



Maryosa
Foundation

Financial Capability Handbook

Trainers & Coaches Edition



Bring out the best.
Bring in the community.

Petra Wamanya-Hengsdijk

Financial Capability Handbook

Trainers & Coaches Edition

Petra Wamanya-Hengsdijk

Maryosa Foundation

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Part I

Getting started

Chapter 1

Introduction



Welcome, you have found your way to the Financial Capability Handbook, trainers and coaches edition! You can use this material for 1-on-1 coaching and, with a bit of adaptation and creativity, the tasks and tips in the final chapter (not included in the self-study edition) can also help in training (small) groups of people.

It's a handbook full of practical tips and tools for (the coaching towards) becoming financially capable. But what is financial capability? In short, it means 'having the knowledge, skills, and attitudes to make informed judgments and effective decisions regarding the use and management of money' (Financial Capability Index Toolkit, MFO).

1.1 How to use this handbook?

Simply stated, this handbook is divided in five parts:

- Part one: structure of the coaching trajectory and the meetings
- Part two: (getting to know each other &) setting goals
- Part three: working with the Financial Capability Ladder
- Part four: evaluation and 'how to move on'
- Part five: tips and tricks for coaches and trainers

Please read part one, two, four and five before starting to coach part three.

NB. We also have a 'self-study' edition. In that edition there are only four parts. And although there is a big overlap in content, the two editions are not the same. Be sure to hand out the 'self-study edition' to your coachee(s).

The main focus of this handbook will be on working with the Financial Capability Ladder (See Figure 1.1).

Part three contains three chapters working with the ladder. Chapter 5 will focus on step one in the ladder. The goal is *financial overview*. Chapter 6 is step two of the

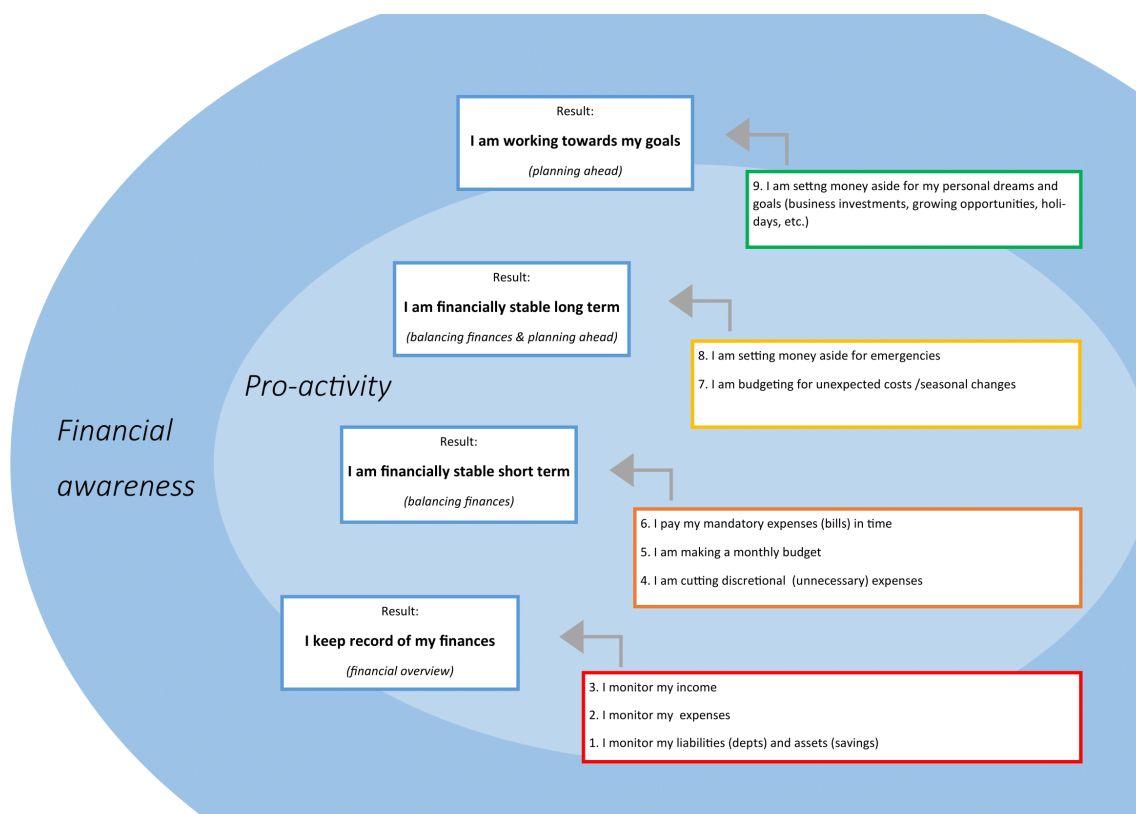


Figure 1.1: The Financial Capability Ladder

ladder and will be focusing on *balancing finances*. Chapter 7 is step three *and* four of the ladder, where the goals are balancing finances and *planning ahead*.

Every chapter in this handbook can be used along the line of the coaching phases, but also out of that context. It's important to know this book is a handbook, not a book of law. The tasks and tips are the means towards the goal of financial capability. Please use the tasks in the way you think they would help best and *adapt* the task to your coachees needs. *Adaption* is a step beyond adoption. It means you can use the principle behind the task, instead of just copying the task in the hopes it will be done by the coachee. You don't want to teach them obedience, but awareness and pro-activity. Those are totally different things! The learning process of the coachee is your reference, not the handbook!

Now you know what this handbook is all about, we wish you all the luck and fun in the world in the journey of growing towards financial capability! And if you have questions during any moment of the coaching program, please feel free to contact the person who handed you this handbook.

Chapter 2

Structure of the coaching trajectory and of the meetings



2.1 Overview of the coaching trajectory

The coaching process takes up to about three months (15 weeks) and is built up in the following way:

- Week 1–2: start assessment (Appendix D), getting to know each other, setting goals (Chapter 3–4)
- Week 3–8: Working on the 'Financial Capability Ladder' (Chapter 5–8)
- Week 9: Mid-evaluation (Chapter 9, Appendix F)
- Week 10–14: Continue working on the 'Financial Capability Ladder' (Chapter 5–8)
- Week 15: End-evaluation and how to move on (Chapter 9, Appendix F)

Some wisdom and flexibility is required. As coach, you can decide which tools and tips from this handbook you will or will not use in the coaching process. That said, we want to emphasize the importance of solid evaluation throughout the program.

This flexibility and wisdom also applies when 'working on the 'Financial Capability Ladder': *every person learns in a different way and pace*. Some of the steps on the ladder take more time than others. And some steps will overlap (you might still be monitoring income and expenses while starting to cut down some discretionary (unnecessary) costs.

Don't rush through the steps! It is more important that the coachee extensively practices a certain aspect of financial capability, than to run through it. Ideally, the coachee will go through all the steps of the 'Financial Capability Ladder' in three months, but most likely, a coachee will take one or two steps in that time. Which is really big progress! Most probably financial awareness and pro-activity (underlying attitudes) of the coachee will be growing steadily throughout the process, and that attitude will help them continue growing even beyond the meetings.

