

# **Economics**

For Rwanda Secondary Schools

Senior Five

## **Teacher's Guide**

E. N. Mirembe

FOUNTAIN PUBLISHERS  
[www.fountainpublishers.co.ug](http://www.fountainpublishers.co.ug)

Fountain Publishers Rwanda Ltd  
P.O. Box 6567 Kigali  
E-mail: fountainpublishers.rwanda@gmail.com

E-mail: sales@fountainpublishers.co.ug  
publishing@fountainpublishers.co.ug  
Website: www.fountainpublishers.co.ug

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# Part I: Introduction

## Basic information

### Organisation of the book

This Teacher's Guide is organised into **two** main sections or parts. **Part 1** is the general introduction section detailing pedagogical issues. **Part 2** is the main topic area. It gives the details of the expected learning **units** as organised in the learner's book and the syllabus. The main elements of part 2 are:

- **Topic Area:** detailing the various sub-topic areas and the units covered under the topic area.
- **Unit heading:** this is accompanied by some text in the learner's book to motivate learners. Also the total number of lessons per unit is given.

**Key Unit competence:** This is the competence, which will be achieved once learners have met all the learning objectives in the unit.

- **Outline of main sections in the unit:** is a quick summary of the sub-topics covered under the unit.
- **Learning Objectives:** The content in this area is broken down into three categories of learning objectives, that is, knowledge and understanding; skills; attitudes and values.

**Knowledge and understanding:** As in the existing curriculum, knowledge and understanding is very important.

**Skills:** It is through the skills that learners apply their learning and engage in higher order thinking. These skills relate to the upper levels of Bloom's taxonomy. They lead to deeper rather than surface learning.

**Attitudes and values:** Truly engaging with the learning requires appropriate attitudes and values that relate to the unit.

- **Links to other subjects:** It is important for learners to gain an understanding of the interconnections between different subjects so that learning in each subject is reinforced across the curriculum. This platform does exactly that. It prepares the teacher to pass this information to learners so that they are aware.
- **Assessment criteria:** This is meant to evaluate whether learners have succeeded in achieving the key Unit

Competence(s) intended. This section will help you assess whether the unit objectives have been met.

- Background information: This is the introduction part of the unit. It aims at giving you insights on the subject matter.
- Additional information for the teacher: This section gives more information than what the syllabus recommends for purposes of preparing you to answer tough questions from learners.
- Learning activities: These activities are given per lesson and have these sub-sections:
  - Lesson titles.
  - Specific objectives of the lesson
  - Materials and learning resources.
  - Teaching methodology.
  - Exercises based on the lesson learnt
  - Suggested teaching/learning approach.
  - Generic competences covered.
  - Crosscutting issues covered.
  - Special needs and multi-ability learning.
  - Formative assessment.
  - Extended exercises/activities for fast learners and remedial (reinforcement) exercises/activities for time takers.
  - Answers to self-evaluation exercises.

These activities are repeated in all lessons until the end of the unit. They are followed by the answers on the Unit Assessment questions at the end of every unit.

## The structure of the syllabus

Economics is taught and learned in senior secondary schools as a **core subject**. At every grade, the syllabus is structured in **Topic area, sub-topic areas** and then further broken down into **units**. The units have the following elements:

- Each unit is aligned with the number of lessons.
- Each unit has a key unit competence whose achievement is pursued by all teaching and learning activities undertaken by both the teacher and learners by the end of the unit.
- Each unit has learning objectives which are broken into knowledge and understanding which are associated with

Lower Order Thinking Skills or LOTS; acquisition of Skills, Attitudes and Values. They are associated with Higher Order Thinking Skills or HOTS. These learning objectives are actually considered to be the ones targeted by the present reviewed syllabus.

- Each unit has a Content area which indicates the scope of coverage of what a teacher should teach and learners should learn in line with stated learning objectives.
- Each unit suggests learning activities that are expected to engage learners in an interactive learning process as much as possible (learner-centred and participatory approach).
- Finally each unit is linked to other subjects, its assessment criteria and the materials (or resources) that are expected to be used in teaching and learning process.

In all, the Economics Senior 5 level has got two Topic Areas namely:

- Microeconomics
- Macroeconomics

These topic areas are further divided into Seven Sub-topic areas as follows:

- Production theory
- National income
- Money and financial institutions
- Inflation
- Unemployment
- Public finance and fiscal policy
- Population, labour and wages

As for units, there are a total of **12** units in Economics Senior 5.

## **Background information on the new curriculum**

The goal is to develop:

- A competence based society.
- The globalisation process
- The growth of the world market and competition at the global level.
- A shift from knowledge-based to competence-based curriculum.

All these necessitated a comprehensive review of the national curriculum to address the required skills in the Rwandan education system.



It is against this background that the syllabus at secondary level was reviewed. This ensures that it is responsive to the needs of the learner. The syllabus curriculum shifts from **knowledge-based learning to competence based learning**.

Competence-based learning refers to systems of instruction, assessments, grading and academic reporting. It is based on learners demonstrating what they have acquired and learnt the essential knowledge, skills and attitudes as they progress through their education. Apart from being integrative, the newly revised syllabus guides the interaction between the teacher and the learner in the learning process. It further puts greater emphasis on skills, attitudes and values a learner should acquire during each unit of learning. As a competence-based syllabus, it elaborates on the three aspects of **knowledge, skills and attitudes** in economics.

## **Rationale of Teaching and Learning Economics**

Economics is concerned with the study of how scarce resources are allocated, given the unlimited wants of a society.

Economics decisions significantly influence the quality of life experienced by people throughout the world. The study of economics can help individuals; groups and societies make choices that assist them improve their quality of life.

Economics prepares learners for the real world of work through career paths like Entrepreneurship, Management, Business, Accounting and Finance, Marketing, Tourism, Statistics, International Economics and policies, Agriculture Economics, Environmental Studies, and Development Studies. It also gives learners the critical knowledge and skills to communicate ideas using the language and tools of the discipline of economics. Furthermore it provides a useful foundation not only for further study in Economics but also for study in other Social Science subjects, including History, Politics and international relations.

This syllabus will contribute to the development of the ideal Rwandan learner with convenient soft skills and enable them to apply Economics in employment and in their general life as articulated by the vision 2020, EDPRS II and ESSP. It will build

learner's knowledge, skills and values in areas including, but not limited to the following:

- Awareness of the importance of living in harmony with the environment. Have a strong appreciation of community cohesion and moral issues including responsibility for and accountability to self and community.
- Demonstrate multiple literacy, independence and critical thinking, questions the beliefs and practices of the past and present, and brings this to bear through the innovative applications of science and technology to problem solving.
- Demonstrate a positive work attitude.
- Value and display creative imagination in its various manifestations and nurture its development in the economic and entrepreneurial spheres and in all other areas of life.

Also, in keeping with the UNESCO Pillars of Learning, on completion of Economics study, learners will learn to know, learn to do, learn to be, and learn to live together having been exposed to the values contained within human rights and democratic principles.

In summary, the syllabus seeks to equip learners with the basic tools necessary for an understanding and interpretation of economics phenomena experienced by Rwandan people and for communicating intelligently and effectively on economic issues in the region and the wider international community.

## Competences

### *Types of competences and their acquisition*

Competences are statements of the characteristics that learners should demonstrate. It indicates their preparedness and the ability to perform independently in professional practice. The two types of competences visualised in this curriculum are **basic competences** and **generic competences**.

### Basic competences

Basic competences are addressed in the stated broad subject competences and in objective highlighted year on year basis and in each of the units of learning. They include:

### Literacy

- Reading a variety of texts accurately and quickly.
- Expressing ideas, messages and events through writing legible texts in good hand-writing with correctly spelt words.
- Communicating ideas effectively.
- Listening carefully for understanding and seeking clarification when necessary.

### Numeracy

- Computing accurately using the four mathematical operations such as:
- Manipulating numbers, mathematical symbols, quantities, shapes and figures to accomplish a task involving calculations, measurements and estimations.
- Use numerical patterns and relationships to solve problems related to everyday activities like commercial context and financial management.
- Interpreting basic statistical data and other information using tables, diagrams, pie charts and graphs.

### ICT and digital competences

- Locating, extracting, recording and interpreting information from various sources.
- Assessing, retrieving and exchanging information via internet or cell phones.
- Using cell phones and internet for leisure and for money transactions.
- Using computer keyboard and mouse to write and store information.
- Using information and communication technologies to enhance learning and teaching (all subjects).

### Citizenship and national identity

- Relating the impact of historical events on past and present national and cultural identity.
- Understanding the historical and cultural roots of Rwandan society and how the local infrastructure functions in relation to the global environment.

- Demonstrating respect for cultural identities and expressing the role of the national language in social and cultural context.
- Advocating for the historical, cultural and geographical heritage of the nation within the global dimension.
- Showing national consciousness and a strong sense of belonging and patriotic spirit.
- Advocating for a harmonious and cohesive society and working with people from diverse cultural backgrounds.

### Entrepreneurship and business development

- Applying entrepreneurial attitudes and approaches to challenges and opportunities in school and in life.
- Understanding the obligations of the different parties involved in employment.
- Planning and managing micro projects and small and medium enterprises.
- Creation of employment and keeping proper books of accounts.
- Risk-taking in business ventures and in other initiative.
- Evaluating resources needed for a business.

### Generic competences

The generic competences are competences that must be emphasised and reflected in the learning process. They are briefly described below and teachers must ensure that learners are engaged in tasks that help them to acquire the competences.

1. **Critical thinking and problem solving skills:** The acquisition of such skills will help learners to think ingeniously, innovatively and broadly and be able to evaluate and find solutions to problems encountered in their surroundings.
2. **Creativity and innovation:** The acquisition of such skills will help learners to take initiatives and use imagination beyond knowledge provided in classroom to generate new ideas and construct new concepts.
3. **Research skills:** This will help learners to find answers to questions based on existing information and concepts and use it to explain phenomena from gathered information.

4. **Communication in official languages:** Teachers, irrespective of being language teachers should ensure the proper use of the language of instruction by learners. Teachers should communicate clearly and confidently. They should convey ideas effectively through spoken and written English by applying appropriate grammar and relevant vocabulary.
5. **Cooperation, interpersonal management and life skill:** This will help the learner to cooperate in a team in whatever task assigned and to practice positive ethical moral values while respecting rights, feelings and views of others. Perform practical activities related to environmental conservation and protection. Advocate for personal, family and community health, hygiene and nutrition and responding creatively to a variety of challenges encountered in life.
6. **Lifelong learning:** The acquisition of such skills will help learners to update knowledge and skills with minimum external support. Learners will be able to cope with evolution of knowledge advances for personal fulfilment in areas that are relevant to their improvement and development.

### Economics as a subject and developing the competences

The national policy documents based on national aspirations identify some 'basic Competences' alongside the 'Generic Competences' that will develop **higher order critical thinking skills** and help learners learn Economics for application in real life. The nature of learning activities which are mainly inquiry oriented contribute to the achievement of those competences.

Through observation, experimentation, and presentation of information during the learning process, the learner will not only develop deductive and inductive skills but also acquire cooperation and communication, critical thinking and problem-solving skills. This will be realised when learners make presentations leading to interpretations and conclusions at the end of a learning unit. This will be achieved through learner group work and cooperative learning of Economics, which in turn will promote interpersonal relations and team work.

## **Crosscutting issues to be infused during learning**

These are emerging issues which need to be incorporated in the learning process. Each of the cross-cutting issues has its own important programme of learning reflecting key national priorities. This learning is integrated into the syllabuses of subjects across the curriculum rather than each issue having a dedicated timetable slot of its own. As a result of this integration, the learning activities in the units of subjects across the curriculum incorporate all the learning associated with the cross-cutting issues. The eight cross-cutting issues are:

### ***Peace and Values Education***

The need for Peace and Values Education in the curriculum is obvious. Peace is clearly critical for society to flourish and for every individual to focus on personal achievement and their contribution to the success of the nation. Values education forms a key element of the strategy for ensuring young people recognise the importance of contributing to society, working for peace and harmony and being committed to avoiding conflict.

### ***Financial Education***

Financial education makes a strong contribution to the wider aims of education. It makes learning relevant to real life situations. It aims at a comprehensive financial education program as a precondition for achieving financial inclusion target and improves the financial capability of Rwandans. Financial education has a key role of not only improving knowledge of personal but also transforming this knowledge into action. It provides the tools for sound money management practices on earnings, spending, saving, borrowing and investing. Financial education enables people to take appropriate financial services both formal and informal that is available to them and encourages financial behaviour that enhance their overall economic well-being.

