depends on the situation. An advantage can be: <ul style="list-style-type: none"> ○ <u>Many options or choices to reach your goals</u>, e.g., for a buyer who may know of many sellers selling the same product at different prices. ○ <u>More time</u>—The other person may want to reach an agreement sooner because she or he is in a rush, but you have more time to wait. • What advantages does the other person have?—Always try to understand the advantages of the other person. It gives you a better understanding of the situation and how far you can go toward achieving your goals. • How to start? Introduction—This is where you want to create a good environment for the negotiation. Start by greeting the person. Be polite and show that you care about the person and his or her activity on which you will negotiate. If possible, let the other party start to express what they want. If they start, listen carefully. You may get the answer to the question, “What do they want and why do they want it?” <p>D. During the negotiation: Listen Participants reflect on the importance of listening during a negotiation.</p> <ol style="list-style-type: none"> 1. Ask: <i>“During the negotiation on oranges, how many of you knew why Mani or Naomi wanted oranges?”</i> 2. After listening to the participants, say: <i>“Negotiation happens through verbal communication. One important element of communication is effective listening. The only way to know what the other person wants, and why, is through listening.”</i> 3. You listen better by: <ol style="list-style-type: none"> a. Asking questions. b. Encouraging the other person to explain more.



Phase/Time Materials	Instructional Sequence
	<p>c. <i>Summarizing what the other person has said to make sure that you have understood.</i></p> <p>4. <i>When it is your turn to speak:</i></p> <ol style="list-style-type: none"> <i>Speak clearly and politely.</i> <i>Stay focused on what you want.</i> <i>Use what you have learned from the other person if possible."</i> <p>Note: Use Flipchart #6.</p> <p>5. Ask if there are questions. If not, say: <i>"Let's apply all of these ideas in a scenario."</i></p>
<p>Practice</p> <p>45 minutes</p> <p>Handout #2a: "Buyer's Confidential Information;"</p> <p>Handout #2b: "Seller's Confidential Information;"</p> <p>Handout #3: "Negotiation Plan"</p>	<p>Negotiating for a pair of jeans</p> <p>Participants use their negotiation skills during a role-play.</p> <ol style="list-style-type: none"> Ask participants to form pairs and decide who will be the seller and who will be the buyer. Then read the following scenario: <p><i>"This is the holiday season. People are getting ready for the new year. This financial negotiation happens in the market between the owner of the clothes shop and a regular customer. Both know each other; it is not the first time this customer has bought clothes in the shop. In this market, the price written on the product can be changed through negotiation. This time, they are negotiating over the price of a pair of jeans.</i></p> <p>Note:</p> <ol style="list-style-type: none"> If the number of participants is an odd number, there will be a group of three. Ask two participants from the groups of three to play the role of the seller. Read Handout #3 aloud. The facilitator can also organize the group for the exercise in the following way: have small groups prepare for each role. If the group is large, there could be two groups preparing to be the seller and two groups preparing to be the buyer. They work on their preparation together and then select one person to actually play the role. Once participants have chosen their roles, distribute Handout #2a and Handout #2b to participants, respectively. This is confidential information not to be shared before the negotiation. Tell participants they have 10 minutes to prepare for the negotiation. Remind them to look at Flipchart #5 and Flipchart # 6 about how to prepare and negotiate.



Phase/Time Materials	Instructional Sequence
	<ol style="list-style-type: none"> 5. Give all participants Handout #3. 6. Let them start. The negotiation will run 5–10 minutes. 7. After 10 minutes, stop the negotiation and start the debriefing by asking: <ol style="list-style-type: none"> a. <i>“What happened in your negotiation? Did you buy? Did you sell? At what price?”</i> b. <i>How did each of you feel at the end?</i> c. <i>What type of resolution did you have? (Refer to the different kinds of outcomes.) Why do you think this happened?</i> d. <i>Who had the time to finish the preparation? (Ask one volunteer seller and one volunteer buyer to explain how he or she prepared.)</i> e. <i>What was difficult to apply from what we learned about financial negotiation?</i> f. <i>How do you feel the performance of the other person you were negotiating with?</i> g. <i>Is this a situation some of you have experienced in real life?”</i> 8. Compliment the participants on their performance. 9. Summarize: <i>“Remember that negotiation is an exercise of communication to reach an agreement that satisfies you and the other person. It is important to prepare well, be polite, think of your interest and those of other people involved, and listen when they speak.”</i>
<p>Application</p> <p>30 minutes</p> <p>Flipchart paper Participant notebooks</p>	<p>Negotiation and me Participants prepare for a negotiation.</p> <ol style="list-style-type: none"> 1. Say: <i>“I would like each of you to think of a real financial situation you may be involved with.</i> <ol style="list-style-type: none"> 1. <i>Briefly describe the situation in your notebook.</i> 2. <i>Come up with a negotiation plan using Handout #3.”</i> 2. Walk around to monitor progress. 3. After the exercise, ask one or two volunteers to share their plans. <p>Note:</p> <ol style="list-style-type: none"> 1) This activity allows the facilitator to assess Learning Objectives #1 and #2. 2) Make sure each participant does the exercise. For those who can’t write properly, they may describe the situation to you orally without disturbing the class.



Phase/Time Materials	Instructional Sequence										
<div>Assessment</div> <div>5 minutes</div> <div>Flipchart # 7: “What I Would Like to Learn”</div>	<div>The activity in “Practice” helps assess learning objectives #1 and #2.</div> <div>Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</div> <table><tr><td>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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<div>Facilitator Notes for Future Improvement</div>	<div>Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]</div>										

References:

Microfinance Opportunities, Citigroup Foundation, Freedom from Hunger. *Financial Negotiations: Communicate with Confidence*. Resource materials: Content note.



Trainer Materials #1: Flipcharts

Flipchart #1: Drawing of 11 oranges

Flipcharts #2: Definition of Negotiation

Communication with others with the purpose of persuading them to agree to a proposal that helps you achieve your goals. Financial negotiation involves an agreement about financial goals.

Flipchart # 3: Some Financial Negotiation Situations

1. Buying/paying and selling/providing things or services
2. Accessing financial services, such as a loan, savings, opening a bank account, etc.
3. Determining a job salary and benefits
4. Managing money with other people, such as friends, colleagues, or relatives

Flipchart #4: Results of Negotiation

Possible Results of negotiation	Possible impact
Win–Win	😊 😊
Half–Half or “50–50”	-) -)
Win–lose	😊 😞
Lose–Lose	😞 😞
Agreement with help	😊 😊

Flipchart #5: Preparing for A Financial Negotiation

Do I know enough about the issue I will negotiate on? Gather information, seek advice, and learn about the issue.

What do I want to achieve, and why? It is important to determine this, because it helps you know what you can give up.

What does the other person want, and why? It is important to know what the other person wants, and why.



What advantages do you have? The advantage depends on the situation.

What advantages does the other person have? Always try to understand the advantages of the other person.

How to start? Introduction: Be polite; show that you care about the other person; and let the other person start. Listen!