2.2 The meetings

2.2.1 General planning

First of all, every meeting will be different. But if you need a guide on how to plan your meetings with the coachee, here is a general idea (time indications are very flexible):

- Chitchat (15 min)
- Last week (homework) recap (15 min)
- New topic / deepening practice (20 min)
- Summary, new homework (10 min)

2.2.2 Preparing the meeting

Preparation of the meeting is key for you as coach, to lead the coaching process in the right direction. Keep in mind that the goal for you is to *let the coachee be their own teacher*. You walk alongside them in that process and help them to become more and more *empowered, pro-active and self-manageable*. That said, that does not at all mean you don't have to prepare the meetings!

Your preparation will majorly reflect on the learning curve of your coachee. If you have no idea what you are doing in the meetings, how can the coachee learn how to be pro-active?

To help you prepare well, we made a sheet for you to print. You can use it during the meetings (see Appendix C).

And here are some steps you can use during preparation:

Pick a topic to chitchat about. This can help you if you're not a natural chitchat person.

Look back at the notes from last meeting. Where are we in the whole process (goals and financial capability ladder)? What was the topic we talked about? What was last week's homework? Do we need some extra time on that topic to deepen the knowledge/skill or can we move on to the next phase? What were the difficulties/challenges addressed last week? What victories were celebrated? What were important statements my coachee made, that could use some extra attention?

Think about the next step. Where in the learning process is my coachee (use the financial capability ladder)? How can I help the coachee to make the next step (without challenging them too much)?

What kind of homework tools are there (in this handbook) that can help? Are there other tools I can find on the internet that help better? How can I challenge my coachee to be more pro-active in the learning process?

Coach yourself as coach. See 'Coach yourself as coach', a bit further in this chapter.

2.2.3 During the meeting

Everybody has their own coaching style. But here are some general tips for during the meetings:

- Write down important statements the coachee makes, so you both can remember them.
- Let the coachee explain themselves where they are in the learning process and what the next step would be (or whether they need more time in this phase).
- Every now and then, refer to the financial capability ladder and the goals of the coaching program, as well as the goals the coachee set themselves. Are you both still in the same boat heading the same direction?
- Helpful questions for the coachee: what have you achieved last week? How did you work on your goals? What was hard and what were your victories? What would you suggest yourself if you were your family member?
- Find a balance between leading and letting go. It's important that you lead the meetings in a laid-back way.

2.2.4 After the meeting

- Write down things you don't want to forget for the preparations for next time.
- You can set reminders for yourself to reach out to the coachee during this week (for homework, etc).

2.2.5 Coach yourself as coach

Just like you expect the coachee to become more pro-active and reflective, evaluating your own coaching abilities will help you as well. You will become a better coach that way, which will not only help you in this coaching process, but the ability to reflect your own behaviour will help in many situations.

A way of reflecting on your own behaviour, attitudes and budgeting knowledge, is by evaluating yourself after every meeting. For this, you can easily use the 'Meeting Report' (see Appendix C). Ask yourself these kind of questions:

- What went well? Where did I struggle?
- What tips would I give myself if I were my own coach (of budgeting and/or on coaching)?

- What were helpful questions I asked? How can I build on that in the next meeting?
- What knowledge do I need to change my behaviour and can I try to find for next meeting?

When you first start asking yourself these kind of questions, they might be difficult to answer. But they will get easier, the more you practice. In case you want some extra help, please let us know!

Part II

Setting goals (and getting to know
each other)

Chapter 3

Getting to know each other



3.1 Introduction

So... the first meeting is about to happen... You probably have a lot of questions running through your mind. Who will my coachee be? Will there be a 'click'? How and where to start? What to say? What to ask?

This chapter will try to answer some of these questions. Goals for this phase are:

- Getting to know each other.
- Establishing a safe learning environment.

3.2 Intake and financial capability assessment

When a coachee enters the coaching program, it is very recommendable to take the financial capability assessment (see Appendix D). It gives basic information about the financial situation, it will help Maryosa assess the efficiency of the program (so please send the start and end assessment to Maryosa), and is used as an evaluation method during the meetings (more on that in Chapter 9).

3.3 Intention statement

In the first meeting you can fill in the intention statement with the coachee. This will make a bond between coach and coachee, declaring they will both be serious about enrolling the program. You can find the statement in Appendix B.

3.4 A safe learning environment

One of the most important aspects of a learning process is the social aspect. Connecting to the coachee in a natural way and building trust and safety are all conditions

for a good learning experience. This trust is very important since the process of becoming more financially capable is a very vulnerable process. 'Opening your wallet' to a total stranger isn't easy, let alone because most people entering this program are not satisfied with their current financial situation. Be aware that there can be a lot of shame and guilt underneath the smiles of the first couple of meetings.

3.5 Motivational conversing techniques

Motivational conversing techniques are proven methods that will help you build trust and accountability between you and the coachee and that will assist a good and safe learning environment. They will be briefly described here:

1. **Neutral information.** Am I giving neutral information so the coachee knows what to expect?

2. **Open questions.** What is the proportion between open and closed questions?
Closed questions are questions with a yes or no answer ('Did you do your homework?'). Open questions start with who, what, where, when, or how ('what would you take from this meeting in to this week?').

So, asking open questions is better, because...

'Why' is an open question as well, but because 'why' can sound very offensive ('Why did you write down that category in your budget?'), preferably use another question ('How did you come to the categories used for next month's budget?').

3. **Reflection.** How do I stimulate reflection in the meetings?

Reflection is looking back at your own behaviour or an activity. The goal of reflection is awareness and stimulating improvements (pro-activity). See Chapter 9 for more information about different reflection methods.

4. **Affirmation.** How often do I affirm, endorse and celebrate my coachee and their progress?

We can't emphasise it enough: *affirmation is key in the coaching process!* Celebrating small steps and victories motivates more improvement and helps the relationship between coach and coachee to be safe and fruitful. In Chapter 10 you can find a bit more information on *celebrating every tiny victory with a coachee*.

5. **Summarising.** In what way and with what goal do I summarise our conversations?

Chapter 4

Setting goals



After you spent some time getting to know the coachee a bit better, it is time to set goals. You can do this in your first or second meeting.

Why would you set goals with your coachee, next to the goals in the Financial Capability Ladder? Because even just formulating and going after a goal (for instance being debt-free) can have a positive effect on someone's well-being. It gives someone the feeling of being and gives a sense of control over the circumstances.

As a coach, you can follow this chapter in a linear way in one of the first meetings. The framed texts show the tasks for the coachee. Underneath those frames, you can find extra information and tips and tricks that you can use to improve the coaching process.

Throughout the chapters you will find less and less information for you as a coach, and more directly written to the coachee. For now, it is important you take the lead and help them make clear and helpful goals.

Good luck and most of all, enjoy!

4.1 Envisioning the future

Task: Envisioning the future

Write down your dream for life. Where are you? What are you doing? Who is there with you?

Try to envision it as lively as possible. Think about the financial steps towards that dream.

4.1.1 Goals

- For you to get the coachee better.
- For the coachee to become more reflective and financially aware of what is needed to work towards a dream.