### ***Standardisation culture***

Standardisation culture develops learners' understanding of the importance of standards as a pillar of economic development and in the practices, activities and lifestyle of the citizens. It is intended that the adoption of standardisation culture should have an impact upon health improvement, economic growth, industrialisation, trade and general welfare of the people. While education is the

foundation and strength of our nation, standards are one of the key pillars of sustainable economic development.

### ***Genocide Studies***

Genocide Studies provide young people with an understanding of the circumstances leading to the genocide and the remarkable story of recovery and re-establishing national unity. Genocide studies help learners to comprehend the role of every individual in ensuring nothing of the sort ever happens again.

The intent of a cross-cutting curriculum around the topic of genocide is to fight against genocide, genocide denial, and genocide ideology; and to equip learners with a more fundamental and comprehensive understanding of the genocide, thereby preventing further human rights violation in the future and enabling Rwanda's population of young people to more competently and thoughtfully enter the workforce. So it needs to be emphasised.

### ***Environment and sustainability***

The growing awareness of the impact of the human race on the environment has led to recognition of the need to ensure our young people understand the importance of sustainability as they grow up and become responsible for the world around them. Hence Environment and Sustainability is a very important cross-cutting issue. Learners need basic knowledge from the natural sciences, social sciences and humanities to understand and interpret principles of sustainability. They also need skills and attitudes that will enable them in their everyday life to address the environment and climate change issue and to have a sustainable livelihood.

### ***Gender education***

There is a strong moral imperative to afford every individual their basic human rights and gender inequality results in women and girls being treated less favourably than men. A strong negative impact of unequal treatment, which affects the nation as a whole, is the fact that it results in women being held back and their talents and abilities not being fully realised. With a good understanding of the principles of gender Equality, it is intended that future generations will ensure that the potential of the whole population is realised.

### ***Comprehensive sexuality education (HIV and AIDS, STI, Family planning, Gender equality and Reproductive health)***

Comprehensive sexuality education, which is age appropriate, gender sensitive and life skills based can provide young people with the knowledge and skills to make informed decisions about their sexuality and life style. Preparing children and young people for the transition to adulthood has been one of humanity's greatest challenges with human sexuality and relationships at its core.

Few young people receive adequate preparations for their sexual lives. This leaves them potentially vulnerable to coercion, abuse and exploitation, unintended pregnancy and sexually transmitted infections (STIs) including HIV and AIDS. Many young people approach adulthood faced with conflicting and confusing messages about sexuality and gender. This is often exacerbated by embarrassment, silence, disapproval and open discussion of sexual matters by adults (parents, teachers) at the very time when it is most needed.

Comprehensive sexuality education supports a rights-based approach in which values such as respect, acceptance, tolerance, equality, empathy and reciprocity are inextricably linked to universally agreed human rights. A clear message concerning these dangers and how they can be avoided, from right across the curriculum, is the best way to ensure that young people understand the risks and know how to stay healthy.

### ***Inclusive education***

Inclusive education involves ensuring that all learners are engaged in education and that they are welcomed by other learners so that everyone can achieve their potential. Inclusive practice embraces every individual regardless of gender or ability including those with learning difficulties and disabilities. The most focus of inclusive curriculum is on ensuring participation in education of learners with different learning styles and other difficulties. To be successful, it entails a range of issues including teacher's positive attitudes, adapting the learning resources, differentiation of teaching and learning methods and working together. Overall, the benefits of an inclusive curriculum extend to all learners.



### ***Special needs education and inclusivity***

All Rwandans have the right to access education regardless of their different social economic or political background. The undermining of this provision would naturally hold that all citizens benefit from the same menu of educational programs. The possibility of this assumption is the focus of special needs education. The critical issue is that we have persons/learners who are totally different in their ways of living and learning as opposed to the majority. The difference can either be emotional, physical, sensory and intellectual learning challenges traditionally known as mental retardation. These learners equally have the right to benefit from the free and compulsory basic education in the nearby ordinary/mainstream schools. Therefore, the schools' role is to enrol them and also set strategies to provide relevant education to them. The teacher therefore is requested to consider each learner's needs during teaching and learning process. Assessment strategies and conditions should also be standardised to the needs of these learners. Also ensure that you include learners with special education needs in classroom activities as much as possible.

The special needs learners can fall in any of the following common categories:

- Physical difficulties.
- Visual difficulties.
- Hearing difficulties.
- Mental difficulties.
- Genocide traumatised learners.

The teacher should identify such cases and help facilitate the affected learner's learning. The following are some suggestions on how to support special needs learners in your class.

### ***Learners with physical difficulties***

In this group of learners, the affected areas are normally some body parts, especially the limbs. There may be partial or total loss of use of the limbs. In case the legs are affected, the learners will need assistance during activities that involve movement. This could be the limbs. In case the legs are affected, the learners will need assistance during activities that involve movement. This could be during a nature walk and other activities that learners have to stand for some reason. The teacher should organise for the learner's ease of movement around. The learner should also be given time to catch up with the others.

In case the hands are affected, the learners should be given more time to finish their work. In both cases, the learner should not be pressurised to do things that can cause injury or mockery.

### ***Learners with visual difficulties***

These learners normally have problems with their eye sight. They should sit in a position where they are able to see the chalkboard without straining. For example, the learner could be long-sighted or short-sighted; the material to be observed should be brought closer to the learner and a magnifying lens used where necessary. You should use large diagrams, charts and labels.

In some cases, the learner can be allowed to touch and feel whatever they are looking at. Other learners can assist by reading aloud. The lighting system in the classroom can also be improved. You should read aloud most of the things you write on the chalkboard.

### ***Learners with hearing difficulties***

The affected part in this case is the ear. The learner should have **hearing aids**. You should use as many visual aids as possible. They should also project their voices and always talk while facing the learners. Use of gestures and signs while talking helps the learner figure out what you are saying as well.

### ***Learners with speech difficulties***

A common example in a normal class is **stammer**. They always speak with a lot of difficulties. You should be patient with them and encourage such learners to express themselves in their own way. Such learners should be given more written exercises.

### ***Learners with mental difficulties***

You should try to identify the nature and level of the mental difficulty. Learners with mental difficulties should then be given special assistance and attention at an individual level. They can be given special tests or assignments. In general, all the learners with difficulties should be reinforced promptly. This encourages and motivates them. You and the rest of the class should never ridicule learners with any of the difficulties. Note that generally people with any kind of disability can be very sensitive to any kind of negative comments or criticism.

***Remind them that ‘Disability is not inability’.***

The teacher should avoid giving privileges where the learners do not deserve them. Treat them fairly but not with excessive favours. In extreme cases it can be recommended for the learners to join a special school.

***Genocide traumatised learners***

Studies have shown that learners from families that were affected by genocide suffer post-traumatic stress disorder (PTSD). As such they need to be treated as a special case. As a teacher, you need to be careful when dealing with such learners. Also you need to be in control especially when the topic under discussion touches on genocide issues. Any language that may elicit emotional reactions from learners either by fellow learners or by the teacher should be avoided.

**Note**

As a teacher, before the start of any lesson in every unit, you need to identify and recognise cases that require special needs education *e.g. learners who have physical, visual, hearing, mental or genocide trauma difficulties etc.* and design appropriate means and measures that consider each learner’s needs during teaching and learning process. Include them in classroom presentations and activities as much as possible, and the assessment strategies and conditions should be standardised to the needs of these learners.

Such methods may include among others the following:

- For learners with physical difficulties, organise for them ease of movement in and outside class and or give them more time to finish their work.
- For learners with visual difficulties, sit them in a position where they are able to see the chalk board without straining or use large diagrams and charts etc.
- For learners with hearing difficulties, use visual aids.
- For learners with speech difficulties, be patient and encourage learners to express themselves in their own way.
- For learners with mental difficulties, give special attention and assistance at an individual level.

## Methods, techniques and strategies of teaching Economics

### *Methods*

Teaching methods are the approaches that the teacher employs during a lesson. The two main teaching methods are teacher-centred and learner-centred.

In the *teacher-centred method*, the teacher is the active participant in giving knowledge, skills and attitudes to the learner who is a passive recipient. The teacher may therefore use such approaches like dictating notes, reading a passage from the course book or giving a lecture to the class. The learners are generally not actively involved in the lesson. This method is mostly used when the teacher intends to cover broader areas where learners do not require many explanations. This method **should be avoided at all costs** because the learner is not fully involved.

The *learner-centred method* or the *activity-oriented* is the opposite of teacher-centred method. In this method, learners are active participants in the learning process. Learners are the doers of the activities. This method **should be advocated for**. The teacher's role in this method is that of a guide and a facilitator in the learning process. Learners are required to examine, find out, determine, give their opinions (in discussions), draw comparisons and participate in debates and projects among others. Learning is all about the learner. The teacher's role in this method is to find out whether the learner has acquired the required skills. He or she observes the learner's participation and evaluates them after the lesson. The teacher may also come in to help the learner understand a concept or assist in explaining some concepts. This method **should be employed across all units**.

### *Techniques*

Techniques are basically the specific activities that learners are involved in during the lesson.

Learner-centred activities may include group discussions, role-playing, and question answer approach, drawing of graphs or dramatising. You should use the most appropriate technique during a lesson to enhance learning and acquisition of knowledge and skills.

### ***Strategies***

Apart from the methods and techniques that can be used to teach Economics, you can also change your strategy to aid further understanding of the subject. Strategies are the sequences or procedures that can be applied to make the lesson interesting. The strategy to be adopted is mainly indicated in the lesson plan. Indicate the activities to be performed both by the learner and you (teacher) from the start of the lesson till the end. This kind of arrangement helps you to consistently refer to the activity or strategy that best suits a particular lesson or topic.

### ***Teaching techniques***

Methods, techniques and strategies are usually confused to mean the same. These terms, though related, refer to different activities in the course of teaching. Below are some of the teaching techniques you can use in teaching Economics. They include, but not limited to:

- (a) Teacher exposition
- (b) Group discussion and activities
- (c) Education tours to relevant sites
- (d) Enquiry
- (e) Debates
- (f) Projects
- (g) Research
- (h) Simulation
- (i) Demonstration
- (j) Case studies
- (k) Role-playing
- (l) Question and answer
- (m) Lecturing
- (n) Resource persons
- (o) Oral reports

### ***Teacher exposition***

Teacher exposition is the technique used when introducing new concepts, especially when introducing new topics. The teacher often uses this method to explain concepts that learners are meeting for the first time. You should therefore ensure that learners understand these new concepts before going deep in the coverage of the content. This technique is mainly teacher-centred since the teacher provides background information to any new concept. This

provides learners with the opportunity to understand the concepts, thereby understanding the topic well.

### ***Group discussion and activities***

Holding a class discussion is one of the most effective techniques of teaching Economics. The role of the teacher is that of a facilitator. The teacher can divide learners into groups of manageable numbers. The teacher can then assign each group a discussion topic. The teacher can also hold a whole class discussion where each learner is encouraged to participate by giving opinions, asking questions and contributing to the discussion fully. When holding discussions, you should encourage learners to give local examples and provide solutions they can identify with in their local areas.

### ***Education tours***

Organising an education tour to relevant sites is a very important technique that teachers can use to ensure effective learning. Learners get to learn and understand better what they learn in class. Moreover, the learners will be able to break the monotonous class lessons. Such tours such as to the local market, community, businesses, offices etc. will enable learners to collect information for themselves. This will enhance first-hand information collection.

Before leading learners to an education trip, you should prepare adequately for the trip, treating it as a lesson like any other. It is advisable that you are aware of the places of fieldwork, having visited the places previously. This is necessary because it enables you to identify the areas or points of interest and therefore develop the lesson and its objectives. If it is a visit to a nearby market, you must first ask permission from the relevant local authority and prepare some respondents on the questions learners are likely to ask. You should then ensure that the actual time and day of visit is adhered to. You need to prepare learners on the areas of visit. Learners also require being prepared in terms of their expected behaviour, the questions they should ask and the activities they will be involved in. Some of the activities include observing, drawing sketches, making notes, collecting specimens or samples, measuring, classifying, listening and interviewing among others.

After the visit, you should give learners the opportunity to report on what they saw and their opinion about the trip and areas of the study.

The following are some of the advantages of using education tours:

- (a) Learners learn to be independent in gathering information.
- (b) It exposes learners to real life situations.
- (c) Learners develop the skill of leadership and the spirit of teamwork.
- (d) It enables the learner to develop the skills of observation, data collection, note-taking, interviewing and analysis among others.
- (e) It is a valuable break from the classroom monotony.

### ***Inquiry***

This is a quest to find out more about a given issue. In this technique, learners attempt to carry out further investigation on a topic of learning for purposes of getting a solution to a given problem. The investigation may involve reading several sources in order to analyse the information. After carrying out an inquiry, learners should make their findings known to the rest of the members of the class. For instance, learners may be asked to find out from the local environment how various economic activities are influencing the environment.