Flipchart #6: Listening During Negotiation

You listen better when you:

1. Ask questions.
2. Encourage the other person to speak more.
3. Summarize what the other person said to make sure you have understood.

When it is your turn to speak:

1. Speak clearly and politely.
2. Stay focused on what you want.
3. Use what you have learned from the other person, if possible.

Flipchart # 7: Things I Would Like to Learn

Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don't understand	Know how to use it	Will start using it



Handout #1a: Mani's Confidential Instructions

You and your cousin Naomi have just received 11 oranges from your uncle to share with each other.

There is a big soccer match coming up, and you know that during the soccer match people like to drink lots of orange juice.

Your goal is to have a big quantity of orange juice. The more oranges you can get, the more juice you can make and sell during the soccer match. One orange gives you one glass of orange juice that you can sell. This is quick money, since you did not buy the oranges.

You are meeting with Naomi to persuade her to let you have as many of the oranges as possible.



Handout #1b: Naomi's Confidential Instructions

You and your cousin Mani have just received 11 oranges from your uncle to share with each other.

During the weekends, you sell orange cakes to make some money. From an orange, you only use the skin to make your cake. So, the more oranges you can get, the more orange skins you have to bake more cakes to sell.

You are meeting with Mani to persuade him to let you have as many of the oranges as possible.



Handout #2a: Buyer's Confidential Information

This is the holiday season. Everyone is preparing for the New Year. You want to give your cousin a nice pair of jeans you have seen in one of your favorite shops in town. You really like the jeans, and if the seller gives you a good price, you may even buy a pair for yourself.

Last time you checked the price, the jeans were \$8. You told the seller you thought the price was still high, but you would think about the price and come today to see if you want to buy them. You have \$10 to spend on gifts this holiday season, but you also want to buy gifts for yourself.

Some things to know (the seller does not know this):

You are willing to buy the jeans at no more than \$6 a pair and if the pair of jeans goes down to \$5, you may even buy two (one for yourself and the other for your cousin).

There are other shops selling jeans at \$5 a pair, but you don't trust the quality of those jeans. You have been buying clothes in this shop and you have always been satisfied with the quality of the clothes so you prefer to buy here.

You are meeting the seller in 10 minutes.



Handout #2b: Seller's Confidential Information

This is the holiday season. Everyone is preparing for the New Year. You have a good customer who is coming to negotiate for a pair of jeans that you are selling for \$8. You consider this particular shopper a loyal customer, who always buys things here, but it seems it will not be easy to persuade the customer to buy at \$8.

You are getting ready to meet the customer, who is coming soon.

Some things to know (the customer does not know this):

You are willing to sell the jeans at \$7; below that price, you lose money if the customer takes only one pair of jeans. You can sell them for \$6 if the customer buys two pairs.

You can sell the jeans with a loan, if the customer agrees to pay you one month later with an additional \$2 fee.

There are other shops selling jeans at \$5 a pair; and the customer knows this. But you don't know if the customer would decide to go there.

The supplier of the brand of jeans gave you free T-shirts. You have been using these T-shirts to reward good customers. You may give one of those for free to encourage the customer to buy the jeans.

You are meeting the customer in 10 minutes.



Handout #3: Negotiation Plan

Questions for me	My answers
Do I know enough about the issue I will negotiate on? Gather information, seek advice, and learn about the issue.	
What do I want to achieve, and why? It is important to answer these questions for yourself.	
What does the other person want, and why? It is important to know what the other person wants, and why.	
What advantages do I have?	
What advantages does the other person have?	
How to start? Introduction: Be polite, show that you care about the other person, and let the other person start. Listen carefully.	



Session #18: How to Use Money Effectively (Optional Summary/Review Session)

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants identify effective ways to manage money.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and can facilitate basic financial games that include saving, spending, and financial decision making.
Time:	60 minutes
Prerequisites:	Participants will already have completed Units 1, 2, and 3 of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #18: How to Use Money Effectively		
Date:	Time: 60 minutes	Facilitator(s):
<p>Trainer Preparation:</p> <ol style="list-style-type: none"> Note: This session summarizes and reviews. If it is not done, the “Wheel of effective use of money” might be used at the end of the course. <p>Materials:</p> <ul style="list-style-type: none"> Equipment <ol style="list-style-type: none"> Flipchart paper Markers or chalk Pens or pencils Prepared flipcharts <p>Flipchart #1: Wheel of Effective Use of Money</p> <p>Flipchart #2: Assessment Items</p> Trainer Materials 		
<p>Competency:</p> <p>Participants decide on ways to manage their money effectively.</p> <p>Session Learning Objectives:</p> <p>Participants will:</p> <ol style="list-style-type: none"> List at least three practices of effective use of money. Assess the consequences of different ways of using money. 		

Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>5 minutes</p>	<p>How do I use my money?</p> <p>Participants describe their use of money.</p> <ol style="list-style-type: none"> Say: <i>“Welcome! Today we will discuss ways to use money appropriately. We will also play a game, during which you will have to manage money. But before we start, I will ask you some questions.”</i> Ask each participant to reflect on and answer the following question, <i>“What are the things you do to use your money appropriately?”</i> <p>Note: The answers should help you determine which participants are applying some of the concepts of the curriculum, such as financial goals, using a budget, needs vs. expenses, savings, etc.</p> Ask some volunteers to share their answers.



Phase/Time Materials	Instructional Sequence
	<p>4. Conclude: <i>“In this session we will discuss things that people do to use their money appropriately; then we will practice.”</i></p>
<p>Information</p> <p>30 minutes</p> <p>Flipchart #1: “Wheel of Effective Use of Money”</p>	<p>A. Identifying effective ways of using money Participants identify effective ways of using money.</p> <ol style="list-style-type: none"> 1. Ask participants to form groups of three, and say: <i>“We have been learning many things about money through this course. I would like you to advise a friend who has not been in this course, by answering the following question:</i> <i>“What are the things a young person like you can do to use your money more responsibly than before?”</i> 2. Ask participants to make a drawing to represent their answers on a flipchart. 3. After groups have finished, tell them the presentation will be similar to a fair expo where sellers present their products. One member of the group will remain in front of the flipchart, while others will be visiting other flipcharts to ask questions. 4. Compliment groups for their work and recognize those who have mentioned things like, “I consider financial goals,” “have a budget,” “saving,” “prioritize needs, wants, and decide,” etc. 5. Conclude the exercise by introducing the “Wheel of effective use of money” and saying the following: <i>“Four things can help you use money appropriately. I have put them on this wheel: Set financial goals; Save; Spend carefully; Budget and record keeping.”</i> <p>B. Explaining the “Wheel of effective use of money.” Participants explain how the elements of the wheel help them to use money better.</p> <ol style="list-style-type: none"> 1. Ask participants to form four groups, each group representing one of the four elements on the wheel. Assign each group a specific element. Note: Groups should contain no more than five members. If there are more than 20 participants, more than one group can address the same element.