NB. It is not the intention to accomplish the long term goals during the budget program. It is merely to help the coachee see why they are doing this in the long run, to motivate the coachee to look beyond the here and now, and to dream.

4.1.2 How

You can ask questions like:

- What is the reason you entered this program?
- What are your goals for a happy future? Prioritize goals: what do you want most? What next?
- What does your life look like when your goals are achieved? How do you feel? Who else is involved in this picture? What place do they have in making the dream come true? (Dream big... write this down for later review)
- What can you do/do you need to make sure you have the financial resources to make your dream come true?
- What are the benefits of financial planning? (Possible answers: Helps you decide your spending priorities for the future. Gives you discipline for spending and saving. Helps avoid unexpected money shortages. Helps you feel less financial stress.)
- What are disrupting thoughts you believe about financial planning? (For instance: Managing money is complicated. A person needs to be good at math to be good with money. My friends would leave/envy/hurt me if earned more money than they did. It takes a lot of money to invest. My debt is too big to do anything about it. I trust my husband to make good choices for me. Poor people cannot save money).
- Are these beliefs accurate? Which ones are, which ones aren't? How can we deal with them? Which ones do we have to accept as the (mental/physical) costs of being more financially capable?

4.2 Explaining the goals of the programme

Task: Take a look at the Financial Capability Ladder

Can you explain what this ladder shows? What steps on the ladder do you need to take to be able to work on your dreams?

4.2.1 Goal

- Getting an overview on the programme / clarity.

4.2.2 How

After envisioning the future, show the coachee the Financial Capability Ladder, and talk about the goals of this program. Explain the difference and cohesion between attitudes (the circles), behaviour (number 1 to 10) and the end competency at every step of the ladder (the results).

4.3 Goals for the budget coaching program

Task: Personal financial capability goals

Now you heard about the program goals, are there parts you already carry out? Which part of the ladder do you want to focus on? What financial capability goals do you have?

Write down two goals (use the goal sheet in Appendix A).

4.3.1 Goals

- Becoming more aware of the learning process (self-reflection).
- Becoming more pro-active in working towards them.

4.3.2 How

SMART goals

When writing down goals, the chance of successfully accomplishing them is bigger when they are SMART, explained in Figure 4.1.

When writing down goals, it is good to break them down into smaller steps. That can be done in various ways, for instance like the Financial Capability Ladder. Another way is by using if-then goals:

If-then goals

This type of goals are not about results, but about behaviour changes. It breaks with old behaviour and learns new behaviour.

Be sure to write down the situation in which the unwanted behaviour is shown (for instance: The same day I receive money, I spend it on business investments/give it to

my needy friends). And write down the new, wanted, behaviour. The more concrete the plan, the more effective it will be!

NB. It's hard to make goals this way. Help the coachee to be as specific as possible. Be aware of their willingness to be open about their unwanted behaviour.

4.4 General goal setting tips

- *Celebrate setting goals as the first (and very big) step in the learning process.* (See Chapter 10 on celebrating process.)
- The higher the importance for someone to accomplish a goal, the more commitment someone will show. Also, the amount of self-efficacy (the amount of belief one has in one's own ability to accomplish the goal) has an effect on the level of commitment.
- Give the coachee feedback on their goals and on their progress regularly. How are they doing? Where are they in the process?
- The more complex a goal, the more complex competences are needed to accomplish the goal. Help the coachee to set clear and simplified strategies to get to the desired outcome.
- Therefore, break big goals into small pieces. The coachee probably has to break multiple known habits. That is a complex process. That's why breaking the goals into small bits gives them overview, and the opportunity to celebrate every step and stay motivated along the way.
- Use the type of goals that suits you best. Different dreams ask for different types of goals. Don't use them all at once. Keep it simple.
- During the coaching process, go back to the big picture (the dream/vision) when your coachee is losing motivation (for instance: the goal is to set aside 2.000 to 5.000 KSh a month. Why? Because you want to save 300.000 KSh. Why? Because you want to buy a piece of land (this is a conviction, and has internal importance for the coachee, which will raise commitment for the smaller steps)).



Figure 4.1: SMART goals.

Part III

Working with the Financial Capability Ladder

Chapter 5

Keeping record

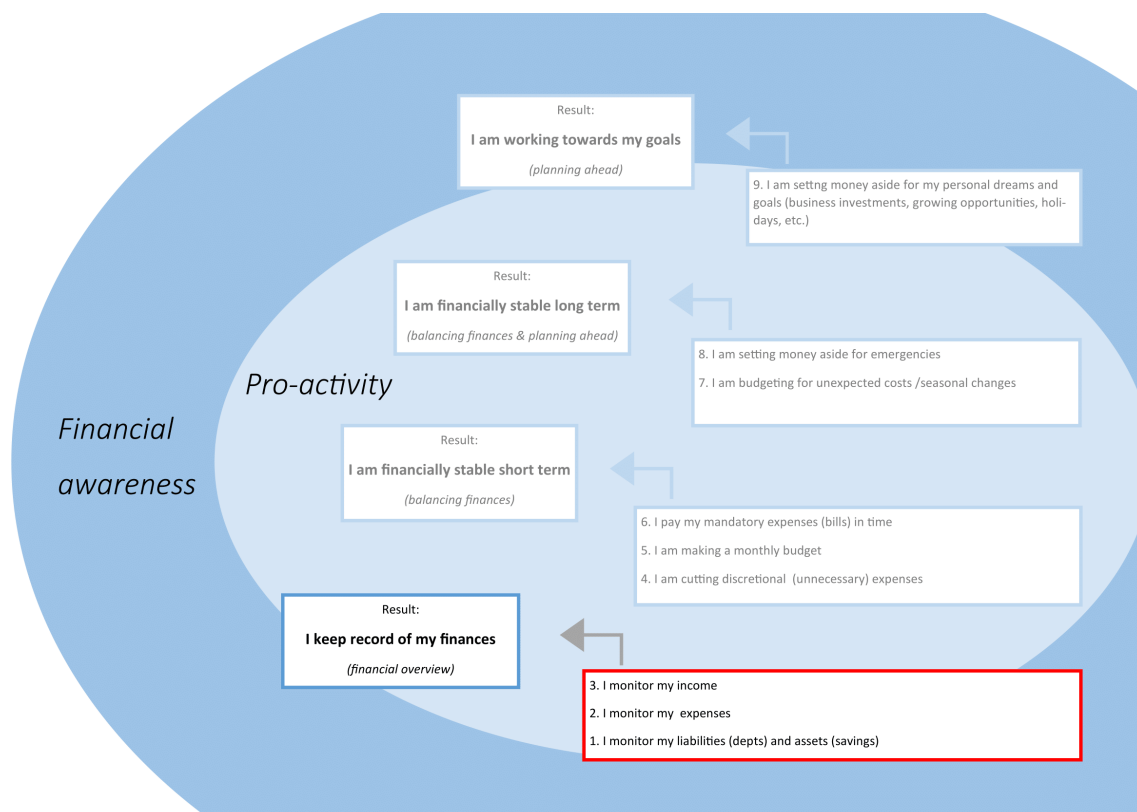


Figure 5.1: The Financial Capability Ladder, step 1

In one of the first weeks, before you have even finished setting goals with the coachee, you can already start giving the coachee some tasks. Don't wait too long before you give them these tasks, for having financial overview is not too complex, but it takes a lot of time and persistence, and it is the base of every other task in this program. Giving one or two tasks a week is enough though.