### ***Debates***

The use of debates in class is highly encouraged. This is because debates enable learners to defend a particular line of thought, thereby learning from one another. Learners prepare adequately as they gather the points for debate. You (teacher) should identify appropriate topics for debate, which have sufficient points for and against, to allow learners enough time to give their points. There are adequate topics that can generate issues for debate, such as; significance of early marriages in rapid population growth of a country.

A class debate should only be organised after learners have gained some knowledge on a given issue, in order to apply or recall the knowledge they have acquired.

Debates are also useful to the learner as they instill in the learner the urge of being confident to speak to a multitude of people. The fear of standing and speaking in front of others disappears as one gets used to talking in front of fellow learners during debates.

### ***Simulation***

This is the use of games to reinforce what has already been covered in class. As a teacher you can identify a topic with several points, needed for scoring, such as factors that affect demand. You can then divide the class into 2 or 3 groups to compete in a game of scoring points. For instance, the group that names the highest number of factors affecting demand wins the game. This game helps learners to remember with ease the specific factors.

### ***Projects***

The use of projects is appropriate in Economics, more so to emphasise the skills learnt in class. Learners are assigned specific activities after a given unit, so as to reinforce their rate of learning and also to provide them with an opportunity to apply the knowledge and skills acquired. Projects may be in form of investigation as to why people may prefer consumption over saving and vice versa. As a teacher visit each group to find out what they are doing and provide the necessary guidance. You should assess the participation of individual learners and grade them.

### ***Role-playing and dramatisation***

This involves learners acting out a given situation to imitate its occurrence. Learners are called upon to identify suitable units that can be acted out by more than three learners, such as a market scene. Learners are assigned specific roles, of which they need to be given time to memorise the words and actions. This technique works better if the unit to be acted out has already been taught, since learners already have some prior knowledge about the topic.

These techniques assist learners to express themselves thus enabling them to remember more of what they learn in class. This can be effectively used when assessing learners especially at the end of the unit.

### ***Question and answer***

The use of question and answer is the most commonly used teaching technique. The questions asked by the teacher in the course of the lesson should assist the teacher to gauge the level of understanding of the learners. It also allows learners to participate in the lesson, as they ask questions. You should ask guiding or leading questions that involve all members of the class. The questions asked by the teacher should vary from low order questions that require learners to recall knowledge gained, to high order questions that require



learners to analyse or synthesise information before responding to the questions asked. The questions should be short and clear and relevant to the topic of discussion. You should distribute the questions to all members of the class, without relying on those learners whose hands are up. You need to reinforce learners so as to encourage them to participate actively in the lesson. You should correct incorrect responses by learners. You should not answer all the questions asked during the lesson. You can ask learners to respond to a question asked by the other learners, but clarify the responses given by learners.

### ***Lectures***

Although lecturing is a teacher-centred technique, it becomes appropriate when used for five minutes to introduce or summarise a lesson or discussion. A lecture should be kept brief and interesting so as to act as a stimulus to a class discussion or debate. A lecture should not contain information the learners can acquire from books or other source, but contains information that is either new to them or difficult to obtain. A good lecture should be accompanied by thought-provoking questions. A good example of lecture points is effects of under-population in a developing country.

### ***Use of resource persons***

This is the use of experts in certain fields of economics to come and offer a talk to learners. For instance, in the area around the school, there exists a knowledgeable person who contains some knowledge about how barter exchange was carried out during olden days; such a person can be invited to share knowledge with learners about the advantages and challenges that were in compared to the monetary exchange. After identifying the resource person, agreeing on the areas of discussion and the time of the lesson, the resource person will talk to the learners.

After confirming with the resource person, the teacher should prepare learners by telling them who the resource person is, the day and time of the talk and how they are expected to conduct themselves during the talk. You should encourage learners to ask the resource person questions related to the topic of discussion in class. This will enable the resource person to clarify issues which learners do not understand. They should also make notes from the talk. After the resource person has left, learners should go over the

points raised with the class, to clarify or correct any errors that may have been pointed out.

## **Important attitudes in learning economics**

### ***In learners***

There are certain useful attitudes, which the teacher should help to develop in the learners as they carry out various activities and research in economics. Economics as a problem-solving discipline is expected to make an impact on the learner's general behaviour.

The nature of the subject demands learners to be honest with themselves as they work out the given problems to the economic models and make unbiased conclusions. They should be aware of the danger involved in making generalisations out of limited information, feeling tired of being unable to finish the assignment. They should be open-minded and able to distinguish between propaganda and truth.

Some of the attitudes that learners should develop include:

- Practical approach to problem solving — Learners should seek answers to their questions and problems by carrying out investigations where possible.
- Responsibility — Learners should be responsible enough to effect tasks apportioned and take good care of the resources given to them.
- Cooperation — Learners will often be working in groups while carrying out the activities and need therefore to cooperate with all other members of the group.
- Curiosity — Learners should have a curious attitude as they observe things and events around them. This is the first step towards solving a problem.
- Self-confidence — Learners should have the will to attempt to solve a problem. The feeling of self-confidence can be strengthened in young learners if they experience many small successes that win approval and encouragement from the teacher. The problems which learners attempt to solve should not be so difficult that they lead to frustration.
- Honesty — As they make observations, record, analyse results and draw conclusions.

### ***In teachers***

- Engage learners in a variety of learning activities.
- Apply appropriate teaching and assessment methods.
- Adjust instructions to the level of the learner.
- Be creative as much as possible to attract the attention of the learner.
- Make connections or relations with other subjects.
- Show high level of mastering knowledge of the content.
- Develop effective discipline skills to adequately manage the classroom.
- Be a good communicator.
- Guide and counsel learners more often.
- Have passion for learners as you teach them.

### **Learners' role in learning Economics**

Learning takes place only when the learner has internally digested and assimilated the material to be learnt. As such, learning is a highly personal and individual process. It therefore means that a learner must be actively engaged in the learning exercise.

For active participation in learning, the learner must:

- (a) Develop the curiosity, powers of observation and enquiry by exploring the local environment.
- (b) Raise questions about what is observed.
- (c) Suggest solutions to those questions and carry out investigations to search for answers.

The competence-based approach considers the learning process to involve the construction of meaning by learners. Simply, it emphasises the need for learners to think about scientific activity in order to make sense of and understand the scientific concepts being introduced. In this new dispensation, learners are in the driver's seat, which implies they will construct their knowledge by posing questions, planning investigation, conducting their own experiments, analysing and communicating results. More specifically, when engaging in inquiry, learners will describe objects and events, ask questions, construct explanations, test those explanations against current scientific knowledge, and communicate their ideas to others. By so doing, learners will take ownership of the learning process.

Learners' activities are indicated against each learning unit reflecting their appropriate engagement in the learning process. Even though they do not necessarily take place simultaneously in each and every Economics lesson and for all levels, over time, learners get involved in the following activities:

- Observing and writing down what they have seen.
- Pursuing questions which they have identified on their own even if introduced by the teacher.
- Taking part in planning research with appropriate controls to answer specific questions.
- Using and developing skills of gathering data directly by observation or measurement and by using secondary sources.
- Using and developing skills of organising and interpreting data, reasoning, proposing explanations, making predictions based on what they think or find out.
- Working collaboratively with others, communicating their own ideas and considering others' ideas.
- Expressing themselves using appropriate scientific terms and representations in writing and talk.
- Engaging in lively public discussions in defence of their work and explanations.
- Applying their learning in real life contexts.
- Reflecting self critically about the process and outcomes of their inquiries.

During this reciprocal interaction, what learners will acquire is not only content knowledge, but also a number of skills, and values and attitudes. These skills include how to approach a problem, identify important resources, design and carry out hands-on investigations, analyse and interpret data, and perhaps most importantly, recognise when they have answered the question or solved the problem and appreciate what they have learnt and extend it to the entire society.

### **Teacher's role in learning and teaching**

The teacher is one of the most important resources in the classroom. The teacher's role is fundamental to the successful implementation of the learning programme in the school. The role of the teacher will remain critical. However instead of being the “**prudent on the period**”; the teacher will rather be the “**guide on the side**” who acts as a facilitator in a variety of ways. Some of these ways include:

- Encouraging and accepting learner autonomy and initiative.
- Using raw data and primary sources, along with manipulative, interactive, and physical materials.
- Using cognitive terminology such as classify, analyse, predict, and create when framing tasks.
- Allowing learner responses to drive lessons, shift instructional strategies, and alter content.
- Familiarising themselves with learners' understanding of concepts before sharing your own understanding of those concepts.
- Encourage learners to engage in dialogue, both with the teacher and one another.
- Engaging learners in experiences that pose contradictions to their initial hypotheses and then encourage discussion.
- Providing time for learners to construct relationships and create metaphors.
- Nurturing learners' natural curiosity.
- Organising the classroom to create a suitable learning environment.
- Preparing appropriate materials for learning activities.
- Motivating learners to make them ready for learning.
- Co-ordinating learners' activities so that the desired objectives can be achieved.
- Assessing learners' activities and suggesting solutions to their problems.
- Assisting learners to consolidate their activities by summarising the key points learnt.

From time to time, the teacher should interact with learners individually or in groups, to diagnose their weaknesses and frustrations, appraise their efforts, imagination and excitement. This will assist and guide them in the task of learning. The teacher must make an effort to teach learners how to team up but still have each learner directly involved in working with materials, consulting with the teacher and with fellow learners. Remember that whatever you do during the class, the interests of the learner remains paramount! Therefore, the teacher should allow and encourage learners to:

- Explore their local environment.
- Ask questions about things and events.
- Make observations

- Perform simple investigations and experiments to seek answers to their questions.
- Talk to each other and to the other learners about their experiences, interests, problems, successes and even frustrations.
- Play and make models of things that interest them.

### **Teaching resources**

These refer to the things that the teacher requires during the teaching process. Some of these things include:

- The classroom.
- Textbooks.
- Wall charts and wall maps.
- Business journals and magazines.
- Resource persons.
- Social facilities such as health centres, other learning institutions and community organisations.
- Enterprises such as agricultural farms, businesses and industries, among others.

### ***Classrooms as a learning environment***

Classroom generally refers to the place where learning takes place. Learners learn from everything that happens around them, such as the things that they hear, see, touch, taste, smell and play with. It is therefore important for the teacher to make his/her classroom an attractive and stimulating environment. This can be done by:

- Carefully arranging the furniture and desks.
- Putting up learning and teaching aids on the walls. Examples are wall charts or pictures or photographs.
- Displaying models.
- Providing objects for play for example toys.
- Having a display corner in the classroom where learners display their work.
- Securing a storage area.

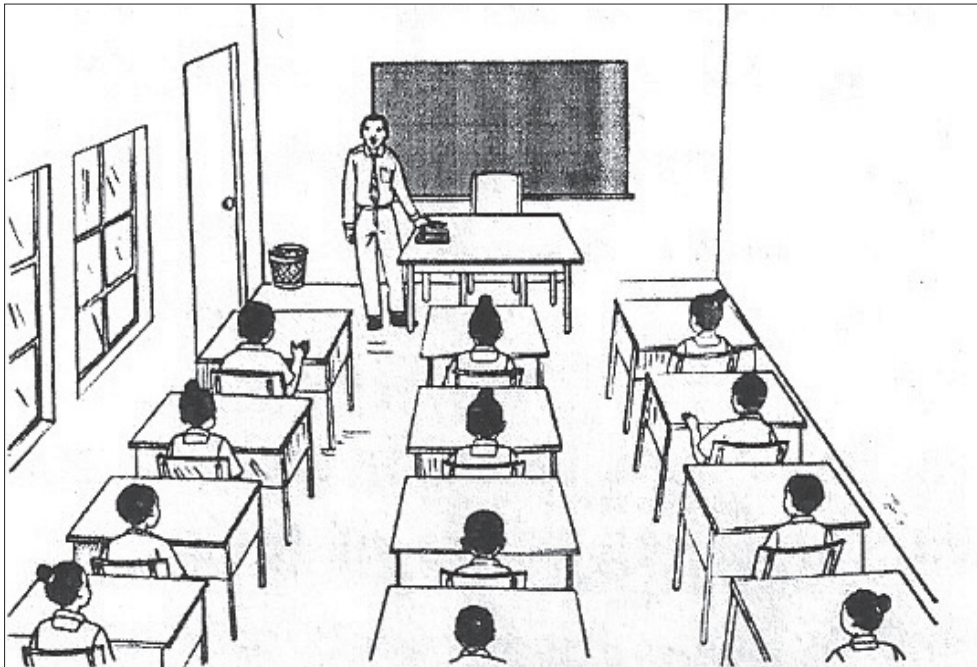
The materials in the classroom should get the learners thinking and asking questions about what is around them and encourage them to do worthwhile activities.