Phase/Time Materials	Instructional Sequence
	<p>2. Ask each of the groups to use what they have learned during this class to respond to the following directive: <i>“List at least two reasons one of the following helps you better use your money:”</i></p> <ul style="list-style-type: none"> • <i>Set financial goals</i> • <i>Save</i> • <i>Spending carefully</i> • <i>Budget and record keeping”</i> <p>3. Draw a big wheel divided into four parts. Write one of the four concepts (<i>Set financial goals; Save Spend carefully; Budget and record keeping</i>) in each part of the wheel. Then ask each group to write on the wheel the reasons they have come up with for their particular element.</p> <p>4. Ask each group to explain their reasons.</p> <p>5. Ask for volunteers to summarize how the wheel can help them use money effectively.</p> <p>6. Thank participants who volunteered.</p> <p>7. Conclude the exercise by using Flipchart #1 “Wheel of effective use of money” as well as the flipchart participants created to explain: <i>“Money helps us achieve some important things in our lives. Practicing the following four points will allow you to use money appropriately:”</i></p> <p>Note: If the answers participants have written on the flipchart they created are correct, then there is no need to bring up the pre-written flipchart. You can use their flipcharts.</p> <p>1) “Set financial goals—<i>In general, setting financial goals gives you direction toward achieving your dreams. Financial goals tell you how much money you need for achieving some important things in your life. By setting financial goals, you will know what you have spent your money on and what you are saving for.</i></p> <p>2) “Spend carefully (also known as smart spending)—<i>People always spend. It is important to spend carefully by distinguishing your needs (things that you cannot do without) from our wants (things you desire but can do or live without); making a list of priority expenses; not spending more than what you can afford.</i></p> <p>3) “Save—<i>Saving helps you achieve financial goals, prepare for emergencies, and be able to seize opportunities, such as investments or paying for other expenses you can’t afford now.</i></p>



Phase/Time Materials	Instructional Sequence
	<p><i>That is why, to better use your money, it is important to follow these basic rules that can help you save:</i></p> <ul style="list-style-type: none"> • <i>Save whenever you receive an income.</i> • <i>Spend less than your income.</i> • <i>Save, because no amount is too small to be saved.</i> <p>4) <i>“Budget and record keeping—To better use your money, it is important to know where your money will be spent, what you are spending your money on, what your savings are, and what your progress is toward your goals. That is what budgeting and record keeping help people to do.”</i></p> <p>8. Ask participants if they have questions.</p>
Practice	<p>Let the Game Begin!</p> <p>Note: Participants can use the “Money Management Game” for practice. See Session #20 of this curriculum.</p>
<p>Application</p> <p>15 minutes</p>	<p>What it means for me Participants apply the learning from the game to their lives.</p> <ol style="list-style-type: none"> 1. Ask each of the participants to respond to the following in their notebooks: <ol style="list-style-type: none"> a. <i>List at least one thing you will change in the way you use your money.</i> b. <i>What is one of your financial goals?</i> c. <i>How do you keep your financial records?</i> d. <i>Do you save money? If yes, how much per day, week, or month?</i> 2. Ask some volunteers to share their answers.
<p>Assessment</p> <p>10 minutes</p> <p>Flipchart #2: “Assessment Items”</p>	<p>Assessing your learning Participants demonstrate what they have learned from the session.</p> <ol style="list-style-type: none"> 1. Ask each participant to respond to the following: <ol style="list-style-type: none"> a. List at least four things that help you manage your money. b. What can happen if you don’t use your money appropriately? <p>Walk among participants to make sure everyone is answering the questions.</p>

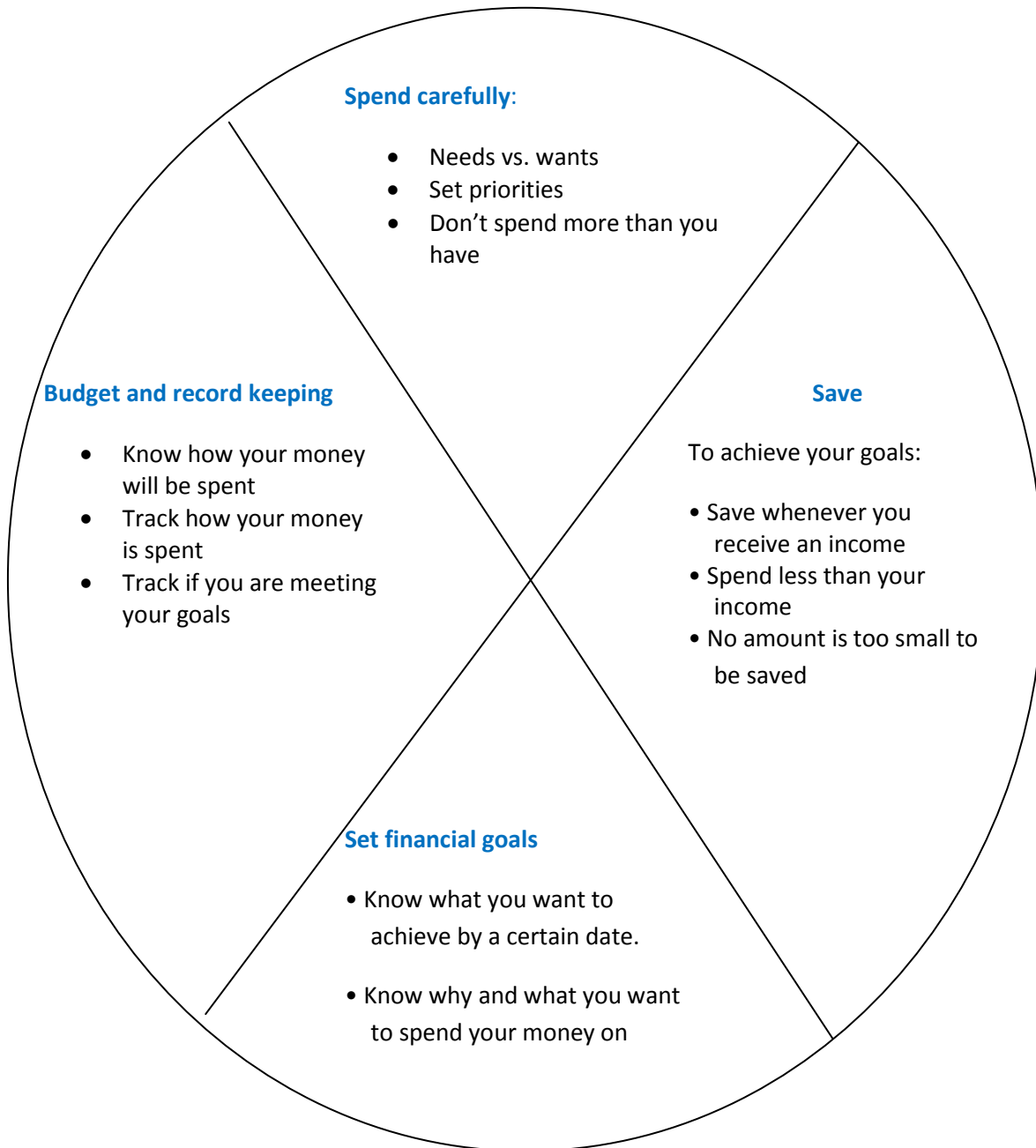


Phase/Time Materials	Instructional Sequence										
	<p>Note:</p> <ul style="list-style-type: none">1) assess Learning Objective #12) assess Learning Objective #23) Expected answers:<ul style="list-style-type: none">a. Set financial goals; Separate your needs from your wants; Make a budget and keep financial records; save.b. You may not achieve your financial goals; you may not be able to repay your debt. <p>2. Remind participants as they leave the room to put a check in the relevant box on the flipchart “What I would like to learn,” discussed during the session “What I would like to learn,” discussed during the session “Introduction: Getting Ready.”</p> <table><tr><td>Things I would like to learn (This column contains the list of things participants said they wanted to learn.)</td><td>I understand now</td><td>Still don’t understand</td><td>Know how to use it</td><td>Will start using it</td></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Things I would like to learn (This column contains the list of things participants said they wanted to learn.)	I understand now	Still don’t understand	Know how to use it	Will start using it					
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Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]										