Tips for this chapter:

- Every person has their own preferences on how to keep track of their finances. Try to find out what your coachee's preferences are. If you tried for a week, but it doesn't work, try to find out why your coachee couldn't keep track of their finances, and change things up. Different strategies are: Filling a notebook throughout the day. Once a day writing everything down. Installing a helpful app. Use Office Excel on a laptop. Go to a Cyber once a day to e-mail you the records. Etc. Etc. (Possible helpful budgeting apps: Monefy, Spendee.)
- When giving the task, you can ask the coachee to send the results to you. This can be done either digitally by e-mail, or when they chose to write it on paper, by a clear picture on WhatsApp. This is not to judge the coachee, but to help them in case of any problems, and to monitor the progress.

5.1 Tasks

5.1.1 Week 1

Task: Write down your savings and debts

Make a list of your current savings and debts.

5.1.2 Week 2

Task: Three days expenses tracked

Keep track of all your expenses for three days. Write down the product or service, date and price. Then label the expenses (e.g. groceries, eating out, clothing business, lent out, gift, etc.)

Labels	Day 1	Day 2	Day 3	Total by source	Regular	One-time
Food					x	
Transport					x	
Rent					x	
...						x

Table 5.1: Expense tracking example.

Task: Three days income tracked

Keep track of all your income for three days. Write down the date, price and what you got it for or from who.

Labels	Day 1	Day 2	Day 3	Total by source	Regular	One-time
Clothing business					x	
Fruit business					x	
Gifts						x
Loans						x
...						

Table 5.2: Income tracking example.

5.1.3 Week 3

Task: A week overview

Keep track of all your income *and* expenses for a whole week, in the same way you did that in your last tasks. Use labels to make groups of income and expenses.

Make an overview of everything.

5.1.4 Week 4

Task: A monthly overview

Take a whole month (including your last week, so three more weeks) to write down all your income and expenses. Use the same method as the weekly overview.

Did your coachee finish the monthly overview?

Now take a look with them at the label 'loans' (if they have labelled some of their income like that). Do they take loans to fill the gap of their income? This means they are spending more than they can afford. We will come back to that later.

Your coachee now masters the art of keeping record!

This will help you both understand their spending habits and income more clearly. By now you can as well see clearly whether they spend more than they get or that their spending habits are balanced with their income. This means they are ready to work on the next goal: balancing their finances.

Chapter 6

Balancing finances



Figure 6.1: The Financial Capability Ladder, step 2

As soon as the coachee has been monitoring their finances (fully) for a week or two, you can make a start with making priorities in their expenses. This may look oh so simple, but don't be fooled! It asks a lot of vulnerability and courage to admit not all expenses have been necessary. In this phase, be aware of your attitude, as the coachee may feel judged quickly. Keep asking open questions, and celebrate every attitude of courage and vulnerability, every skill (need vs want task, labelling expenses, etc.) and all the knowledge the coachee has shown until now. And take your sweet

time in walking alongside the coachee's progress in keeping record, as well as every financial awareness and pro-activity you start seeing.

6.1 Tasks

With their knowledge about their debts and savings, income and expenses, your coachee can now start budgeting their finances.

Task: Prioritizing costs / need vs. wants

Look at all your expenses in the last week/month. Ask yourself these questions: What are your mandatory expenses (which costs will I *have* to pay)? And which are discretionary (which expenses can you cut)? Now rate them by priority.

Well done!

With this list it will be more easy to fulfil the next task (this task is best done after at least a month of keeping record):

Task: Make a monthly budget sheet

With your knowledge about the mandatory and discretionary costs, you can now budget them. Fill in a budget sheet, estimating your costs and income for a month (according to the records you already have). The balance should always be 0 or higher, so you won't overspend.

A budget sheet does not differ much from the balance sheet you used to track your finances. The difference is this budget sheet is written on what you expect to happen in the next few month, instead of the actual income and expenses made.

Are your coachee done with the last task? Awesome! It means they have mastered making a budget sheet! You can tell them that they can see that sheet as their personal guide in the journey of financial stability. It will help them to not overspend, and they can always look back on this sheet to see what their priorities are.

The next step, keeping it, will be hard, but you can coach them on being patient and resilient.

Tips for your coachee:

- Be sure your coachee includes risks in the budget plan! Both for business (things get broken, lost, illness) and personal (family expenses, community expenses).
- If your coachee's balance is still in the negative after cutting all the discretionary expenses, they need to find another source of income. Is there a way they can gain passive income? Or a possibility to grow their existing business? You can help your coachee in coming up with new ideas (for instance, make a list of possibilities on further income and discuss it before you take action). *NB.* Before they resort to a loan for investment, make sure they think about it well! Talk about

it with your coachee to see the gains and the risks. A loan is only a solution if it will help them become more sustainable.

- Let your coachee make a budget plan before the month begins. Take a look at the season; is it a low or high season for income? What does that mean for their spending (and saving) habits?
- People budget best using 'pools'. Use those pools for every kind of spending (for example: groceries, luxury items, presents, paying loans, business costs, etc). Your coachee can use piggy banks for that, or pots, or they can open multiple accounts (for example: a car business account, a shop business account, a personal account, a savings account for emergencies, a savings account for investments/luxury expenses/dreams to accomplish).

6.2 Keeping the budget

Here comes the real challenge! Keeping the expenses in tune with what is being budgeted.

Task: Pool or set aside money for your upcoming bills

Look at your monthly budget and make a list of the upcoming mandatory costs. Prioritize them and make a 'pool' for every single one of them (loan payment, rent, school fees, etc). You can make a pool by having different kind of boxes, or wallets, or bank/Mpesa accounts. Point is, every pool is for a different upcoming bill.

Every time you get income, start filling the pools. This can be done by filling the pools one by one, but that means you can only start spending money on food after your rent is paid... not really cool for you nor your kids... ;)

So a suggestion is, every time you have income, to pool the money in percentages.

Example:

Income day 1: 1000 KSh. 20% = 200 KSh to rent, 10% = 100 KSh for food, 10% = 100 KSh for ..., etc.

Extra task: Make a bill calendar

Do you know the dates that your bills are coming up? Then you can make a bill calendar to assure you won't forget that payments that are coming up. Make a calendar and write down the bills that are up on the right dates. Hang the calendar in a place that you will see it regularly and 'tick' the bill once you payed it. Make a new calendar every month.

Using the monthly budget, a bill calendar and pooling the money, your coachee now has mastered the second step of the Financial Capability Ladder! They are now financially stable short term, which means they can make their payments in time and know how to not overspend. Congratulations! This is a major accomplishment!