### ***Classroom organisation***

A well-organised classroom is an asset to good Economics teaching. However, there is no one correct style to suit all classrooms and

situations. The teacher should consider the following factors when organising the classroom:

- (a) Furniture should be well arranged so as to allow free movement of learners and the teacher.
- (b) Set a corner for storing materials so as not to obstruct learners or distract them.
- (c) The number of learners in the class, their gender and their ages.
- (d) Learners should be reasonably spread out so that they do not interfere with one another's activities.
- (e) The series of lessons or activities going on for a number of days or weeks such as individual or group work or whole class.
- (f) Classroom itself, that is, positions of windows, doors such that learners face the lighted areas of the room.
- (g) Personal preferences. These should be in the interest of the learners especially where you normally stand, you should be able to communicate with all the learners, and also have a general view of all learners in class.



*Sample classroom setting*



### ***Grouping learners for learning***

Most of the Economics activities are carried out in groups. Therefore the teacher should place 2 or 3 desks against each other and then have a group of learners sitting around those desks. In certain activities, the teacher may wish to carry out a demonstration. In this case, learners should be sitting or standing in a semi-circle, or arranged around an empty shape of letter "U" such that each learner can see what the teacher is doing clearly and without obstruction or pushing. If the learners are involved in individual work, each learner can work on the floor or on the desk or a portion of the desk if they are sharing. In this case, they need to face each other.

Grouping learners for learning has increasingly become popular in recent years. In fact, the shift from knowledge based to competence curriculum will make grouping the norm in the teaching process. Grouping learners can be informed by one or all of the following:

- (a) Similar ability grouping
- (b) Mixed ability grouping
- (c) Similar interests grouping
- (d) Needs grouping
- (e) Friendship grouping
- (f) Gender grouping

In Economics, groupings are commonly those of types (a), (b), (c) and (d). Grouping learners has several advantages such as:

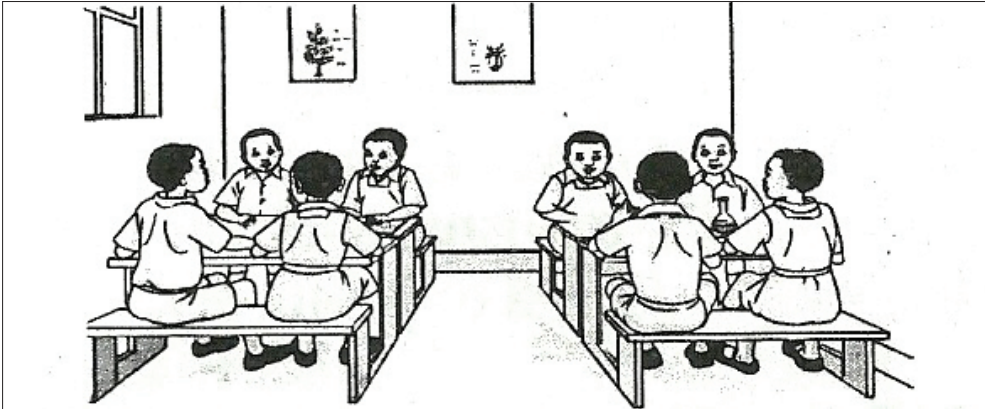
- (a) The individual learner's progress and needs can easily be observed.
- (b) The teacher-learner relationship is enhanced.
- (c) A teacher can easily attend to the needs and problems of a small group.
- (d) Materials that were inadequate for individual work can now easily be shared.
- (e) Learners can learn from one another.
- (f) Cooperation among learners can easily be developed.
- (g) Many learners accept correction from the teacher more readily and without feeling humiliated when they are in a small group rather than the whole class.
- (h) Learners' creativity, responsibility and leadership skills can easily be developed.
- (i) Learners can work at their own pace.



The type of “grouping” that a teacher may chose depends on:

- (a) The topic or task to be tackled.
- (b) The materials available.
- (c) Ability of learners in the class (fast, average, slow).

As a teacher, you must be flexible enough to adjust or change types of grouping to cope with new situations.



*Sample of grouping in a classroom setting*

There is no fixed number of learners that a group must have. This again will be dictated by such factors as the task to be done, the materials, characteristics of learners in your class, size and the space available. However groups should on average have between **four to seven learners**. You can also resort to pair work depending on the nature of the content being taught at the time.

There is no one method or approach to teaching that is appropriate to all lessons. You should, therefore, choose wisely the method to use or a combination of methods depending on the nature of the topic or sub-topic at hand.

### ***Safety in the classroom***

Learners in secondary schools are active and curious. As such they are liable to getting harmed and injured. They should therefore be constantly protected from sources of injury and harm. The teacher is therefore advised to take strict safety precautions whenever learners are in class or outside the classroom. Some areas that may need consideration as far as safety is concerned include:

- During discussions of the group activities
- During nature walks and field visits.

Learners should avoid handling or touching things unnecessarily.

Remember according to Rwanda laws, a teacher is responsible for the safety of the learners during the period he or she is handling them.

## **The content map**

This is used to identify the competences to be developed in each work unit and activities that enable the competences. It is prepared for each unit in all sub-topic areas to be covered in the syllabus. It contains the following components:

- Topic Area
- Sub-topic area
- Unit
- Key competence
- Number of periods
- Introduction by the teacher
- Classroom organisation,
- Equipment required
- Activities by learners
- Competences practiced
- Language practice
- Vocabulary acquisition
- Numeracy
- Study skills
- Revision
- Assessment
- Learning outcomes/objectives.

# Content map

## Topic Area 2: Microeconomics

### Sub-topic Area 2.2: Production Theory

## Unit 1: Market structures

**Unit competence:** Learners will be able to analyse the operation of firms under different market structures

Unit 1: Market structures	
Number of periods	32
Introduction	Learners to be arranged in groups to discuss on the market situations in Rwanda and make comparisons of the different market structures by identifying their unique features.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Analysing the two market situations provided in the learner's book pages 5-51</li> <li>• Identifying and discussing on their features and make presentations.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the market situations.</li> <li>• Lifelong learning.</li> </ul>
Language practice	Discussions in groups.
Vocabulary acquisition	Market, market structures, firms.
Numeracy	Calculating abnormal, normal profits and losses of different firms.

Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of market structure.</li><li>• Describing the different categories of market structure.</li><li>• Illustrating profit maximisation points of different firms on graphs.</li><li>• Examining the advantages and disadvantages of the different market structures.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Analyse the operation of firms under different market structures.
Learning outcomes	<ul style="list-style-type: none"><li>• Identify the features of different firms in different market situations.</li><li>• Appreciate the operation of different firms under different market conditions.</li><li>• Adapt to different conditions of different firms under different market situations.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of market structure.
- Describe the different categories of market structures.
- Examine the advantages and disadvantages of the different market structures.

# Content map

## Topic Area 3: Macroeconomics Sub-topic Area 3.1: National Income

### Unit 2: Measuring national income

**Unit competence:** Learners will be able to analyse the importance of measuring national income in an economy

Unit 2: Measuring national income	
Number of periods	30
Introduction	Learners to be arranged in groups to discuss on the national income.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Researching on the approaches to measuring national income.</li> <li>• Discussing the importance of measuring national income.</li> <li>• Discussing the case study on the fluctuations in business cycle.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the importance of measuring national income.</li> <li>• Lifelong learning through research.</li> </ul>
Language practice	Discussions in groups and group presentations.
Vocabulary acquisition	National income concepts.
Numeracy	Calculating per capita income, GDP, GNP, NNP, NDP

Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of national income.</li><li>• Describing the different approaches used in measuring national income.</li><li>• Analysing the importance of measuring national income and the problems met.</li><li>• Relating national income and the standard of living within Rwanda and other countries in a given period of time.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Analyse the importance of measuring national income in an economy.
Learning outcomes	<ul style="list-style-type: none"><li>• Use the key concepts of national income when analysing economic phenomena.</li><li>• Appreciate the importance of measuring national income and participate willingly in promoting the level of national income.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of national income.
- Describe the different approaches used in measuring national income.
- Analyse the importance of measuring national income and the problems met.
- Relate national income and the standard of living within Rwanda and other countries in a given period of time.

# Content map

## Topic Area 3: Macroeconomics Sub-topic Area 3.1: National Income

### Unit 3: Price indices

**Unit competence:** Learners will be able to analyse the effects of price changes in an economy over time

	Unit 3: Price indices
Number of periods	8
Introduction	Start by giving a group research on the importance and problems of compiling price indices and its computation.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation, study tour around the school community to search for information on price changes followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Tour around the school community to gather information on price changes between periods.</li> <li>• Compute and interpret price indices.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the market situations</li> <li>• Lifelong learning.</li> <li>• Interpersonal relationship through interacting with the community outside school.</li> </ul>
Language practice	Discussions in groups, class presentations, interacting with the community outside school.
Vocabulary acquisition	Price index terms, interpreting economics phenomena.
Numeracy	Calculating price indices.
Study skills	<ul style="list-style-type: none"> <li>• Discussing the importance of measuring price indices.</li> <li>• Tabulating price indices.</li> <li>• Interpreting price index statistics.</li> </ul>

Revision	Tasks provided after each area discussed
Assessment	Can analyse the effects of price changes in economy overtime.
Learning outcomes	<ul style="list-style-type: none"><li>• Compute and interpret price indices for various periods.</li><li>• Appreciate the importance of compiling price indices and advocate for the improvement of standards of living of people.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of price index.
- Describe the procedure for computing the price of living indices.
- Analyse the importance of measuring price indices and problems encountered.
- Relate the price index figures with the standard of living in an economy and between countries.



# Content map

## Topic Area 3: Macroeconomics Sub-topic Area 3.1: National Income

### Unit 4: Consumption, saving, investment and multipliers

**Unit competence:** Learners will be able to evaluate the impact of consumption, saving, and investment on National Income

Unit 4: Consumption, saving, investment and multipliers	
Number of periods	14
Introduction	Learners to be arranged in groups to discuss on the case study about consumption expenditures, savings and investment expenditures by different people. They should make presentations in class after.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Analysing the case study about consumption expenditure and savings levels of different people and make presentations thereafter.</li> <li>• Brainstorming the limiting factors and ways to improve the investment multiplier in Rwanda.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in group.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the factors affecting consumption expenditure and savings levels of different people.</li> <li>• Lifelong learning through research on investment prospects in Rwanda.</li> </ul>
Language practice	Discussions in groups.
Vocabulary acquisition	Multipliers, consumption, saving, investment, interpreting economic phenomena.

Numeracy	Calculating multipliers, drawing graphs.
Study skills	<ul style="list-style-type: none"><li>• Evaluating the factors affecting consumption, savings and investment.</li><li>• Interpreting different multipliers and economic concepts.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to evaluate the impact of consumption, saving, and investment on national income.
Learning outcomes	<ul style="list-style-type: none"><li>• Able to identify the factors that influence consumption, savings and investments in Rwanda.</li><li>• Adjust their consumption, savings and investments behaviours to increase national income levels.</li><li>• Compute and interpret different multipliers.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meanings of consumption, savings and investments
- Identify the factors that influence consumption, savings and investments in Rwanda
- Examine the measures that can be taken to improve consumption, savings and investments levels
- Analyse the influence of expenditures in an economy to national income levels

# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.2: Money and Financial Institutions

## Unit 5: Money

**Unit competence:** Learners will be able to describe the role of money in an economy

Unit 5: Money	
Number of periods	25
Introduction	Learners use the images of evolution of money as a case study on evolution of money and they analyse the stages. After they present their analysis in class.
Classroom organisation	Research from the library or the internet followed by group work and presentations in class.
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>Analysing the case study on demand for money, discuss the reasons why people demand for money.</li> <li>Analyse effects of money supply in an economy.</li> <li>Identify the factors that influence lending and savings interest rates.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>Teamwork through discussions in groups.</li> <li>Communication through presentation of findings.</li> <li>Critical thinking through analysing the reasons why people demand for money.</li> <li>Lifelong learning through research on the evolution of money.</li> </ul>
Language practice	Discussions in groups.
Vocabulary acquisition	Money, interest rate, money supply and demand.
Numeracy	Calculating interest rates, M1, M2 and M3.

Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of money.</li><li>• Describing the evolution of money.</li><li>• Evaluating the determinants of money demand and supply.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Analyse the operation of firms under different market structures.
Learning outcomes	<ul style="list-style-type: none"><li>• Can compare and contrast barter economy and monetary economy.</li><li>• Advocate for regulation of money demand and supply to maintain stability in the value of money.</li><li>• Calculate interest rates and discuss the factors that determine interest rates in an economy.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the evolution of money.
- Describe the problems of previous forms of exchange
- Evaluate the advantages and disadvantages of demand for money.
- Assess the effects of increase in money supply on an economy.