Trainer Material #1: Flipcharts

Flipchart #1: Wheel of Effective Use of Money



Flipchart # 2: Assessment Items

- a. List at least four things that help you manage your money.
- b. What can happen if you don't use your money appropriately?



Session #19: Assessment 3: Tell Me What You Know! (Optional)

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	This session enables participants to assess what they have learned during the unit “Personal Money Management” of the curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and have basic knowledge of financial operations.
Time:	60 minutes
Prerequisites:	Participants will have already participated in the units “Basic Money Management,” “Personal Money Management,” and “Financial Services” of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #19: Assessment 3: Tell Me What You Know! (Optional)		
Date:	Time: 60 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. The facilitator will have a box full of pieces of paper with numbers on them to form teams. 2. Prepare the questions board (with questions, answers, and score). See Resource #1. 3. Prepare the scoring board for three teams. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Tape 4. A box with pieces of paper with numbers 1, 2, 3, and 4 to form the teams 5. Prize: a box of candy or another item. • Prepared flipcharts <p>Flipchart #1: Questions Board</p> <p>Flipchart #2: Scoreboard</p> • Trainer Materials <p>Trainer Material #1: Prepared flipcharts</p> 		
<p>Competency:</p> <p>Participants assess their knowledge of lessons covered in the unit “Financial services.”</p> <p>Session Learning Objective:</p> <p>Participants:</p> <ol style="list-style-type: none"> 1. Participants answer questions related to the unit “Financial Services.” 		

Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>10 Minutes</p> <p>A box with pieces of paper, with numbers 1, 2, 3, or 4 on them</p>	<p>Forming teams</p> <p>Participants form their teams and give them names.</p> <ol style="list-style-type: none"> 1. Say: <i>“We will play a game called ‘Tell me what you know.’ But before playing, let’s form three teams. When I call each one of you here, you will pick a paper from the box.”</i> <p>Post adaptation:</p> <p>If possible, adapt the name “Tell me what you know” to local context. If there is a local TV game show similar to “Jeopardy!” you can consider it.</p> 2. The box contains equal sets of numbers 1, 2, 3, and 4. The number of sets



Phase/Time Materials	Instructional Sequence
	<p>depends on the number of teams the facilitator wants to form. For example, if you have 12 participants, you'll have three teams of four participants each. There will be three 1s, three 2s, three 3s, and three 4s in the box.</p> <ol style="list-style-type: none"> 3. People who draw the same number will make up a team. 4. Ask participants to choose the name of their team and have them draw their logo and any sign representing their team on a flipchart. 5. When the teams are ready, say: <i>"OK, we have our three teams. Let me give you instructions and information about the game."</i>
<p>Information</p> <p>10 minutes</p>	<p>A. Instructions to the team Participants receive instructions from the facilitator, who also explains his or her role.</p> <ol style="list-style-type: none"> 1. Provide the following instructions to the teams: <ol style="list-style-type: none"> a. Each group will pick a box from the question board. Each box is identified by a number. The number is the quantity of points the question carries. b. The high number points are linked to more challenging questions; some people may find these difficult. c. Teams take turns and select a box and answer the question. A team can select any box that has not already been chosen. d. If a team fails to answer a question correctly, then the question goes to the next team. However, the next team doesn't lose its turn to pick its question. e. The facilitator will keep track of teams' scores on the scoring board. f. The team with the highest score at the end of the game wins this activity and the prize.



Phase/Time Materials	Instructional Sequence
Application 35 minutes	Let the game begin!
Assessment 15 minutes	Reflecting on the game Participants discuss gaps of knowledge with the facilitator. <ol style="list-style-type: none"> 1. Congratulate the winners. Give them a prize (candy, etc.). 2. Thank all the participants, as well, for their efforts. 3. Come back to some notions participants had trouble with, i.e., a question that went around several times or was not answered. 4. Ask participants if they still have questions about the five sessions covered in the game. 5. Conclude by thanking participants.
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Flipchart #1: Questions Board

Let's Meet Financial Institutions!	Where to Save—My Bed or the Bank?	Where to Borrow?	Financial Negotiations	How to Use Money Effectively
100	100	100	100	100
200	200	200	200	200
300	300	300	300	300
400	400	400	400	400

Flipchart #1: Scoreboard

Round	Team [Name]	Team [Name]	Team [Name]
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
Total			



Assessment 3: FINANCIAL SERVICES

Points	Let's Meet Financial Institutions!	Where to Save—My Bed or the Bank?	Where to Borrow?	Financial Negotiations	How to Use Money Effectively
100	What is a financial institution? <u>Expected answer:</u> It is an authorized organization that offers financial services, such as bank accounts, savings, loans, etc. 100	Saving money under my bed is safer than saving money in the bank. True or false? <u>Expected answer:</u> False 100	I don't have to repay a loan from my bank because I have a savings account with them. True or false? <u>Expected answer:</u> False 100	Using violence is an important characteristic in financial negotiation. True or false? <u>Expected answer:</u> False 100	Setting financial goals helps better manage money. True or false? <u>Expected answer:</u> True—It helps you focus on things you want to achieve. 100
200	Financial institutions don't offer services to people who don't have a job. True or false? <u>Expected answer:</u> False—There are microfinance institutions and other credit unions that provide services to the poor and self-employed. 200	List two advantages for saving money in a financial institution. <u>Expected answer:</u> Safety Earn interest 200	If I take a loan of \$400 from a financial institution, I have to pay back only \$400. True or false? <u>Expected answer:</u> False—Generally you will pay interest in addition to the amount borrowed. 200	List two examples of where financial negotiation is necessary. <u>Expected answer:</u> Buying and selling Financial services, such as taking a loan 200	One of the ways to best use my money is to prioritize my expenses. True or false? <u>Expected answer:</u> True 200



