

What is this document about?

- Budgeting is an important **process to manage financial resources available to a household**. No matter how small the in-and outflows may be, **planning can help avoid unexpected money shortages and reduce financial stress**.
- This document aims to help payment recipients **become familiar with the process of budgeting and build their own budget**.

Key messages to convey

- A budget is a **summary of estimated income and expenses – it helps you decide where your money should go**. Budgeting can help you keep track both your personal and business finances
- Building a budget can be done each month, but also weekly or even yearly, to help you meet short and long-term financial goals.
- Budgeting is a **joint exercise**, to which the **entire household should contribute**.
- Creating a budget is easy – it **involves 3 steps**:
 - Estimate expected income over an average week or month.
 - Estimate expenses over the same period of time.
 - Estimate the amount expected to be saved over the same period of time.
- When budgeting, it is useful to set [financial goals](#).



To explain the concept of a budget, it is often easiest to write down examples. This is best done by asking people about their typical household expenses and income over a week or month.

Let's build our own budget!

Start with a few prompting questions and ask people to write down the answers in a simple table:

- What are the typical household expenses incurred by your household/business over a week/month?
- What are the typical sources of income that help you meet the expenses of your household/business?
- What happens in the case of a surplus or deficit?
- How can a budget help you [save money](#)?

Household budget of Mrs. XXX	
Sources of income	Amount (weekly)
Wages/salary from casual labour/employment	
Small business income	
Farming activities	
Cash stipend etc.	
Total income	
Expenses	Amount (weekly)
Food	
Health	
Transportation	
Savings	
...	
Total expenses	
Total surplus/deficit	



Ask participants to **try to ensure that expenses are within your income**.

If your **expenses are more than your income**, you either have to:

- cut down on expenses
- increase your income

Need some budget templates? Visit [this link](#) to download various free Google Sheets budgeting templates.



Payment recipients may say that they do not have enough money to make use of budgeting. **Explain: Even small improvements in personal financial management can have a positive impact** by developing a better understanding of household needs, planning inflows and outflows of cash to avoid unexpected money shortages and reducing financial stress.