# Content map

## Topic Area 3: Microeconomics

### Sub-topic Area 3.2: Money and Financial Institutions

## Unit 6: Financial Institutions

**Unit competence:** learners will be able to describe the role of financial institutions in economic development

Unit 6: Financial institutions	
Number of periods	27
Introduction	Learners are arranged in pairs and given a task to discuss on financial institutions in Rwanda, make comparisons of the different financial institutions and examine their role in the development process of Rwanda, thereafter make presentations in class.
Classroom organisation	Pair work and presentations in class.
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>Comparing different financial institutions in Rwanda and analysing their role in economic development.</li> <li>Examine the contribution of foreign commercial banks in the development of Rwanda.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>Teamwork through discussions in groups.</li> <li>Communication through presentation of findings.</li> <li>Critical thinking through analysing the market situations.</li> <li>Lifelong learning.</li> </ul>
Language practice	Discussions in groups.
Vocabulary acquisition	Banking terms, interpreting monetary issues.
Numeracy	Calculating credit creation process.

Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of financial institutions.</li><li>• Describing the different categories of financial institutions.</li><li>• Examining the factors that hinder effective operation of financial institutions in Rwanda.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to describe the role of financial institutions in economic development.
Learning outcomes	<ul style="list-style-type: none"><li>• Assess the role of different types of financial institutions in Rwanda.</li><li>• Analyse the role of the central bank in regulating the amount of money in circulation.</li><li>• Becoming responsible citizen in relation to financial matters.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Distinguish between banking and non-banking financial institutions.
- Assess the roles of banking and non-banking financial institutions.
- Examine the problems faced by the financial sector in Rwanda.
- Suggest the measures that can be undertaken by the government of Rwanda to improve the financial sector.
- Assess the role of monetary policy in regulating money in circulation in Rwanda.

# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.3: Inflation

## Unit 7: Inflation

**Unit competence:** Learners will be able to describe the impact of inflation on an economy

Unit 7: Inflation	
Number of periods	16
Introduction	Learners to be arranged in groups to discuss the case study about price changes, identify the types of inflation, causes and effects of inflation in an economy, thereafter make presentations in class.
Classroom organisation	Group work discussions followed by presentations.
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>Analysing the case study about price changes and identify the causes and effects of inflation on an economy.</li> <li>Analysing the relationship between inflation and unemployment using the Philips curve.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>Teamwork through discussions in groups.</li> <li>Communication through presentation of findings.</li> <li>Critical thinking through analysing the market situations.</li> <li>Lifelong learning through research on the trend of inflation in Rwanda.</li> </ul>
Language practice	Discussions in groups, presentations in class.
Vocabulary acquisition	Terms used in inflation, interpreting articles in any forms of media.
Numeracy	Calculating the rate of inflation.

Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of inflation.</li><li>• Describing the different categories of inflation.</li><li>• Examining the causes and effects of inflation on an economy.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to describe the impact of inflation on an economy.
Learning outcomes	<ul style="list-style-type: none"><li>• Describe the state and types of inflation an economy can experience.</li><li>• Examine the causes and effects of inflation in Rwanda.</li><li>• Be aware of the effects of inflation and advocate for the appropriate measures to control it.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of inflation.
- Give a classification of inflation.
- Assess the impact of inflation to the Rwandan economy.
- Suggest solutions to reduce inflation in Rwanda.
- Examine the relationship between inflation and unemployment.



# Content map

## Topic Area 3: Macroeconomics Sub-topic Area 3.4: Unemployment

### Unit 8: Unemployment

**Unit competence:** Learners will be able to analyse the impact of unemployment on economic development

Unit 8: Unemployment	
Number of periods	21
Introduction	Learners to be arranged in groups to analyse the unemployment situation, identify its causes, effects and suggest appropriate measures, thereafter make presentations in the classroom.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by library research , group work and presentations</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Analysing the unemployment situation provided and identifying the causes of unemployment, effects and suggest possible solutions identifying and discussing on their features.</li> <li>• Describing the different types of unemployment, their causes and possible solutions.</li> <li>• Assessing the causes and effects of Rural urban migration.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the market situations</li> <li>• Lifelong learning through research on unemployment</li> </ul>
Language practice	Discussions in groups
Vocabulary acquisition	Unemployment terms, full employment, rural urban migration.

Numeracy	Calculating unemployment rate, illustrating Keynesian theory of unemployment.
Study skills	<ul style="list-style-type: none"><li>• Explaining the meaning of unemployment.</li><li>• Describing the different types of unemployment and their causes.</li><li>• Examining the possible solutions to the unemployment problem in Rwanda.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to analyse the impact of unemployment on economic development.
Learning outcomes	<ul style="list-style-type: none"><li>• Assess the causes and effects of unemployment in Rwandan economy.</li><li>• Analyse the causes effects and solutions to rural urban migration.</li><li>• Be aware of the effects of unemployment in an economy and advocate for measures to control unemployment.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of unemployment.
- Describe the various types of unemployment.
- Assess the impact of unemployment to the Rwandan economy.
- Examine the solutions of the unemployment problem.

# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.5: Public Finance and Fiscal Policy

## Unit 9: Public Finance 1

**Unit competence:** Learners will be able to analyse the role of public finance in economic development

Unit 9: Public finance 1	
Number of periods	16
Introduction	Learners in groups visit the library, make research on public finance, sources of public revenue and the role of government in an economy and thereafter make presentation in the classroom.
Classroom organisation	By group work orientation and presentations.
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>Analysing the sources of government revenue in Rwanda.</li> <li>Describing the different types of budgets in Rwanda.</li> <li>Explaining the problems faced by Rwandan government while budgeting.</li> <li>Justify the need for government expenditure in an economy.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>Teamwork through discussions in groups.</li> <li>Communication through presentation of findings.</li> <li>Critical thinking through analysing the market situations.</li> <li>Lifelong learning.</li> </ul>
Language practice	Discussions in groups.
Vocabulary acquisition	Common terms used in taxation.
Numeracy	Calculating VAT.

Study skills	<ul style="list-style-type: none"><li>• Identifying the sources of government revenue in Rwanda.</li><li>• Analysing the role of government on an economy</li><li>• Describing the different categories of budgets in Rwanda.</li><li>• Examining the impact of public expenditure on Rwandan economy.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to analyse the role of public finance in economic development.
Learning outcomes	<ul style="list-style-type: none"><li>• Identify the sources of government revenue in Rwanda.</li><li>• Appreciate the role of budgeting and public expenditure on an economy.</li><li>• Analyse the impact of government expenditure on economic development.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Identify the different sources of government revenue.
- Identify different ways on how the government spends the revenue.
- Suggest the ways of increasing government revenue.

# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.5: Public Finance and Fiscal Policy

## Unit 10: Public Finance 2

**Unit competence:** Learners will be able to analyse the role of public finance in economic development

	Unit 10: Public finance 2
Number of periods	25
Introduction	Learners in groups, through research in the library or internet access, discuss on taxation structure in Rwanda and make presentations in class.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet access, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Explaining the meaning of taxation and fiscal policy.</li> <li>• Describing classification of taxes.</li> <li>• Assessing the role of taxation in Rwandan economy.</li> <li>• Discussing the structure of taxation in Rwanda.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the market situations.</li> <li>• Lifelong learning through research on taxation in Rwanda.</li> </ul>
Language practice	Discussions in groups and debates.
Vocabulary acquisition	Public finance, taxation, fiscal policy, Value added tax (VAT).
Numeracy	Calculating value added tax, tax to rate ratio etc.

Study skills	<ul style="list-style-type: none"><li>• Analysing the case study on taxation in Rwanda and explaining the different taxes in Rwanda.</li><li>• Brainstorming the role of taxes on an economy.</li><li>• Debating about taxation financing against debt financing.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to analyse the role of public finance in economic development
Learning outcomes	<ul style="list-style-type: none"><li>• Describe the different types of taxes in Rwanda.</li><li>• Assess the role and impact of taxation on economic development of Rwanda.</li><li>• Appreciate the role of taxation as a fiscal policy tool in regulating the level of economic activity.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning of taxation and fiscal policy.
- Describe the classification of taxes.
- Assess the role of taxation to the Rwandan economy.
- Describe the structure of taxation in Rwanda.
- Examine the problems facing the taxation system and solutions.

# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.6: Population Labour and Wages

## Unit 11: Population

**Unit competence:** Learners will be able to analyse the impact of population growth on economic development

Unit 11: Population	
Number of periods	16
Introduction	Learners are oriented on population issues in class and visit a resourceful person either at the sector or district to gather about population issues in Rwanda , thereafter make presentations.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by off school visits there after group work discussions and presentations</li> </ul>
Equipment required	Newspapers, textbook, economics journals, internet, economics magazines.
Activities	<ul style="list-style-type: none"> <li>• Describing the impact of the population structure trend and distribution in Rwanda.</li> <li>• Discussing why countries carry out population census.</li> <li>• Analysing the case study on population growth rate in and other countries in LDCs and Rwanda and its impact on economic growth and development.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the market situations.</li> <li>• Lifelong learning through research on population trend in Rwanda.</li> <li>• Self-confidence through debate.</li> </ul>
Language practice	Discussions in groups, debates.
Vocabulary acquisition	Concepts used in population.

Numeracy	Calculating population growth rates.
Study skills	<ul style="list-style-type: none"><li>• Explaining the rationale for carrying out a population census and the difficulties therein.</li><li>• Describing the population structure of Rwanda.</li><li>• Suggesting the measures to control population growth rates in Rwanda.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to analyse the impact of population growth on economic development.
Learning outcomes	<ul style="list-style-type: none"><li>• Illustrate population structure of Rwanda using pyramids.</li><li>• Analysing the impact of population growth on an economy.</li><li>• Be aware of the impact of population growth and advocate for the appropriate population measures.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the term population and how the population size of a country is discovered.
- Explain the different terms used in population.
- Identify the dangers of high population growth in an economy.
- Suggest solutions to control population growth in Rwanda.



# Content map

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.6: Population Labour and Wages

## Unit 12: Labour and Wages

**Unit competence:** Learners will be able to explain the impact of labour mobility on the economy

Unit 12: Labour and wages	
Number of periods	22
Introduction	Learners to be arranged in groups to discuss the factors affecting labour demand and supply and labour efficiency, thereafter make presentations.
Classroom organisation	<ul style="list-style-type: none"> <li>• Whole class orientation followed by group work and presentations.</li> </ul>
Equipment required	Newspapers, textbooks, economics journals, internet, economics magazines, newspaper articles on economics.
Activities	<ul style="list-style-type: none"> <li>• Assessing the characteristics of labour force in LDCs.</li> <li>• Analysing the methods of wage payment in LDCs.</li> <li>• Assessing the contribution of trade unions in promoting labour efficiency and the challenges met.</li> </ul>
Competences practiced	<ul style="list-style-type: none"> <li>• Teamwork through discussions in groups.</li> <li>• Communication through presentation of findings.</li> <li>• Critical thinking through analysing the applicability of wage theories in LDCs.</li> <li>• Lifelong learning through research on labour mobility and efficiency in LDCs.</li> </ul>
Language practice	Discussions in groups.

Vocabulary acquisition	Labour , labour force, labour demand and supply, manpower, trade unions.
Numeracy	Calculating marginal productivity and wages according to marginal productivity.
Study skills	<ul style="list-style-type: none"><li>• Explaining the factors that determine labour demand and supply.</li><li>• Describing the different categories of labour.</li><li>• Analysing the applicability of wage theories in LDCs.</li></ul>
Revision	Tasks provided after each area discussed.
Assessment	Able to explain the impact of labour mobility on an economy.
Learning outcomes	<ul style="list-style-type: none"><li>• Analyse the impact of labour mobility on an economy.</li><li>• Acknowledge the role of labour mobility in solving manpower problems in LDCs.</li><li>• Appreciate the role of trade unions in bridging the wage gaps.</li></ul>

### Learning objectives

By the end of this unit, learners will be able to:

- Explain the meaning and categories of labour.
- Examine the factors for demand for labour and labour supply.
- Describe labour mobility and its determining factors.
- Explain the causes of wage differentials.
- Examine the relevance of trade unions in LDCs.

### Planning to teach

The three most important documents in planning to teach are the syllabus, the scheme of work and the lesson plan. The syllabus is already provided.

### ***The syllabus***

The syllabus contains the content to be taught at a specific level over a specific period. It also contains:

- The topic areas and sub-topic areas
- The rationale of teaching the subject at that level.
- The learning objectives and aims intended to be achieved.
- The learning activities
- Links to other subjects, if any.
- Assessment criteria.
- Reference materials.
- The key unit competences to be acquired by learners in a given unit.
- The specific outcomes expected of learners after being taught.