300	<p>How are credit unions and savings and loan associations different from a bank?</p> <p><u>Expected answer:</u> Unlike banks, which are owned by investors, credit unions and savings and loan associations are owned by their members, who save and borrow.</p> <p>300</p>	<p>List at least two places where people can save their money.</p> <p><u>Expected answer:</u> Bank Savings club or cooperatives</p> <p>300</p>	<p>Even if I can borrow more than I need, it is better to just borrow exactly what I need. True or false?</p> <p><u>Expected answer:</u> True</p> <p>300</p>	<p>Speaking is more important in financial negotiation with a seller than listening. True or false?</p> <p><u>Expected answer:</u> False</p> <p>300</p>	<p>What can happen if you don't use your money appropriately?</p> <p><u>Expected answer:</u> You will not achieve your financial goals—you may lose money and discover the loss only after it is too late.</p> <p>300</p>
400	<p>What is a rotating savings and credit association (ROSCA)?</p> <p><u>Expected answer:</u> It is a group of individuals, generally who know each other or are friends, who agree to meet in order to save and borrow together.</p> <p>400</p>	<p>List at least three questions to ask yourself when deciding where to save your money.</p> <p><u>Expected answer:</u> Is the place safe for my money? How much money do I need to start saving here? How much will they pay me for holding my money?</p> <p>400</p>	<p>List two questions to consider when selecting where to borrow.</p> <p><u>Expected answer:</u> Can I borrow the amount I need? What is the interest rate on the loan? Can I repay in small amounts on a regular schedule?</p> <p>400</p>	<p>List at least two ways a negotiation can end.</p> <p><u>Expected answer:</u> Win-win, 50-50 Win-lose Lose-lose No agreement</p> <p>400</p>	<p>List at least four things that help you manage your money.</p> <p><u>Expected answer:</u> Set financial goals Separate your needs from your wants Make a budget Keep financial records Save</p> <p>400</p>



Session #20: The Money Management Game

Training Manual:	<i>Youth Livelihoods: Financial Literacy</i>
Rationale:	Participants play a money management game.
Target Audience:	In-school and out-of-school youth who have completed at least primary education.
Facilitator Expertise:	Peace Corps Volunteers who have been trained in the Financial Literacy module of the Peace Corps Youth Livelihoods Curriculum and can facilitate basic financial games that include saving, spending, and financial decision making.
Time:	180 minutes (3 hours)
Prerequisites:	Participants will already have completed Units 1, 2, and 3 of the Peace Corps curriculum <i>Youth Livelihoods: Financial Literacy</i> .
Version:	July 2012



Session #20: The Money Management Game		
Date:	Time: 180 minutes	Facilitator(s):
<p>Facilitator preparation:</p> <ol style="list-style-type: none"> 1. Prepare small currency notes (see trainer resources) to pass out to groups. Adapt the amounts and currency to the local context. 2. Produce a flipchart Local Bank, based on the model. Post it behind a table on which you can place one box for each group, representing their “bank account.” 3. Produce a flipchart Savings Club, based on the model. Put it behind a table on which you can place one box for each group, representing their “savings account.” 4. Make photocopies of event cards. For each series of event cards (the series number is at the left corner of each event card), the number of copies of each event card should be equal to the total number of groups. 5. Make photocopies of “Financial ledger: Budget it! Record it!” (three copies per team) 6. Draw the three months’ calendars on flipcharts or on the board. 7. Prepare the flipcharts. <p>Materials:</p> <ul style="list-style-type: none"> • Equipment <ol style="list-style-type: none"> 1. Flipchart paper 2. Markers or chalk 3. Pens or pencils 4. Box with “event cards” 5. Two boxes per group, one representing their bank account at the local bank and one representing their savings account at a savings institution. • Prepared flipcharts Flipchart #1: Three-month Calendar • Handouts Handout #1: Income and Expense sheets (one per group) Handout #2: Financial Ledger: Budget It and Record It (three copies per group) Handout #3: Event cards • Trainer Materials Trainer Material #1: Prepared flipcharts Trainer Material #2: Paper note currency in \$1, \$5, \$10, \$20, \$50, and \$100 (or adapted into local currency) 		
<p>Competency: Participants decide on ways to manage their money effectively.</p> <p>Session Learning Objective: Participants will</p> <ol style="list-style-type: none"> 1. Decide and assess the consequences of different ways of using money. 		



Phase/Time Materials	Instructional Sequence
<p>Motivation</p> <p>Less than 1 minute</p>	<p>Introduction to the game</p> <ol style="list-style-type: none"> 1. Say: <i>“Welcome! We will play a game, during which you will have to manage money. During this game, we will use all of what we have discussed in this course.”</i>
<p>Information</p> <p>15 minutes</p>	<p>Role-play: Things happen! Participants in groups of three will play this game of basic money management, during which they will have to address life events and negotiate with financial institutions.</p> <p>A. Room setup Whether outside or in a classroom, the space will be divided in two:</p> <ol style="list-style-type: none"> 1. There is a space in the front, where the facilitator will have a desk. On one side of the desk on the wall, the three-month calendar will be posted; and on the other side, there will be the flipchart representing the local bank and the boxes representing each group bank account. 2. In the rest of the space, there will be tables. Each team of no more than four participants will occupy a table or a space. There is enough space between the groups to facilitate movement of people in the room and confidential discussions, if needed. <p>B. Forming teams Groups will have no more than four participants and be mixed by gender and age as much as possible. Each group will decide on an identifier, which could be a number or a name.</p> <p>C. Instructions—Explain to participants before the game</p> <ol style="list-style-type: none"> 1. The goal of each team will be to achieve a financial goal that will be determined by event card #1.13. 2. At the beginning of the game, a) each team receives an income and expense sheet with various information on “income and expenses”. See Handout #1. b) Each team receives the amount of money representing the income in their “income and expense sheet.” c) Each team also receives a “Financial ledger: Budget it! Record It” for the month. See Handout #2. <p>Note:</p>



Phase/Time Materials	Instructional Sequence
	<p>In another variation of the game, the “Income and expense sheet” can vary from one month to another.</p> <ol style="list-style-type: none"> 3. Each group will prepare their budget for the present month of the game. Follow the calendar of the month to plan what needs to happen. 4. The facilitator announces each action of the calendar. Give teams two to five minutes and go around to collect payments from each team. The duration of each day of the calendar depends on the facilitator, who announces when it is a new day. Some “days” may be longer than others, depending on the activities and the progress of participants. Put a sign on the present day; it can be a sticky note or something held by a pin. 5. Event cards—The facilitator announces the time for event cards. Each team sends a member to the facilitator’s desk. At the desk, each member will randomly pick an event card. The facilitator notes the content of the event card on the “Financial ledger” of that member’s group (See Trainer Resource #6) and takes appropriate action. If it is an immediate payment, the facilitator will collect the payment. 6. The facilitator will read the conditions of the local bank, as well as those of the savings club. These instructions are written on the pre-written flipchart (See trainer resources). In negotiating the percentage of loan interest at the bank, the facilitator will take into consideration the financial situation of the team, as well as the way it keeps its records (if records are well kept, the conditions will be favorable). 7. Participants can borrow only once from the local bank and/or the savings club. They can borrow or lend as many times as they want from other members. 8. Team members are also allowed to make financial arrangements among themselves (borrowing, saving, etc.). 9. At the end of every month, the facilitator meets each group to update them about their budget and progress. He or she will have a copy of the budget and record-keeping workbook for each team to track its progress, and will have loan repayment agreements to track each team’s loan repayment plan. On the 30th of Month Three, each team will assess whether it has achieved the financial goal of the event card # 1.13.
Practice and Application	<p>D. Let the game begin!</p> <p><u>Note:</u></p>



