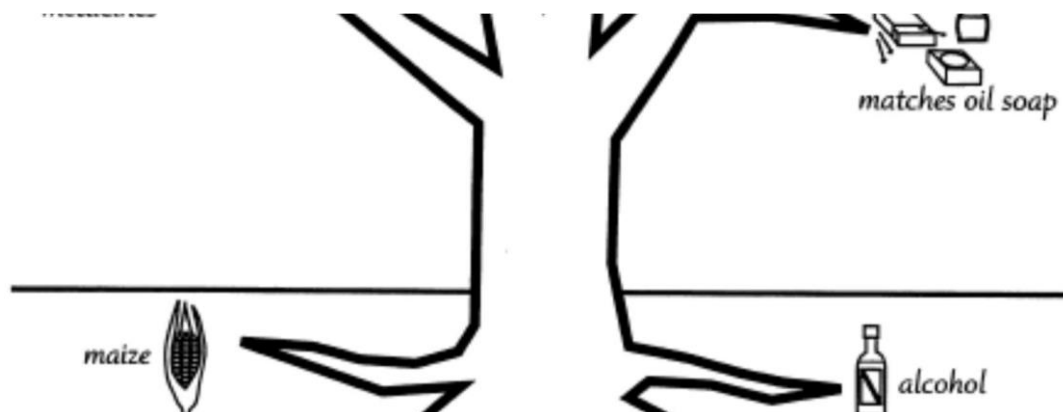


# Income and Expenditure Tree



To analyze income and expenditure of an individual, household or organization.

## Steps in the Process

In this example we look at household income and expenditure but the same process can be followed for expenditure of an organization, such as a school or CBO. The example below will give a generic picture of income and expenditure of members of the group but participants could also be encouraged to create their own individual trees (though they may wish to do this privately).

1. Explain to the participants that they are going to create a tree. The roots of the tree will be their different sources of income and the branches will be their different types of expenditure.
2. On the ground lay out a large stick representing the trunk of the tree. Place smaller sticks spanning out at the top to represent branches and other sticks spanning out below to represent the roots.
3. Ask the participants to identify the different sources of income they have. Ask for major sources of income, such as cash crops (coffee, rice, etc.) as well as general categories. For example, if participants mention goats and hens, these could be grouped as livestock / animals. If they mention making mats and pots, these could be grouped as home manufacture. Other categories might include small trading or migration to work elsewhere. Ask participants to write or draw a card for each of these categories and place each card at the end of a root of the tree.
4. Next ask the participants to identify the different sources of expenditure they have. Include major items as well as general groups or categories. These could be agricultural inputs, food, alcohol, fuel, clothes, health, housing, festivals, etc. Create simple cards for these and place each one at the end of a different branch.

5. Then ask: Can a tree like this keep standing? Will the weight of all the different expenditures be too much for the roots to bear? Will it fall over?
6. Ask participants to make a copy of the tree on a large sheet of paper, putting words alongside each of the pictures used (with help where necessary).

## Questions for Discussion

- How do households cope with unexpected expenditure or large items?
- How do households save for events such as weddings or funerals?
- What happens if a member of the family falls ill and needs to go to a doctor?
- What happens if the crops fail or the animals die?
- How might the household increase income or reduce expenditure?
- Are households paying extra for services such as health or education that should be provided by the State?
- Does corruption mean that households are paying more or receiving less income than they should do?
- Are there items that could be organized collectively in order to reduce costs (eg transport to take crops to market)?

## Additional Tools

- Income & expenditure calendar - might be used after the income and expenditure tree to explore at what time of year the different types of income and expenditure are most likely.
- Matrix on sources and uses of credit - to compare the advantages and disadvantages of different sources of credit.

## References

- Reflect Mother Manual, ActionAid International, 1996, p. 131-135.