From now on, keep up the spirit. It's hard to keep on cutting discretionary costs, but as they should be able to see now, it is starting to pay off. If all went well with their tasks, their money pressure is starting to become less, because, for example, their house owner will stop calling them for overdue rent/bill! ;)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Week total:
Week 1			1	2	3	5	6	500 KSh
Week 2	7	8 Rent: 6.000 KSh Electricity: 500 KSh	9	10	11 School fees: 30.000 KSh	12	13	36.500 KSh
Week 3	14	15 Electricity: 500 KSh	16	17	18 Group loan: 10.000 KSh	19	20	10.500 KSh
Week 4	21	22 Electricity: 500 KSh	23 Loan John: 3.000 KSh	24	25	26	27	3.500 KSh
Week 5	28	29 Electricity: 500 KSh	30	31				500 KSh

Table 6.1: Calendar bill example

Chapter 7

Planning ahead

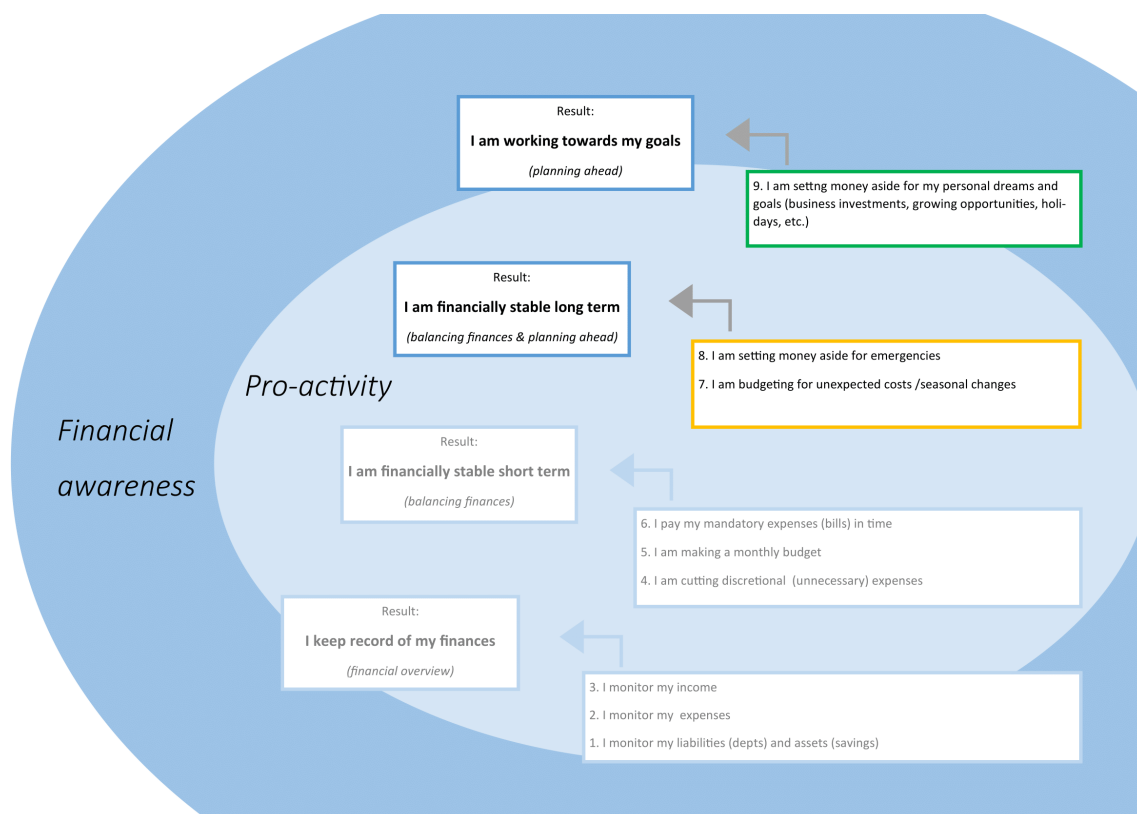


Figure 7.1: The Financial Capability Ladder, steps 3 and 4

This chapter does not target one, but two steps on the ladder! Your coachee has now entered the second-to-last step of the Financial Capability Ladder. You could see this as the ‘advanced level’, because not many people will get here. When your coachee has entered this steps it means your coachee is pretty much aware of their financial situation and has been very pro-active in keeping record and balancing their finances. Now comes the final ‘test’ on pro-activity. Setting money aside/saving is, as you might know yourself, very hard. When we have money, we love to spend it. But

we need a bit more time to establish a real stable life, for change is on its way. This chapter will help the coachee prepare for that change.

7.1 If things change...

Someone's financial situation will not always be the same. There will be high seasons and low seasons in business, furniture will wear down, or maybe a child is on the way, the political situation in the country changes... This chapter will help to prepare for those days that will come sooner *and* later.

7.1.1 Yearly seasons

Every country has high and low financial seasons. Maybe by now you can see which months are more expensive than others? Or in what months there are more business opportunities than other months? If you know so, you can make a general yearly budget plan and customize your expenses a month on it. This way you will not spend all you have in the high season, so you will have a little buffer for the low season.

7.2 Tasks

Task: Saving for the low season

What is your (estimated) income in the high seasons? And your lowest? To see what to put aside for the low season, add the two figures and divide them by two. That is your general balance.

Now you know what you can put aside a month to cover the lower months.

7.2.1 Preparing for financial changes

But not only the yearly seasons fluctuate. Over time your financial situation might change due to personal life changes (getting married, having children, having a raise, etc) and emergencies (being robbed, losing your job, your spouse gets ill, and economic crisis in the country, etc).

This kind of change asks for a different approach than just spending a little less in your high season. So how do you adapt to your new financial situation?

First of all, it is good if you start saving now for a change like that. Feeding your children is one thing, but one day you will want to pay their school fees. Start saving now!

Task: Expected changes

Make a list of changes that will logically come up in the next ten years and that will cost a lot. Prioritize them. Make saving goals and start saving for the most important occasions.

Task: Emergency fund

Open a personal savings account. This is your emergency fund. Put a monthly percentage of your income aside until you reach a certain amount (for instance, three month's income). Make a list of things you consider an emergency (and make sure to use this fund only for those emergencies, and not to give your kids their well-deserved ice cream or any other occasion that is not listed). :)

7.2.2 What to do when things change

By this time you have learned a lot about keeping record and balancing your financing. When things change in your financial situation, it is recommended to start with keeping track of your new finances. Make a new overview, cut discretionary costs, and make a budget sheet... And you know by now how to do that!

7.3 Realizing dreams

As soon as you have your financial situation 'under control', you can start realizing your dreams. The way to do that is by making them into goals.

'The difference between dreams and goals is a DEADLINE'.

Task: Envisioning the future

Go back to the dreams you wrote down in the first meeting. Are they still the same? What has changed?

Set your dreams into goals and start saving for them.

Goals, like you set them in the first meetings, are formulated using the SMART method. You break them down into smaller goals/steps to keep on track. A helpful way of making those smaller goals can be to make interval goals.

7.3.1 Interval goals

Let's say, for instance, your end goal is solid: saving 300.000 KSh for a house.

With interval goals, your broken down steps (monthly, weekly) are not solid. It has a low border and high border. For instance: 'I save between 1000 and 3000 KSh a week'.

This type of goals raise motivation and self-efficacy. Self-efficacy is the way the person is confident about their capability to do a certain task. It is related to self-esteem, but it is not the same. Self esteem is confidence about the whole person, self-efficacy is confidence about the task. Research shows that the higher the self-efficacy, the higher the probability the person will succeed in the task.