Phase/Time Materials	Instructional Sequence
150 minutes Box with “Saving cards” (See Handout #3)	After the game, participants need a break before the debriefing.
Assessment 15 minutes	<p>A. Debriefing Team participants talk among themselves about their experiences, challenges, and successes.</p> <ol style="list-style-type: none"> 1. Ask groups to discuss the following questions: <ol style="list-style-type: none"> a. Who has achieved the financial goal on event card # 1.13? b. What was difficult to do in using your money? c. What things have you learned in this course and what has helped you during this game? d. What points do you think you still need to learn? 2. Ask each group to present their answers <p>Note: These questions are important to help you assess how comfortable participants are in using the skills learned in the following units:</p> <ul style="list-style-type: none"> • Basic Money Management • Personal Money Management • Financial Services
Facilitator Notes for Future Improvement	Date and Facilitator Name: [What went well? What would you do differently? Did you need more/less time for certain activities?]



Month: One

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 <i>Groups receive income</i>	2	3	4	5	6 <i>Collect money for food</i>
7	8 <i>Collect rent</i>	9	10	11 <i>Collect money for expenses, toiletries, and bills</i>	12	13 <i>Groups select event cards</i>
14	15	16	17 <i>Groups select event cards</i>	18 <i>Groups pay for transportation fees for the month (fixed income)</i>	19	20
21	22	23	24 <i>Groups pay for utilities (fixed amount)</i>	25	26 <i>Choice: Groups deposit income in group savings club</i>	27
28 <i>Groups select event cards</i>	29	30				



Month two

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 <i>Groups receive income</i>	2	3	4	5 <i>Groups deposit income in group savings club</i>	6 <i>Collect money for food</i>
7	8 <i>Collect rent</i>	9	10	11 <i>Collect money for expenses, toiletries and bills</i>	12 <i>Groups deposit income in group savings club</i>	13 <i>Groups select event cards</i>
14	15	16	17 <i>Groups select event cards</i>	18 <i>Groups pay for transportation fees for the month (fixed income)</i>	19 <i>Groups deposit income in group savings club</i>	20
21	22	23	24 <i>Groups pay for utilities (fixed amount)</i>	25	26 <i>Groups deposit income in group savings club or local bank</i>	27
28 <i>Groups select event cards</i>	29	30	31			

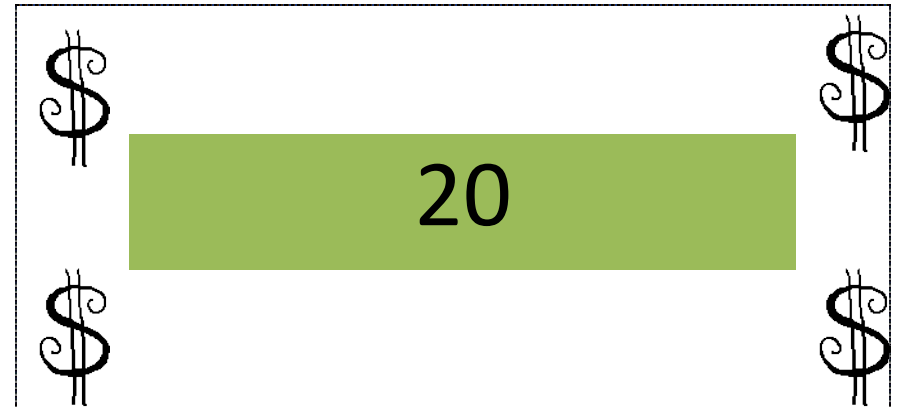
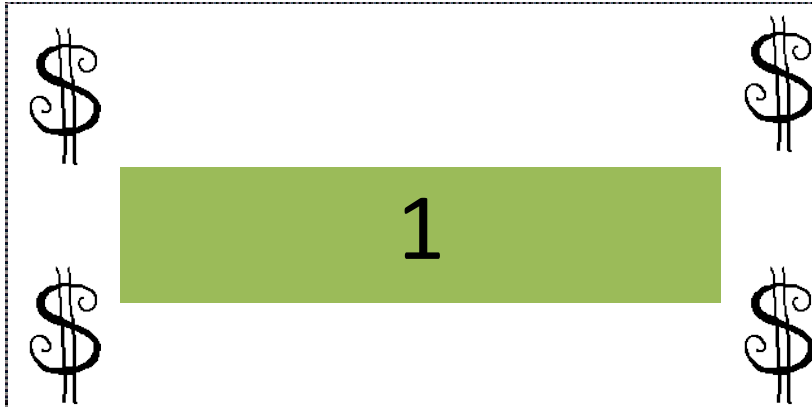
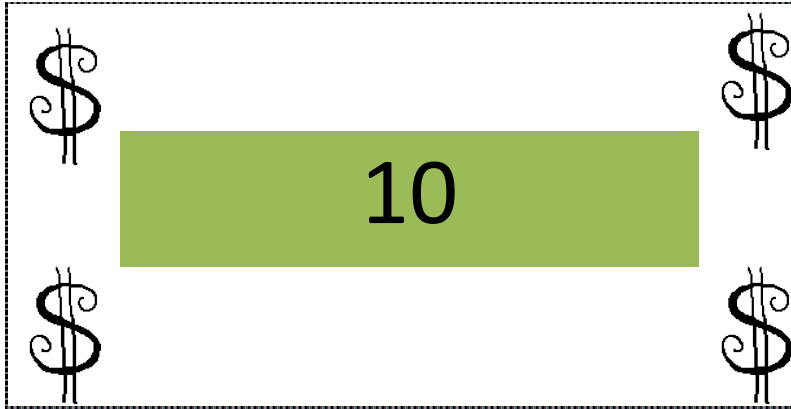