Usually, the curriculum developers endeavour to organise the content of the syllabus in the order of how it should be taught. However there are times when the teacher may have to reorganise some of the content to conform to the principles of effective teaching and learning. The learning principles dictate that a learner understands better when material is organised systematically and taught from the known to the unknown, each concept building on the other.

### ***Scheme of work***

From the syllabus, a teacher prepares a scheme of work. A scheme of work is a carefully programmed plan of action towards expected goals and coverage. The teacher has to carefully consider the syllabus and determine how much of the syllabus content can be covered over a period of one term.

The arrangement of the scheme of work should be designed so that concepts build up progressively from the previous ones. A scheme of work is essential because it:

- (a) Helps the learner to link the subject matter from one subject topic to another.
- (b) Provides continuity and cohesiveness in teaching the content from one topic to another and one sub-topic to another.
- (c) Gives direction to each lesson.

- (d) Helps the teacher to determine learning materials and resources in advance.
- (e) Provides an opportunity for the teacher to relate the general outcomes, the specific outcomes and the content to be taught in order to ensure harmony.

A scheme of work may be planned for a week, a month, a term or a year.

The contents of the scheme of work may vary from one teacher to another. However every scheme of work must have the following characteristics:

- (a) Academic year i.e. the year in which you are to teach. e.g. 2017
- (b) Term i.e. the one you are scheming for. e.g. Term 1
- (c) School's name
- (d) Subject i.e. Economics
- (e) Teacher's name
- (f) Class + Combination
- (g) Key unit competence (Gives the competence learners are expected to achieve at the end of the unit and this is adapted from the national curriculum)
- (h) The content, that is, the syllabus topic area, sub-topic area and unit to be taught.
- (i) The week and the number of lessons allocated to each unit. (Consider the timetable and eventual holiday)
- (j) Lessons i.e. to be read from the national curriculum. They are the lessons being taught in that week e.g. lesson 1, 2, 3, 4.... This shows which lesson is single and which one is a double lesson.
- (k) Learning objectives i.e. within a week, what are the objectives you want learners to achieve? It should **not be directly copied** from the curriculum, but **adapted** from the curriculum –**one objective in each category** of Knowledge and Understanding, Skills and Attitudes and values.
- (l) The resources and references, i.e. the teacher should mention **approved textbooks** (by REB) and other reference books to be used when planning the lesson.
- (m) The teaching methods and techniques (Outline **major methods** to be used in different lessons)

- (n) Observations/self-evaluation. (To be filled **every week** by the teacher) This should be a brief report on the progress of the lessons planned in the scheme of work. Such reports could include: ‘Taught as planned’. ‘Not taught due to abrupt visit by some government official’. ‘Children did not follow the lesson; it will be repeated on a specific date’.

**Note:** Leave a space below for comments by the school director or the Director of Studies (DOS).

## Structure of scheme of work and lesson plan

### Scheme of work

### Sample of Competence - Based Scheme of work

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**Academic year:** 2017

**Term:** 1

**School:** G.S. GAHENGARI

**Subject:** Economics

**Teacher's name:** MULISA Alex

**Class + Combination:** HEG/MEG S.5 (A' level)

**Key unit competence:** To be able to analyse the operation of firms under different market structures.

**Topic area:** MICROECONOMICS

**Sub-Topic Area:** PRODUCTION THEORY

**Unit 1:** MARKET STRUCTURES.

Dates & number of lessons (periods) in a week	Lessons	Learning objectives	
Week 1 (from 11/01/17 to 15/01/17)  <b>7 periods</b>	<b>Lesson 1</b> Meaning and categories of market structures. <b>Lesson 2</b> Perfect competition (meaning, features and demand and cost curves under perfect competition) <b>Lesson 3</b> Relationship between AR and MR and profit maximisation both in the short run and long run <b>Lesson 4</b> Breakeven and shut down points of a firm and why firms keep on operating even when making losses both in the short run and long run	By the end of the 7 periods / lessons, learners will be able to: <ul style="list-style-type: none"><li>• Distinguish between a market and a market structure.</li><li>• Categorise different market structures.</li><li>• Identify the features that characterise perfect competition.</li><li>• Analyse how profits are maximised both in the short run and long run under perfect competition.</li><li>• Illustrate and explain why firms may continue to operate below the breakeven point.</li></ul>	

	Resources & References	Teaching methods & techniques	Observations
	Economics for Eastern Africa secondary schools (2016)  Internet	<ul style="list-style-type: none"><li>• Group work</li><li>• Brainstorm</li><li>• Pair work</li><li>• Case study</li><li>• Field visits</li><li>• Research work</li></ul>	Lessons well covered

<p>Week 2 (from 18/01/17 to 22/01/17) <b>7 periods</b></p>	<p><b>Lesson 5</b> Supply curve under perfect competition and advantages and disadvantages <b>Lesson 6</b> Monopoly (meaning, characteristics and sources of monopoly) <b>Lesson 7</b> Price, output and profit maximisation in the short run and long run under monopoly <b>Lesson 8</b> Price discrimination under monopoly <b>Lesson 9</b> Advantages and disadvantages of monopoly</p>	<p>By the end of the 7 periods or lessons, learners will be able to:</p> <ul style="list-style-type: none"> <li>• Appreciate operating under perfect competitive markets.</li> <li>• Distinguish between perfect competition and monopoly.</li> <li>• Analyse how monopolists make profits both in the short run and long run.</li> <li>• Appreciate the act of price discrimination in monopoly markets.</li> <li>• Appreciate the operation of monopoly firms.</li> </ul>	
<p>Week 3 (from 25/01/17 to 29/01/17) <b>7 periods</b></p>	<p><b>Lesson 10</b> Measures to control monopoly power <b>Lesson 11</b> Monopolistic competition-meaning and characteristics <b>Lesson 12</b> Short run and long run price, output and profit maximisation under monopolistic competition <b>Lesson 13</b> Product differentiation under monopolistic competition</p>	<p>By the end of the 7 periods or lessons, learners will be able to:</p> <ul style="list-style-type: none"> <li>• Appreciate the government hand in control of monopoly power.</li> <li>• Identify the different features and examples of firms under monopolistic competition.</li> <li>• Describe how monopolistic competitive firms earn profits both in the short run and long run.</li> <li>• Appreciate the role of product differentiation in winning market share by rival firms.</li> </ul>	



<p>Economics for Eastern Africa secondary schools (2016)</p> <p>Internet</p>	<ul style="list-style-type: none"><li>• Group work</li><li>• Case study analysis</li><li>• Reflection</li></ul>	<p>Lessons not completed because some activities took long</p>
<p>Continued</p>	<ul style="list-style-type: none"><li>• Continued</li></ul>	

<p>Week 4 (from 01/02/17 to 05/02/17) <b>7 periods</b></p>	<p><b>Lesson 14</b> Advantages and disadvantages of monopolistic firms</p> <p><b>Lesson 15</b> Oligopoly – meaning, forms and features</p> <p><b>Lesson 16</b> The demand curve and price determination under Oligopoly</p> <p><b>Lesson 17</b> Non-price competition under Oligopoly</p> <p><b>Lesson 18</b> Profit determination and advantages and disadvantages of Oligopoly firms</p>	<p>By the end of the 7 periods / lessons, learners will be able to:</p> <ul style="list-style-type: none"> <li>• Give the advantages and disadvantages of monopolistic competition.</li> <li>• Identify the unique features of Oligopoly firms.</li> <li>• Illustrate and explain how prices are determined under Oligopoly.</li> <li>• Suggest different ways of non-price competition and appreciate its role in winning market for one's commodities.</li> </ul>	
<p>Week 5 (from 08/02/17 to 12/02/17) <b>4 periods</b></p>	<p><b>Lesson 19</b> Comparison of different market structures</p> <p><b>Lesson 20</b> Assessment on Unit 1</p>	<p>By the end of the 4 periods / lessons, learners will be able to:</p> <ul style="list-style-type: none"> <li>• Differentiate the various market structures.</li> <li>• Give analysis of market conditions and the real world situations.</li> </ul>	

		<ul style="list-style-type: none"><li>• Group work</li><li>• Case study analysis</li><li>• Inquiry</li><li>• Teacher guided discovery</li></ul>	Lessons well covered
	Continued	Individual work test	Test on February 10 after finishing unit 1

## Lesson plan

This is a detailed outline of how the teacher intends to carry out a specific lesson. A lesson plan is:

- A tool to help a teacher structure and plan activities in a lesson
- An important element within classroom management
- An important aspect of facilitating learners learning
- A step by step procedure for delivering a lesson.

Lesson planning has many aspects including:

- Identifying lesson objectives
- Selecting appropriate teaching methods and aids to achieve the stated objectives
- Allocating time to various lesson activities
- Producing lesson plan and lesson notes, if any
- Identifying appropriate methods for evaluating whether learning has taken place i.e. whether the lesson objectives have been achieved.

Important sub headings of a lesson plan are;

- (a) Administrative details i.e. Term, Date, Subject, Class, Unit number, Lesson number, Duration and class size
- (b) Topic Area (adapted from the curriculum), sub-topic area (adapted from the curriculum) Unit from which the lessons will be taught
- (c) Key competence which the learner is expected to achieve by the end of the unit (adapted from the curriculum)
- (d) Type of special educational needs and number of learners to be identified by the teacher and prepare appropriate material equipment to cater for their needs in class
- (e) Learning objectives; in a lesson plan, only instructional objectives are acceptable and are to be used for one lesson (single or double) i.e. An instructional objective is a precise statement of what a learner should be able to do at the end of a lesson. It always contains 5 components which:
  - (i) Reflect on the *conditions*, or how the learner will accomplish the task

- (ii) Determine ‘*who*’ you are talking about i.e. the learner
- (iii) Note the *behaviour/ action/ competence* you are looking for as evidence of learner’s action. e.g. read, write, explain, discuss, examine, analyse etc.
- (iv) Include the *content* you want the learners to learn
- (v) Have a *standard of performance* — criteria for acceptable performance

Learning objectives should be stated in a way that each lesson has a clear statement, with terminal behavior that can be observed and measured objectively which can be classified as either knowledge and understanding, skills and attitudes and values.

- (a) Title of the lesson you are going to teach.
- (b) Plan for this class (location: in / outside)
- (c) Learning or teaching resources
- (d) References for learners and teachers
- (e) Description of the teaching and learning activity
- (f) Timing for each step
- (g) Competences and cross cutting issues to be addressed during the lesson
- (h) Introduction i.e. the start of the lesson by the teacher to motivate learners by creating learning situations that interest them. It should link what learners have already learnt and what they are going to learn and therefore should be brief.
- (i) Presentation/ lesson development main body. (Shows teacher’s and learner’s activities). This is very important and thus allocated most of the time since skills are developed and practiced here implying that activities here should be learner centered.
- (j) Summary/ conclusion; This should be brief and consolidate new learning, make clear what has been learnt, summarised and noted down if this has not already been done in partial synthesis. An indication should be given of the linkage between this lesson and the next, if appropriate. Homework may be one of the techniques to be used or assignments or follow-up work to re-inforce learning.

- (k) Teacher self-evaluation/ comments. Teacher should write remarks on whether the objectives were achieved or not and what one intends to do to improve on the weak points noted during the lesson.