Tips:

- Find a safe place for your money to save it (a place you will not easily access it). For some people it might be good to find a secret place in the house they choose not to take from, others will benefit more when they open different bank accounts for emergency funds and dream goal(s). Find a place that works most for you.
- There are different ways of saving money. One way is to set aside a percentage of your income. The other one is having a set target (for instance: setting aside 4000 KSh a month for your dream).
- One more way of saving money is through group savings. How can you work together with your community/family to start saving for your goals and dreams?

Chapter 8

Clearing debts



NB. Only start with this chapter in case your coachee has gone through *all* the previous steps successfully in the past 3 months.

Clearing debts is not a primary focus of this program. The reason for that is this: research on financial education programs show only three areas of substantial positive change in financial capability, namely: keeping record, balancing finances and saving. Clearing debts does not prove to show substantial change. But although in this program we don't specifically target clearing debts, having less debts means having less mandatory expenses, meaning more money left for investments, savings and in the long run, more fun!

Those reasons are in a nutshell why to get rid of existing loans. Rushing to get rid of big loans is not always the right way to go, though. Being late on rent because you want to clear your debt too fast might cause you more trouble than you would like. Financial capability (and sustainability) is the final goal, clearing loans is a means to that end.

So in the coaching process, don't push for clearing off debts immediately, but look at your coachee's financial situation. Is there room for clearing debts? Would it actually give space for financial growth? Maybe it's good to look more deeply into this topic then.

At some moment, even taking a new loan can be a very reasonable thing to do. For instance, your coachee wants to start a business and generate more income. In some circumstances (after reasonable looking at the risks of the loan/business opportunity and at which loan the rates are most favourable), a loan might actually be the best way to go. Maybe you can even help your coachee a bit in looking at the risks and possibilities?

8.1 So where to start on clearing your loan(s)?

If you and your coachee decide on clearing (some) debts, you can give your coachee this task:

Task: Clearing debts

Write down a list of your existing loans in order from small to big loans. Write down the interest rate and the monthly amount you have agreed to pay back. Now give both the smallest loan and the loan with the biggest interest rate a look. These are the loans you can start working on first.

Tips:

- Paying off the loan of the company that pressures most is not immediately the smartest thing to do. Research shows it is better to pay off a small loan, because it will give a sense of victory, and will motivate to continue with the rest. At the same time, the loans with the biggest interest rates are the ones that will hurt most in the long run, so target them as well.
- Try to work on clearing loans in the same time as saving.

Part IV

Evaluation and 'how to move on'

Chapter 9

Evaluation and how to move on



Evaluation is like a thread running through the whole program. Reflecting on your coachee's progress is very important, to make the most out of the process.

The goals are:

- Stimulate self-learnability, pro-activity and responsibility for the coachee *and* the coach
- Celebrating progress
- Adapt goals
- See whether this program still fits and if not, whether there is another program better fitting

9.1 Mid evaluation

At the start of the program, the coachee has taken the 'Financial Capability Assessment'. Now, halfway the program, the coachee retakes the assessment (see Appendix D). The outcomes will show the progress the coachee has made! See Appendix E for a blank financial capability assessment.

9.1.1 What's next

With the information of the assessment, halfway into the program you can start adapting the process. What goals did the coachee already accomplish? Have the goals changed in time? Do they need to adapt or are they still working according plan? Use Appendix F as a guide for this evaluation moment.

9.2 End evaluation

At the end of the coaching program you and your coachee evaluate the whole learning experience and look at the future. You start with retaking the assessment (Appendix D)

and you can use the evaluation guide (Appendix F). This means in the end you have 3 assessments of your coachee. This shows the real progress your coachee has gone through!

You also ask about the next step: Which goals can be made to work on in the next coming year? How will the budget program come to an end? Will you keep in contact for a monthly update? How can the coachee pass on the skills and knowledge they have learned to others?

Don't let the last meeting be the real ending, but more a start to more autonomy in the coachee's own learning process. Celebrate the outcome so far and help the coachee with good SMART goals for the next year.

Maybe you can check on the coachee every other week for the first month, and keep the contact alive every now and then. And if the coachee has questions, are you comfortable that the coachee asks you? Communicate about what is preferred by you. If you want to close the contact totally now, that is fine! In that case, please give the coachee an alternative (contact the coordinator for questions, start a new coaching process with another coach, start a WhatsApp group with friends on budgeting, start another (Maryosa) program, etc.).

Part V

Tips and tricks for the coaches

Chapter 10

Tips and tricks for the coaches



In this chapter you can find all kinds of knowledge on coaching and financial capability. Read it all, and use it when applicable!

10.1 Motivation

First, let's talk a bit about motivation. Because that is a pretty big thing in coaching, isn't it!?

In theory, there are two kinds of motivation: extrinsic and intrinsic. Extrinsic motivation is, for instance, telling your kids they will get candy if they behave well that day. It's an external stimulus, a punishment or reward, that will make the kid behave well.

Intrinsic motivation is when there is no need for external stimuli to do something. The person finds its motivation from an internal drive or value or from accomplishing a goal in the future. This kind of motivation has a lot of benefits: People who are intrinsically motivated have higher concentration, more creativity, bigger feelings of self-competence and self-efficacy and more fun when performing a task.

The trick with motivation is as following: Internal motivation can be displaced by external motivation. If, for instance, a kid loves practising the alphabet, and every time the kid shows the alphabet it gets a cookie, there is a chance the kid will stop drawing letters when there is no more reward.

Intrinsic and extrinsic motivation can overlap, and the difference between the two is not always super clear, but it's important to keep an eye out and not cut off your coachee's intrinsic motivation by giving well-meant rewards. It is better to give feedback instead (we'll talk about that more in a moment). Other ways to stimulate intrinsic motivation are by trusting that people have the ability and drive to learn, giving them the space to work with their own methods (don't push for a budget in Excel if your coachee loves using a notebook.. instead, help make most out of that method), and by trusting that people want to add to something bigger than themselves (the greater goal... like 'envisioning the future' in Chapter 4).

10.2 Feedback

So... as you read before, giving feedback can be super helpful in the coachee's motivation and it will help them to become more self-aware and self-reflective.

10.2.1 Different people, different methods

People are all different. And with those differences, some ways of feedback will connect with your coachee better than others.

One of those differences is the division between promotion focus and prevention focus. People with a prevention focus will be responding faster when you make them aware of the negative consequences of behaviour. For instance, when a coachee unknowingly spends a lot of money, because he always keeps coins in his pocket, he might respond very well to the warning that, if he keeps on spending this money, his kids might have to drop school next semester (= a negative consequence). If your coachee has a promotion focus, a more positive formulated response might work better. Then it might be helpful to tell your coachee that keeping that money safe at home or in a bank account, might help his kids to get their college degree (= a positive consequence)!

10.2.2 Some feedback 'rules'

When giving feedback, there are some 'rules' you can follow.