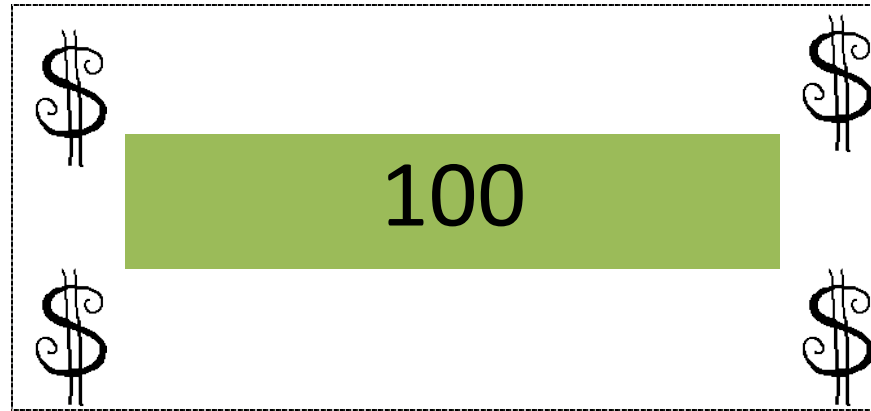
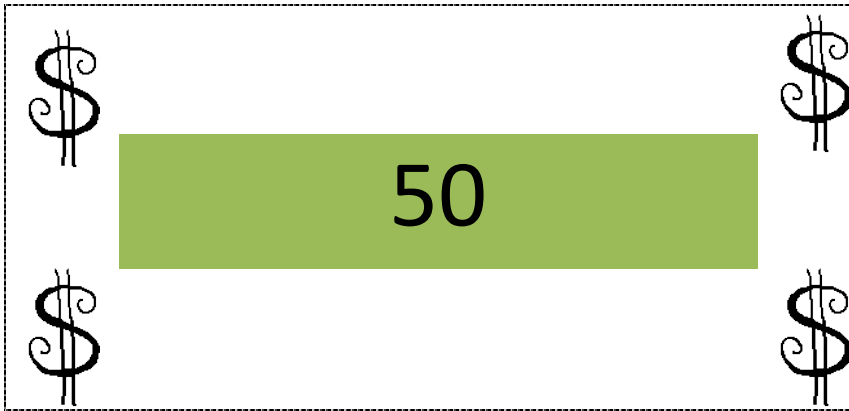
Month Three

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1	2 <i>Groups receive income</i>	3
4 <i>Collect money for food</i>	5 <i>Groups select event cards</i>	6	7 <i>Collect rent</i>	8	9 <i>Groups deposit income in savings club</i>	10
11	12 <i>Collect money for expenses, toiletries and bills</i>	13	14 <i>Groups select event cards</i>	15	16 <i>Groups pay for transportation fee for the month (fixed income)</i>	17
18 <i>Groups select event cards</i>	19	20	21 <i>Groups pay for utilities (fixed amount)</i>	22	23 <i>Groups deposit income in savings club</i>	24
25	26	27	28 <i>Groups select event cards</i>	29	30 <i>Groups review financial diary and discuss findings with facilitator about the month</i>	



Samples of paper money:





Financial Ledger: Budget It! Record It!

Group name or # _____

Month: _____

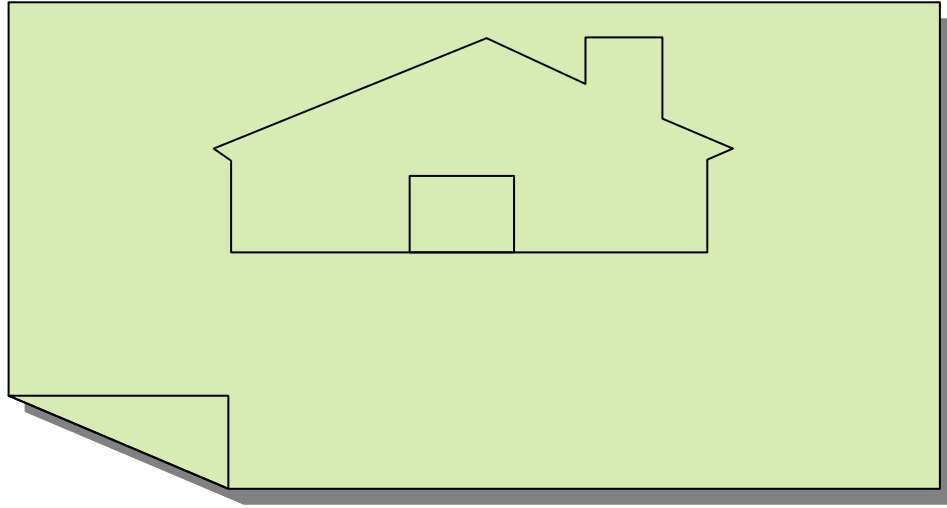
Monthly Budget		Record keeping of actual amounts				
Items	Amount	Week 1	Week 2	Week 3	Week 4	Actual total
Income						
Work related	\$ 85					
Interest on savings at savings club						
Interest on savings at bank						
EVENT CARD 1						
EVENT CARD 2						
EVENT CARD 3						
EVENT CARD 4						
A. Total income	\$85					
Expenses						
Rent	\$30					
Utilities	\$10					
Food	\$15					
Toiletries	\$ 5					
Transportation	\$10					
Savings at the bank						
Savings at savings club						
Loan repayment						
EVENT CARD 1						
EVENT CARD 2						
EVENT CARD 3						
EVENT CARD 4						
B. Total expenses	\$70					
A-B	85-70 = \$15					

Event card can be income or can be an expense.

The facilitator has to note the type of event card the team has picked as well as what action is needed.



Savings Club



It is a club of friends who have decided to save together and lend each other money from the common pool of savings. As a member of the club, you follow these rules:

Saving: Every Friday starting on the last Friday of Month One, save \$10. After that, save \$2 every Friday. If you miss one week, you pay a fee of \$1 in addition to the savings amount. You can withdraw the savings only at the end of the savings cycle (the last month).

Loan: The minimum amount is \$10 and the maximum amount is \$50.

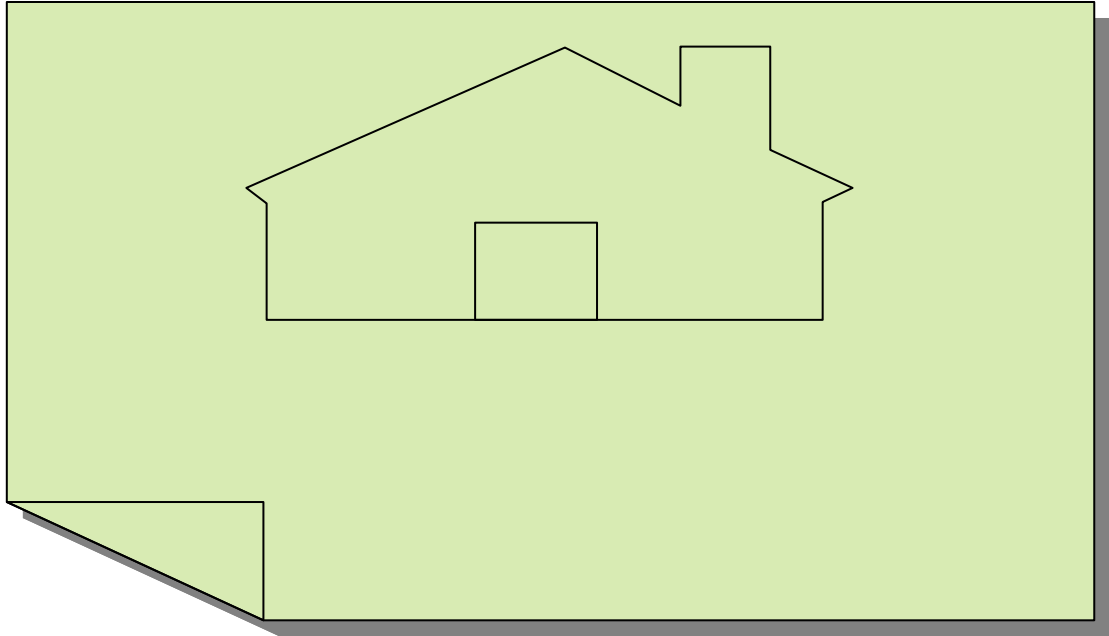
Terms of repayment: Make a payment every week of an amount equivalent to the amount of the loan divided by the number of weeks of the duration of the loan. There is a flat fee of \$1 for every \$10. For example, if you borrow \$10, you pay ($10 + 1 = \11). If you borrow \$50, you repay ($\$50 + \$1 \times 5 = \55). If you borrow \$15, you repay ($\$15 + 15 \times 1/10 = 15 + 1.50 = \16.50).