## Sample of a Competence – based Lesson Plan

School Name: G.S GAHENGARI

Teacher's name: MULISA Alex

Term	Date	Subject	Class	Unit N <sup>o</sup>	Lesson N <sup>o</sup>	Duration	Class size	
1	11 /01/ 2017	Economics	S.5 Arts	1	1 of 32	80 minutes	35	
<b>Type of Special Educational Needs and number of learners</b>				2 Learners lame and 1 deaf				
Unit title		Market structures						
Key Unit Competence:		Learners will be able to analyse the operation of firms under different market structures.						
Title of the lesson		Meaning and categories of market structures.						
Plan for this Class		Inside the classroom Discussion groups of atleast 5.						
Instructional objective		<ul style="list-style-type: none"> <li>Given the two market situations of Kimironko market and SP petroleum, learners will be able to clearly differentiate between the two markets</li> <li>Given different situations in Rwanda's markets, learners will be able to identify clearly the features in which perfect competitive markets operate.</li> </ul>						

Learning Materials (for all learners)	Recommended text books - learner's book page 45/ internet access/ newspaper articles on economics, economics journals.		
References	Basic Economics for East Africa, John Ddumba Ssentamu		
Timing for each step	<b>Description of teaching and learning activities</b>		<b>Competences and cross cutting issues to be addressed</b>
	Through discussions in groups of at least five, learners will identify the unique features in different markets in Rwanda. This will help them appreciate the performance of different firms in different markets in Rwanda.		
	<b>Teacher's activities</b>	<b>Learner's activities</b>	
<b>Introduction 10...mins (approx 10%)</b>	<ul style="list-style-type: none"> <li>• Introduces the new unit to arouse learners' morale.</li> <li>• Gives a market situation in classroom.</li> <li>• Asks learners questions like: <ul style="list-style-type: none"> <li>-What is a market?</li> <li>-What kind of goods are sold in your market areas?</li> <li>-Then puts learners in groups of about fives.</li> </ul> </li> </ul>	<p>Listens and attempts to give answers like:</p> <p>a) a market is an arrangement where buyers and sellers meet to transact business</p> <p>b) oranges, tomatoes, bread etc</p> <p>-Learners go into their groups and await instructions</p>	<ul style="list-style-type: none"> <li>- Listening and cooperation through answering questions</li> <li>- Communication through responding to questions</li> <li>- Critical thinking by giving answers related to their home market areas.</li> </ul>

<p><b>Development of the lesson</b> 60...mins (approx. 75%)</p>	<ul style="list-style-type: none"> <li>Asks the different groups to open books given to them on page 4 and try to discuss activity 1 which says What activity is being carried out in photo A and B What commodities are being sold... (activity to be done in 20 minutes only)</li> <li>Asks group one to present what they discovered on photo A</li> <li>Asks group four to present what they found out about photo B</li> <li>Tells learners about their two presentations and categorises them into perfect markets and imperfect markets.</li> </ul>	<p>Open the textbooks and begin discussions as told by the teacher. They expect to find answers such as</p> <p><b>Photo A:</b> selling commodities</p> <p><b>Photo B:</b> Car fuelling</p> <p><b>Photo A:</b> tomatoes, oranges, bananas, etc.</p> <p><b>Photo B:</b> fuel</p> <p>Group one discusses and presents their findings e.g. mangoes, oranges, many sellers, many buyers while noting them on the chalkboard.</p> <p>Group four discusses and presents their findings while listing them on the chalkboard (deaf)</p> <p>Fuel selling-one seller, many buyers waiting</p> <p>Listens and notes down teacher's comments</p>	<ul style="list-style-type: none"> <li>Cooperation &amp; communication through group working</li> <li>Critical thinking</li> <li>Personal and interpersonal management</li> <li>Reading and writing using the text.</li> <li>Public speaking through presenting to the class</li> <li>Cross cutting issues</li> <li>Inclusive education environment and sustainability</li> <li>Standardisation culture</li> </ul>
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<b>Conclusion 10... mins(approx 15%)</b>	<ul style="list-style-type: none"> <li>• Harmonises what has been looked at in the lesson by talking about the major points (perfect &amp; imperfect markets.</li> <li>• Gives an assessment with questions like: What are perfect markets? What are imperfect markets? What commodities are found in the types of markets above?</li> </ul>	<p>Expected to give answers like</p> <ul style="list-style-type: none"> <li>-Perfect market is a market that has perfect competition.</li> <li>-Imperfect market is one where there is no competition.</li> <li>-Commodities are oranges, tomatoes, fuel water etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation &amp; communication through doing the exercises</li> <li>• Critical thinking</li> <li>• Personal and interpersonal management</li> <li>• Reading and writing while answering the questions.</li> </ul>
<b>Teacher self-evaluation</b>	Successfully covered since no group faced any challenge. Or unsuccessful because some groups had language proficiency problems.		

**Remember:** The suggested teaching activities in this book are just a guide. You may not be a slave of this guide. Be innovative and incorporate other teaching methods that you find appropriate to the lesson/ unit thus deliver efficiently and effectively to achieve the intended objectives.

## Assessment and evaluation methods

Assessment is regarded as those formal and informal procedures that teachers and learners employ in gathering information on learning and making judgement about what learners know and can do. It is an integral part of teaching and learning.

In the new competence based curriculum, assessment process is where a learner is confronted with a complex situation relevant to his or her everyday life and asked to look for a solution by applying what has been learnt (knowledge, skills, competences and attitudes.)

### *Types of assessment*

There are 2 major types of assessment that will be engaged in the new competence based curriculum. These include:

#### Formative or continuous assessment.

This is a daily monitoring of learning to provide ongoing feedback that teachers can use to improve their teaching and learners use to improve their acquisition of competence. It is intended, among other things, to help the teacher assess curriculum learning objectives at short intervals of time, and provide effective remedial instruction for weak learners or enrichment activities for high achievers.

When a teacher is planning his /her lesson, he or she should establish criteria for performance and behaviour changes at the beginning of a unit. Then at the end of every unit, the teacher should ensure that all the learners have mastered the stated key unit competences basing on the criteria stated, before going to the next unit. The teacher will assess how well each learner masters both the subject matter and the generic competences described in the syllabus, and from this, the teacher will gain a picture of the all-round progress of the learner. The teacher will use one or a combination of the following:

- Observation to judge the extent of skills acquisition
- Written tests
- Oral questions
- Project work
- Attitude change — this can be done by asking probing questions and checking body language as learners respond to the questions.

### **Written tests**

Under this, learners are given questions or tasks and are required to respond in writing. Examples of written tests are: short answer type questions, structured type questions, filling blanks, multiple choice questions, true - false questions and matching items.

### **Practical work or activity**

In this category, learners are required to perform a task or solve a problem practically. The teacher then assesses the finished work by looking at the materials used, procedures followed, whether it works or not or whether it is finished. He or she then awards marks accordingly.

### **Observation**

This involves the teacher observing learners as they perform a practical task to assess acquisition of skills and attitudes change. The teacher checks ability of the learners to measure, classify, communicate findings, etc. He or she also assesses the learner's curiosity, patience, and teamwork and co-operation spirit among others.

### **Oral questions or interviews**

Asking learners questions which require verbal response such as naming parts of a human body, a system or short explanations of a process such as digestion can also be used to assess learners' level of competence.

### **Drawing**

This involves asking learners to draw something they have observed or learnt about. They can also collect data, draw graphs and interpret them and draw conclusions. This helps to assess their skill in communication through recording.

### **Project work**

In a project, learners undertake a comprehensive study of something in real life over a period of time such as several weeks or even months after which they present a report. In project work, let learners begin from planning stage (come up with a schedule of events), execute the plan, analyse the results and look back (reflect

on the challenges encountered during the project and come up with solutions to those challenges (problem-solving skills).

A teacher can use one or several of these assessment methods depending on the sub-topic being studied or the purpose for which the assessment is required.

***When should the teacher assess learning progress?***

The teacher should decide whether to assess learners at the end of the lesson or at any other appropriate time when enough content has been covered. The general criteria to be used to gauge learners' achievement in the various generic competency areas are given in the table below.

Name of learner	COMM	I & C	CT	RS	LL	PS	C & I
MURUNGI	Red	Blue	Yellow	Blue	Red	Green	Yellow
MUTAYIBANDA	Yellow	Red	Blue	Yellow	Blue	Red	Blue
KALISA	Green	Blue	Red	Yellow	Blue	Red	Yellow
NKURANGA	Yellow	Green	Yellow	Red	Yellow	Yellow	Green
SHYAKA	Red	Blue	Yellow	Blue	Yellow	Red	Blue
UWASE	Blue	Yellow	Red	Yellow	Blue	Green	Red
VUGUZIGA	Yellow	Green	Blue	Yellow	Red	Blue	Green

**KEY:**

Red – poor

Green – Good

Blue – Average

Yellow – Excellent

I & C – Interpersonal skills and co-operation

COMM – Communication in English

CT – Critical thinking

RS – Research skills

LL – Lifelong skills

PS – Problem solving skills

C & I – Creativity and innovation

Allocate marks for each colour and calculate the marks that each learner has attained. Grade learners basing on how they have scored here and in the various tests given to assess skills acquisition and attitude change.

### ***Summative assessment (assessment of learning)***

When assessment is used to record a judgment of a competence or performance of the learner, it serves a summative purpose. Summative assessment gives a picture of a learner's competence or progress at any specific moment. The main purpose of summative assessment is to evaluate whether learning objectives have been achieved and it uses the results for the ranking or grading of learners, for deciding on progression, for selection into the next level of education and for certification. This assessment should have an integrative aspect whereby a learner must be able to show mastery of all competences.

It can be internal school based assessment or external assessment in the form of national examinations. School based summative assessment should take place once at the end of each term and once at the end of the year. School summative assessment average scores for each subject will be weighed and included in the final national examinations grade. School based assessment average grade will contribute a certain percentage as teachers gain more experience and confidence in assessment techniques and in the third year of the implementation of the new curriculum, it will contribute 10% of the final grade, but will be progressively increased. Districts will be supported to continue their initiative to organise a common test per class for all the schools to evaluate the performance and the achievement level of learners in individual schools. External summative assessment will be done at the end of S.6.

### ***Item writing in summative assessment***

Before developing a question paper, a plan or specification of what is to be tested or examined must be elaborated to show the units or topics to be tested on, the number of questions in each level of Bloom's taxonomy and the marks allocated for each question. In a competence based curriculum, questions from higher levels of Bloom's taxonomy should be given more weight than those from knowledge and comprehension level.

Before developing a question paper, the item writer must ensure that the test or examination questions are designed towards competence based assessment by identifying the topic area, outlining the subject matter content, identify learning outcomes, prepare a table of specifications and ensure that the verbs used in

the formulation of questions test not only memorisation but also broad competences.

### **Structure and format of the examination**

There will be TWO PAPERS in the economics subject, allocated three hours. Paper 1 will be based on the basic principles of economics while paper 2 will consist application of the basic principles of economics. Each paper has two sections i.e. Section A (compulsory and mostly requires brief answers) and Section B (choosing 3 questions out of 5 and mostly require learners to express themselves in form of essays thus inspire their critical thinking and problem solving through analysis of economic phenomena). Both sections will be testing knowledge and understanding, skills, competences and attitudes of learners in relation to real life economic situations.

### **Record keeping**

This is gathering evidence from assessments and using them to judge the learner's performance by assigning an indicator against the set criteria or standard. This helps in tracking each learner's performance and for remedial actions, evaluating the extent to which learner's progress matches their potential, providing learners with a feedback about their performance and guidance as to how to improve. It also helps in informing the strategic planning of teaching and learning and informing parents about the learning progress of their children and give advice accordingly or to the final assessment of learners.

Whatever assessment procedures used, shall generate data in form of scores which will be carefully recorded and stored in a portfolio. This portfolio is a folder (or binder or even a digital collection) containing the learner's work as well as the learner's evaluation of the strength and weakness of the work. Portfolios reflect not only work produced (such as papers assignments), but also it is a record of the activities undertaken over time as part of learner learning. The portfolio output (formative assessment) will be considered only as enough for three years of advanced level. Besides, it will serve as a verification tool for each learner that he/she attended the whole learning before he/she undergoes the summative assessment for the subject. The results from the portfolio will contribute 50% on summative assessment of each year.

## Reporting to parents

The wider range of learning in the new curriculum means that it is necessary to think again about how to share learners' progress with parents. Single mark is not sufficient to convey the different expectations of learning, which are in the learning objectives. The most helpful reporting is to share what learners are doing well and where they need to improve.

## A sample lesson map

Number	Lesson name
Lesson 1	Meaning and categories of market structures
Lesson 2	Meaning and features of perfect competition
Lesson 3	Demand and cost curves under perfect competition
Lesson 4	Relationship between AR, MR, price and demand
Lesson 5	Short run equilibrium position of a firm under perfect competition
Lesson 6	Short run profit maximisation
Lesson 7	Long run profit maximisation
Lesson 8	Breakeven and shut down points of a firm
Lesson 9	Why firms continue to produce even when they are making losses
Lesson 10	Supply curve under perfect competition
Lesson 11	Advantages and disadvantages of perfect competition
Lesson 12	Meaning and characteristics of monopoly
Lesson 13	Sources of monopoly
Lesson 14	Equilibrium position under monopoly
Lesson 15	Profit maximisation under monopoly in the short run
Lesson 16	Profit maximisation under monopoly in the long run
Lesson 17	Advantages and disadvantages of monopoly

Lesson 18	Control of monopoly
Lesson 19	Meaning and forms of price discrimination
Lesson 20	Conditions, advantages and disadvantages of price discrimination
Lesson 21	Meaning and characteristics of monopolistic competition
Lesson 22	Short run equilibrium under monopolistic competition
Lesson 23	Long run equilibrium under monopolistic competition
Lesson 24	Product differentiation
Lesson 25	Advantages and disadvantages of monopolistic competition
Lesson 26	Meaning, features and forms of Oligopoly
Lesson 27	The kinked demand curve
Lesson 28	Price determination under Oligopoly
Lesson 29	Non-price competition
Lesson 30	Equilibrium determination under Oligopoly
Lesson 31	Advantages and disadvantages of Oligopoly
Lesson 32	Comparison of the different market structures



# Part II: Unit content development



## Unit 1: Market Structures

Refer to learner's textbook page 3

**Unit Competence:** Learners will be able to analyse the operation of firms under different market structures.



### Lesson 1: Meaning and categories of market structures (learner's book page 4-5)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Introduces the new unit	Listen and ask for clarity
2 Body	Assigns learners a task <ul style="list-style-type: none"><li>• Moderating the discussions</li></ul>	In group discussions <ul style="list-style-type: none"><li>• Presentations from different groups in class</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary and asks questions to the teacher</li></ul>

### ***Additional information for the teacher***

Market structures are categorised into two. i.e. Perfect and imperfect markets. Where under perfect markets there is perfect competition while under imperfect markets there is monopoly, monopolistic competition and Oligopoly.