1. Focus on the specific behaviour, don't keep it abstract or on the whole person ('the labelling of your expenses is very detailed! Well done!' vs. 'You're doing so well!').
2. Give feedback timely.
3. Let feedback happen in a dialogue. Talk *and* listen.
4. Don't 'sandwich' critique... If you have to give someone critical feedback, don't hide it in between positive talks. It's better to say it as it is.
5. At the same time, don't use critique too often. A good rule of thumb is to at least give positive feedback 5 times more than giving critique.
6. Let your feedback be true and honest.

10.2.3 Celebrate!

We talked about goals before (Chapter 4). And how to make steps to work towards the goal. In working towards that goal (and the whole learning process of financial capability) it is important to celebrate every little step. Although that may seem

excessive at times, it is not! Small progress is progress! And it's a lot of tiny steps that make a marathon. So celebrate every step!

Showing your coachee that they are getting closer and closer to the goal of financial capability will motivate them to work harder towards it. Did you know that the human brain responds to progress even in small things? It is proven that people rather use a 'stamp card' with 10 stamps where 2 stamps are already shown, than an empty stamp card with 8 stamps.

You can use that in your coaching as well, by showing the coachee that being present at the first meeting means they have already done a couple of steps in the walk towards financial capability! They have already registered for the program, done an intake, taken the financial capability assessment and they have gotten in contact with you. Those might have been really scary steps.

Besides that, people have the urge to complete a set, and the urge will be biggest when the set is almost complete. So you can celebrate with your coachee when they have almost made it to a next step in the ladder.

10.3 Zone of approximate development

Another theory that deserves a bit of attention in coaching, is the 'zone of approximate development'. 'The what?!?' I can hear you think... So let me say it again: the zone of approximate development. Maybe it's best explained with a picture.

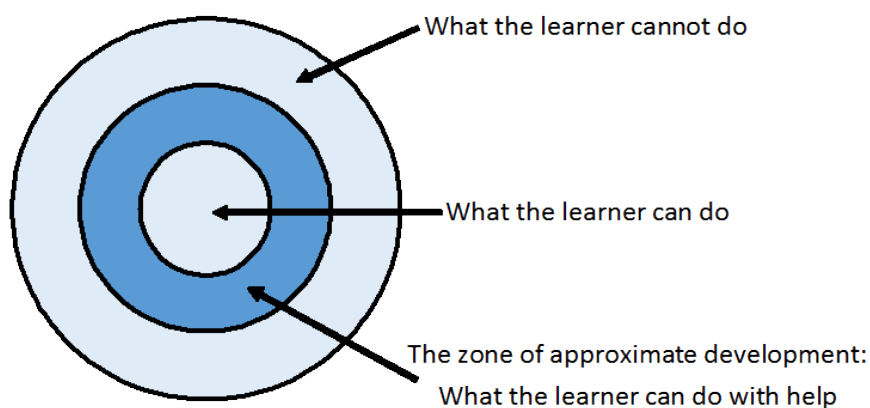


Figure 10.1: The zone of approximate development.

So basically the zone of approximate development is the place where your coachee will learn. And you can be the one helping the coachee learn. How? By connecting with your coachee on where they are right now in their learning process. You can be the glue between what the coachee already does and where they want to go. For instance, if your coachee shows you a small notebook to keep track of expenses, first of all, use that small notebook even if you think a digital tracking method would be waaayyy better. Why? This way you use the coachee's internal motivation (see this chapter's first section). And secondly, you use what the coachee already knows and

initiates. After using this notebook, you can help the coachee think beyond the small notebook. Maybe this notebook is really all they need, and it's surely super practical for walking around with it and noting everything immediately. But making a whole month's overview in this small book might not be so easily readable in the end. So if you want to work in the coachee's zone of approximate development, first use the notebook, and use that to make the next step to the clear (digital (or maybe just a bigger notebook?)) overview.

In the same theory of the zone of approximate development, the term 'scaffolding' is important. This means: when you want to help your coachee, you start with a lot of help, and gradually give the coachee more and more space for self learning. Actually a bit like this handbook is built... In the first chapters, there is a lot of explanation for you as a coach, on helping the coachee setting goals. After that, the text is written more towards the coachee themselves.

It requires some insight and wisdom from you, to see when your coachee still needs a bit more help and when you can give the coachee more responsibility. Always try to balance it, try to challenge your coachee to take the next step, but don't make the challenge too big.

10.4 Reminders

Not just the meetings are the place where the coachee is learning, it is mostly in between the coaching sessions that the progress is being made. The coachee is practising their skills during the week. And if you thought you can sit back and relax the whole week... You're almost right... but not entirely. ;) Because you can help the coachee with their homework by sending reminders and asking the coachee how they're doing (to shift the focus from the busy week to the coaching). For you it's pretty simple to do that (you can set an alarm on your phone for it) and for the coachee it is a big help!

Here some tips on reminders:

- Send the reminder through WhatsApp, e-mail, or on Facebook (only if you both agreed to share this information).
- Formulate the reminders personalised and positive. For instance: *'Hey, Sammy! How are you doing? Thanks for sending me your progress in tracking expenses so far. It looks great! Keep on going, you're already halfway the week!'*
- Ask reflective questions. *'Hey Grace! How are you doing? This week it's all about consistency in keeping record. How is that going? What could you (or someone in your community) do to help you remember to write down your expenses?'*
- Send a reminder at a specific time. For instance:
*Wednesday, 20.00h. *PLING* 'Hey! How are you doing? How is your week? Are you still on track with keeping record for this week? Great work! Keep it up,*

you're almost done for this week! Only two more days and then we'll have our next appointment.'

*Saturday, 19.00h. *PLING* 'Hey! How was your day selling clothes? You've worked hard! Now please count your income and set aside 20% immediately for your upcoming rent.'*

*23th of the month. *PLING* 'Hey! It's almost the end of the month, your rent is coming up in 7 days. Are you ready for it?'*

- Let the coachee share their goals and progress with others. A lot of goals disappear in time, but a positive network can really stimulate learning. Ask the coachee to find their own local accountability partner (family member/friend), who can ask about the program and the financial capability goals. This way the coachee creates a bigger support network, which might raise commitment.
- Let the coachee write their own reminders. The coachee can send themselves that reminders, or the coachee can write them during the meeting and the coach sends them during the week. For instance:

'Hi future me... Do you remember when I wrote this message? I had no clue about tracking my expenses. You are halfway the coaching sessions now and I bet you're doing great! Remember we (I) do this for a better future!'

'This week I committed to track all my expenses. Go for it, future me! You're halfway into the week, and you're doing great. Did you sit down and track today's expenses? Go do it! I'm proud of you (me)!'

Part VI

Appendices

Appendix A
Goal sheet

Goal

My goal for this programme is:
.....
.....
.....

My goal will bring me from step ... to step ... on the 'Financial Capability Ladder'.

Motivation

I will accomplish this goal, because (think about your dream):
.....
.....
.....

Steps

These are the steps towards my goal:
.....
.....
.....
.....
.....
.....
.....

Support

These people can help me to accomplish my goals in the following way:
.....
.....
.....
.....