For medical emergencies or family emergencies, the loan is given without a fee.

Note: In communities where Islamic banking rules are strictly enforced, the loan will be given without a fee or interest.



LOCAL BANK



Savings account: Open a savings account at the bank with a minimum of \$5.

Every week, you can save any amount.

You can take out money at any time.

Interest of 1 percent is paid on the balance at the end of each month (last Friday of the month).

Loan: The amount of the loan cannot exceed the amount in the savings account by more than \$20.

The interest rate for the loan cycle varies between 2 percent and 4 percent, depending on the financial negotiations.

Repay small amounts every last Friday of the month. The amounts depend on the amount of the loan.

Note: In communities where Islamic banking rules are strictly enforced, the savings and loan will not be subject to any interest rate.



Handout #1: Income and Expenses Sheet

Group name or # _____

Monthly work income is \$85. This will be your income every month.

Budgeted monthly expenses:

Rent = \$30

Utilities (telephone, water, electricity) = \$10

Food = \$15

Toiletries = \$5

Transportation = \$10

These expenses are what you will use for your monthly budget. They may change during the month and some new expenses may be added as well, based on your event cards.



Handout #2: Financial Ledger: Budget It! Record It!

Group name _____ or #

Month: _____

Monthly Budget		Record keeping of actual amounts				
Items	Amount	Week 1	Week 2	Week 3	Week 4	Actual total
Income						
Work-related						
Interest on savings at savings club						
Interest on savings at bank						
EVENT CARD 1						
EVENT CARD 2						
EVENT CARD 3						
EVENT CARD 4						
A. Total income						
Expenses						
Rent						
Utilities						
Food						
Toiletries						
Transportation						
Savings at the bank						
Savings at savings club						
Loan repayment						
EVENT CARD 1						
EVENT CARD 2						
EVENT CARD 3						
EVENT CARD 4						
B. Total expenses						
A-B = Surplus (+) or deficit (-)						

Event cards can be income or can be an expense.



Handout #3: Event cards

Month One: Event cards

Month 1.13 You want \$12 by the end of the third month, to pay for your admission to the art center.	Month 1.13 You will be traveling at the end of month three. So you have to save for the trip, which will cost \$15.	Month 1.13 You have always dreamed about having a vegetable stand in the market. It will cost you \$15 just for the stand. You have decided to save that amount by the end of month three.
Month 1. 17 You have been recycling plastic bottles and a new law was passed that rewards recycling. You won \$5!	Month 1.17 Your mother became sick and you have to spend \$5 for medicine.	Month 1. 17 Congratulations! This is a \$5 food coupon. Next time you go shopping, you will have a \$5 reduction.
Month 1. 28 You have just discovered an opportunity to make money by selling T-shirts. If you invest \$15 in the business, you will make \$30 at the end of next month (the last Friday). You have a choice: Take a loan from the local bank, take a loan from the savings club, or do nothing.	Month 1. 28 You just tore your only pair of shoes. You have to buy a new pair of shoes that costs \$5.	Month 1. 28 The food prices have been increased recently. Your budget for food has increased by \$5. Next time, you will pay an additional \$5 for food.



Month Two: Event cards

<p>Month 2.13 Congratulations! This is a \$3 transportation coupon. Next month you will have a reduction of \$3 for your transportation budget.</p>	<p>Month 2. 13 The local bank is sponsoring public transportation to show its support for the environment. Thus, you are not paying for public transportation this month if you have a bank account.</p>	<p>Month 2. 13 It is your birthday and you receive \$3 from your friend. Collect \$3 from the facilitator now!</p>
<p>Month 2. 17 Your parents' house needs some urgent repairs. Your brother and you have decided to contribute. Each of you has to contribute \$15 next week. You will have to give \$15 to the facilitator next week: Wednesday, the 24th of month two.</p>	<p>Month 2. 17 There is a big concert. Your cousin is one of the organizers and he has gotten you a great stand where you can sell juice. If you can put in \$20 tomorrow (18th of month two), you will be able to sell juice for a total of \$30 next Sunday (21st). You can give the money to the facilitator and collect \$30 next Sunday (21st).</p>	<p>Month 2. 13 It's your friend's birthday and you have to buy a gift for her that costs \$3. Give \$ 3 to the facilitator now!</p>
<p>Month 2. 28 It's your birthday and you receive a gift of \$10. Collect the money from the facilitator now!</p>	<p>Month 2. 28 The price of utilities has gone up and you will pay \$5 more for your utilities.</p>	<p>Month 2. 28 Your aunt is celebrating her 20th wedding anniversary. You have a camera and it is a great opportunity for you to make some money. However, you will have to invest \$10 (give the money to the facilitator, tomorrow: 29th of month two). You can make \$9, \$15, or \$20. To determine the amount, the facilitator will have you pick the amount randomly from a box.</p>



Month Three: Event cards

Month 3. 5 The price of utilities has gone up and you will pay \$5 more.	Month 3. 5 It is your birthday and you receive \$3 from your friend. Collect \$3 from the facilitator now!	Month 3. 5 There is a leak in your roof. You have to pay \$5 for repairs. Give \$5 to the facilitator now!
Month 3. 14 Congratulations! This is a \$3 transportation coupon. Next time you will pay \$3 less for transportation	Month 3. 14 Your cousin is celebrating her 15 th birthday. You have a camera and it is a great opportunity for you to make some money. However, you will have to invest \$10 (give the money to the facilitator tomorrow: 29th of month three). You can make \$9, \$15 or \$20. To determine the amount, the facilitator will have you pick the amount randomly from a box.	Month 3. 14 You have to pay \$2 for vaccinations. Give \$2 to the facilitator now!
Month 3. 18 You have been recycling plastic bottles and a new law was passed that rewards recycling. You won \$5! Collect \$5 from the facilitator now!	Month 3. 18 The price of petrol has increased recently. Next time you will have to pay \$3 more for transportation.	Month 3. 18 It's your friend's birthday and you have to buy a gift for her that costs \$3.
Month 3. 28 It is your birthday and you receive \$3 from your friend. Collect \$3 from the facilitator now!	Month 3. 28 You just tore your only pair of shoes. You have to buy a new pair of shoes that costs \$5. Give \$5 to the facilitator now!	Month 3. 28 Your best friend is in town; you have to invite her to a movie. It will cost you \$3 together. Give \$3 to the facilitator now!