Appendix B

Intention statement

Hereby I,, declare to:

- be motivated to become more financially capable;
 - = I follow the full three months coaching
 - = I take initiative in learning and ask questions
 - = I look at the long term and make changes in my behaviour and habits, even if it is contra-cultural.
- let it know as soon as possible in case of cancellation or rescheduling of a meeting, due to (personal) circumstances;
- keep on learning and practising, even after the coaching program, for this new skillset to become a natural process.
- pass on what I've learned to others in my network (family, friends, and community) and use my skills for the benefit of the whole community.

Read and agreed upon on (date), by

.....
(name)

.....
(name coach)

.....
(signature)

.....
(signature coach)

Appendix C

Meeting report

Name coachee:

Name coach:

Date:

Preparation highlights:

Chitchat topics, what phase(s) are you working on, homework last week, today's topic (deepening practice or next step, what to focus on in your own behaviour/attitude)

Meeting summary:

Homework / agreements made:

Coaching my own coaching:

Other notes:

Appendix D

Intake and Financial Capability Assessment

- What is your age?
- What is your familial situation? (mother/father/brothers/sisters)
- What is your housing situation? (at home/dorm room/with how many people) Are you doing business? What kind of business?
- Did you attend/are you attending high school / college / university?
- If yes, what kind of? For how long? Did you graduate?
- Can you tell a bit about your daily activities? (work, hobbies, friends, etc)
- Which situation applies to you (from red to green):

Financial Situation	No income, big growing debts	Insufficient income, small growing debts	Sufficient income for recurrent costs (food, rent, loan payments), stable debts.	Sufficient income for recurrent costs and other things, stable or diminishing debts	Sufficient income, no debts, possibility to save
Daily activities	No daily activities, some problems in the neighbourhood	No daily activities, no problems in the neighbourhood	Small daily activities, hustling	Unstable businesses/-voluntary work	Study-ing/stable business or work contract/voluntary work
Housing	No house/sleeping on the street	In rehabilitation/child centre	Temporarily at family/friends	One bedroom house with more than 3 people	One bedroom house alone or with 2 people / two-or more bedroom

Home relationships	Unsafe / abusive home relations	Negative home relations, consistent communication problems	Communication problems, home relationship is getting better	Living alone/no negative home relationships, no consistent communication problems	Positive home relationships, encouragement and clear communication
Social network	No support system/negative influences on life influence (criminality, addictions, aggression, etc)/ isolation	Only little support system / mostly negative influences		Small positive support system	Strong encouraging / motivating support system
Physical/mental health	Physical/mental disabilities, huge impact on daily and social life		Physical /mental disability, small impact on daily and social life	Physical/-mental disability, small predictable and manageable impact on daily and social life	Good physical and mental health / no abnormal or long term impact on daily and social life
Addiction	Heavy substance usage, no social reliability, huge impact on daily and social life	Regular substance use, significant impact on daily and societal life, current rehabilitation	Irregular / rare substance usage, social reliable behaviour, with no impact on daily and social life		No substance usage for at least the last 60 days
Aggression/criminality	Recurring criminal behaviour, recurring aggressive behaviour		Prior recurring criminal behaviour, now only rare aggressive tendencies	Rare prior (small) criminal behaviour, no aggressive behaviour	No (prior) criminal behaviour, no (prior) aggressive behaviour

Appendix E

Intake and Financial Capability Assessment (Blank)

View on money

- What does money mean to you? How does money affect your emotions?
- What is the most difficult thing about money for you? And for your family?
- How did/does your family handle finances?
- How do your friends view money? How does that influence you?
- What do you want your children to learn about money? What would they be learning from you now (if you had kids)?

Financial situation

*IDK = I don't know.

	Start			Halfway			End		
	Yes	No	IDK	Yes	No	IDK	Yes	No	IDK
I am able to cover my rent and living expenses each month									
I am able to cover all my bills and monthly living expenses each month									
I am in danger of losing my housing or car because I cannot make the required payments									
I have a regular and reliable source of income									
I owe a person or business money									
I have debts I can't pay (monthly)									

I have been unable to get a job, insurance, apartment, or car due to a bad credit record									
Lately, I have been denied a savings or checking account due to my financial situation									
I am late with payments monthly									

Financial overview

* N/A = not applicable.

	Start			Halfway			End		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
I know how much my income is a month									
I know how much I spend on bills a month									
I know how much I spend on food, internet, phone, and other expenses, a month									
I know how much savings I have									
I know how much I owe other people and businesses.									

Balancing finances

* N/A = not applicable.

	Start			Halfway			End		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
I prioritize my monthly expenses (and I keep them)									

I make a monthly budget and stick to it									
I have a set monthly budgeted amount for my mandatory expenses and I keep the budget for them									
I pool my income for upcoming bills									
I know how much I owe other people and businesses.									
I have an overview on regular upcoming bills (e.g. a bill calendar)									
Before I buy something I want, I am aware of the consequences on other upcoming expenses									
I calculate risks of investments before I invest									
I choose my financial products and services being aware of possible alternatives									

Planning ahead

* IDK = I don't know.

If the answer is 'yes' to any of these, can you show proof of it?

	Start			Halfway			End		
	Yes	No	IDK	Yes	No	IDK	Yes	No	IDK
I have money set aside to cover emergencies or unexpected expenses									
I have a bank or credit union account									

I am financially prepared for a low financial season									
I have financial goals and know how much money I need to reach them									

Appendix F

Mid- and End Evaluation

Please first take the financial capability assessment before using this evaluation sheet.

Celebrating progress

What goals did you make at the beginning of the program (or, if this is the end evaluation, also at the mid-evaluation):

.....

.....

.....

.....

Analyse the financial capability assessment. Look at your results in the light of the *Financial Capability Ladder*. What progress did you make on your goals? What other/extra things did you learn?

.....

.....

.....

.....

Growing awareness

How do your new skills, knowledge and attitude help you in your daily life?

.....

.....

.....

.....

What factors have led to that progress, you think (think of tasks you did, things that were said, 'Aha! moments', etc)? How can you 'recreate' or 'reuse' these factors in the future by yourself (or with your coach) to grow further?

.....

.....

.....

.....

Growing pro-activity

What (part of your) goal(s) didn't you work on as much as you hoped for? Is it still a goal you would like to pursue? What would help you to be able to work on those goals more?

.....
.....
.....
.....

Adapt your existing goals if necessary or make new goals for the second half of the program (or, if this is the end evaluation, for the next half year) (you can use the goals sheet from Appendix A for that).

.....
.....
.....
.....

End evaluation

If this is your end evaluation, it is good to pick a date in the future that you will evaluate your new/adapted goals yourself.

Self-evaluation date:

How will you monitor your own progress from now on? What will you do to grow further?

.....
.....
.....
.....
.....

What help do you need to grow further? Is there someone in your community that can be an accountability partner for you?

.....
.....
.....
.....

What can you do with your new acquired skills to help others?

.....

.....

.....

.....

Then, discuss with your coach what will happen after this meeting. Can Maryosa do more for you (is an extending of the program necessary and possible)? Will you keep in contact with your coach every now and then? How? What are possible other programs (within Maryosa or with another organisation / community) to help you go further in this journey?

Discuss all this and whatever is on your mind that needs to be discussed before you guys officially end the Financial Capability Programme.