Market structures differ in the following ways:

- Number of sellers and buyers
- Nature of the product dealt in. ( homogeneity, differentiation and heterogeneity)
- Entry conditions
- Cost conditions
- Degree of knowledge
- Firms ability to influence demand through advertisement
- Degree of government interference



## **LESSON 2: Meaning and features of perfect competition (learner's book page 6)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson by asking relevant questions and links it to the day's lesson</li></ul>	<ul style="list-style-type: none"><li>• Responding to the teachers questions and asking questions as well to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigning them a task</li><li>• Facilitating the discussions</li></ul>	<ul style="list-style-type: none"><li>• In pair work discussions</li><li>• Presentations from different pairs in class</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, notes down the summary and asks questions to the teacher</li> </ul>
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***Additional information for the teacher***

Perfect competition is a theoretical market which does not exist in real world; it is based on unrealistic assumptions which do not exist in real world. e.g. no transport costs incurred, no government interference, perfect knowledge in the market etc.

***Cross cutting issues***

Emphasise the issue of environment and sustainability in relation to capacities of production both in the short run and long run so as to protect and preserve the environment.



**LESSON 3: Demand and cost curves under perfect competition (learner's book page 8-10)**

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Whole class orientation</li> </ul>	<ul style="list-style-type: none"> <li>• Listening to the guidelines of the visit</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Escorting learners to the nearby market.</li> <li>Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>The whole class goes out to visit the nearby market to research and find out the quantities of tomatoes and their respective prices, and after make presentations in class</li> <li>Presentations and illustrations from different pairs in class</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking questions</li> </ul>	<ul style="list-style-type: none"> <li>Listens, illustrates the curves and asks questions to the teacher</li> </ul>

### ***Additional information for the teacher***

Each firm in a perfectly competitive market faces a *perfectly elastic demand curve* because variations in the firm's output have no noticeable effect on price. The perfectly elastic demand curve does not indicate that the firm could actually sell an infinite amount at the prevailing price. It only indicates that the variations in production will leave price unchanged because their effect on total industry output will be negligible. Any attempt to sell at a higher price by any one firm, causes it to lose all its customers and any attempts to sell at a low price other firms would also do follow. Thus price remains constant for all firms to sell at.

AC and MC curves are all U-shaped both in the short run and long run because of the law of diminishing returns and economies and dis-economies of scale respectively. MC must always cut the AC from below to determine the optimum point of the firm.

### ***Multi-ability learning***

Give further activities basing on the unit assessment questions in the learner's book.



## **LESSON 4: Relationship between AR, MR, price and demand (learner's book page 10)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

**Teaching/learning methods**

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson by asking relevant questions on prices and demand</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners about the relation between AR, MR price and demand</li> <li>• Facilitating the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals try out drawing the curves on pieces of papers in their exercise books.</li> <li>• Presentations by illustrations from sampled learners in class</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, illustrates the curves and asks questions to the teacher</li> </ul>

**Additional information for the teacher**

Under perfect competition,  $AR=MR=P=DD$  because selling an extra unit of output adds the same amount to the total revenue since price is constant.

**Multi-ability learning**

Guide learners to do activities relating to the lesson covered based on the unit in the learner's book.



### LESSON 5: Short run equilibrium position of a firm under perfect competition (learner's book page 11)

**Lesson materials**

Recommended text books/ internet access/ newspaper articles on economics/economics journals

### **Teaching/learning methods**

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson by asking relevant questions about AR, MR, P and DD.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners about equilibrium point.</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups learners try out drawing the curves on pieces of papers in their exercise books.</li> <li>• Presentations by illustrations from the groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, illustrates the curves and asks questions to the teacher.</li> </ul>

### **Additional information for the teacher**

The firm is in equilibrium at a point where *marginal cost (MC) is equal to the marginal revenue (MR)*, and it's when profits are maximised. The firm aims at producing the level of output which maximises a difference between TR and TC.

To be in equilibrium, the necessary and sufficient condition for equilibrium must be fulfilled i.e. MC must be rising at its point of intersection with MR (MC= MR but the slope of MC is greater than the slope of MR). At this point, the firm may either make economic profits or incur losses depending on the level of ATC.

### **Multi-ability, extended and remedial activities**

Assign learners the activities indicated above according to the learner's ability.





## LESSON 6; Short run profit maximisation under perfect competition (learner's book page 13)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration
- Case study

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson by asking relevant questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by giving them a case study on Umutesi and Murenzi's businesses.</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups, learners try out analysing the case study about Umutesi and Murenzi's businesses and identifying the costs and revenues of each seller, calculate the difference and describe the nature of their earnings, and illustrate the information on graphs.</li> <li>• Presentations by illustrations from the groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, asks questions and illustrates the curves.</li> </ul>

### *Additional information for the teacher*

Firms under perfect competition will determine their output and price at a point where profits are maximised. i.e. at a point of equilibrium where  $MC=MR$ .

To determine this point, unit cost curves are super imposed onto unit revenue curves. At equilibrium price, firms can sell any amount of output.

In the short run, firms under perfect competition can either make abnormal profits or losses. Profits are made when Average Revenue (AR) is greater than Average Costs (AC) at the equilibrium output. Losses are made when AC is greater than AR at equilibrium output because the firm may be new and incurring higher costs of production.

### ***Cross cutting issues***

Emphasise the issue of finance education looking at the business of Umutesi and Murenzi. This enlightens the learner about resource management to earn profits from their businesses.

Give the remedial extended and multi-ability activities to the learners accordingly.



## **LESSON 7: Long run profit maximisation (learner's book page 15)**

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### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration
- Case study

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson by asking relevant questions</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions to the teacher</li></ul>

2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by giving them a case study on Umutesi, Umubyeyi and Sibomana's businesses.</li> <li>Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups, learners try out analysing the case study about Umutesi, Umubyeyi and Sibomana's businesses and identifies the costs and revenues of each seller, calculate the difference and describe the nature of their earnings, and illustrate the information on graphs.</li> <li>Presentations by illustrations from the groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answer and ask questions to the teacher and illustrate the curves.</li> </ul>

### ***Additional information for the teacher***

Firms under perfect competition will determine their output and price at a point where profits are maximised. i.e. at a point of equilibrium where  $MC=MR$ .

To determine this point, unit cost curves are super imposed onto unit revenue curves. At equilibrium price, firms can sell any amount of output.

In the long run because of the abnormal profits in the short run, other firms join the business hence the abnormal profits will be shared among all firms therefore each firm will get *zero or normal profits*. This is because the increase in the number of firms will result into increased competition for factors of production which will cause AC and MC to rise, pushing AC and MC curves upwards.

### ***Cross cutting issues***

Emphasise the issue of environment and sustainability. As more firms join production due to freedom of entry and exit of firms in the industry there is increased demand for factors of production especially land; this requires clearing of more land hence environmental degradation.



## LESSON 8: Breakeven and shut down point of a firm (learner's book page 16)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration
- Case study.

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson by asking relevant questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by giving them a case study on Umutesi, Umubyeyi and Sibomana and Munezero's businesses.</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups, learners analyse the case study about Umutesi, Umubyeyi, Sibomana and Munezero's businesses. Illustrates the points where all the sellers are earning normal profits and where the sellers can not cover all the costs of production on graphs.</li> <li>• Presentations by illustrations from the groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher and illustrates the curves.</li> </ul>

### *Additional information for the teacher*

**Breakeven point** is a point where the firm is earning normal profits where the average revenue is equal to the average cost

( $AC=MC=AR$ ). The firm can only cover the costs of production without earning any profit. The firm is neither earning profits nor making losses.

**Shut down point** is a point below which a firm cannot continue to operate because it covers only average variable cost. ( $MC = AVC$ )



## LESSON 9: Why firms continue to produce even when they are making losses (learner's book page 18)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Case study
- Brainstorming.

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson by asking relevant questions</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to the previous case study in lesson 8</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups learners analyse the case study about Umutesi, Umubyeyi, Sibomana and Munezero's businesses, brainstorm on why firms continue to produce even when making losses</li> <li>• Presentations by various learners in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher.</li> </ul>
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### ***Additional information for the teacher***

Firms can continue to operate even when the total revenue is below the total costs thus making losses both in the short run due to different reasons.

### ***Cross cutting issues***

Emphasise financial education to the learner. Through this, learners gain skills of managing their resources and risk. This helps them to keep their businesses and sustain their living.

Give relevant activities in accordance to the learners' abilities.



## **LESSON 10: Supply curve under perfect competition (learner's book page 19)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration.

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson by asking relevant questions</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to a case study in lesson 8 .</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups, learners analyse the case study about Umutesi, Umubyeyi, Sibomana and Munezero’s businesses, illustrate the supply curve under perfect competition.</li> <li>• Presentations by various learners in class by illustrating on the black board.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners’ work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher and illustrate.</li> </ul>

### ***Additional information for the teacher***

The supply curve of the firm is that part of MC that intersects with the AR curves. The supply of an industry is the total of the MC curves of individual firms that constitute an industry. When each of the firms in the short run constitutes an industry,  $MC = AR = AC$  under perfect competition.



### **LESSON 11: Advantages and disadvantages of perfect competition (learner’s book page 20)**

#### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

#### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration
- Debate

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Gives learners sides of debate</li> </ul>	<ul style="list-style-type: none"> <li>• Join their respective sides</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives them a topic to debate on e.g. the advantages and disadvantages of perfect competition</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through whole class debate, learners debate on the advantages and disadvantages of perfect competitive firms.</li> <li>• Debates by different learners.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' arguments</li> </ul>	Listens to the teacher and takes down the main points

### *Additional information for the teacher*

Basing on the characteristics, operation in the short run and long run, learners are able to discuss the advantages and disadvantages of perfect competition markets.



## LESSON 12: Meaning and characteristics of monopoly (learner's book page 22)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Debate
- Brainstorming
- Teacher exposition



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces a new lesson and links it with the previous lesson</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by referring them to photos in figure 13 page 21 learner's book</li> <li>Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups, learners analyse the photos in figure 13 page 21 learner's book and Identify the activities dealt in, suggest other institutions in Rwanda that deal in the same activities, name the type of market structure and the characteristics of such markets.</li> <li>Presentations by various groups in class</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher.</li> </ul>

### *Additional information for the teacher*

**Monopoly** is a market situation where there is one producer or supplier of a product, which has no close substitutes and entry into the market is highly blocked. This means that supply of a commodity is controlled by one firm. Because the industry is made of one firm, the output of the firm is the same as the output of the industry.

### *Cross cutting issues*

Emphasise the issue of standardisation culture. Firms in this structure (monopoly) have no competition and may end up supplying poor quality products to the economy.



## LESSON 13: Sources of monopoly (learner's book page 22-23)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Debate
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces source of monopoly and links it with the previous lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to photos in figure 13 pages 21 learner's book</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups, learners analyse the photos in figure 13 page 21 learner's book and identify the activities dealt in, suggest other institutions in Rwanda that deal in the same activities, name the type of market structure and the characteristics of such markets.</li> <li>• Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher.</li> </ul>

### ***Additional information for the teacher***

**Monopoly** is a market situation where there is one producer or supplier of a product, which has no close substitutes and entry

into the market is highly blocked. This means that supply of a commodity is controlled by one firm. Because the industry is made of one firm, the output of the firm is the same as the output of the industry.



## LESSON 14: Equilibrium of a firm under monopoly (learner's book page 23-24)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces a new lesson by reminding learners of equilibrium position as seen in lesson 5 through asking questions to learners</li> </ul>	<ul style="list-style-type: none"> <li>• Responds by answering and asking questions to the teacher</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to photos in figure 14 pages 24 learner's book</li> <li>• Moderates the lesson</li> </ul>	<ul style="list-style-type: none"> <li>• Through their groups learners analyse the photos in figure 14 page 24 learner's book and describe the situation and condition necessary for equilibrium.</li> <li>• Presentations by various groups in class</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher.</li> </ul>

### ***Additional information for the teacher***

Monopoly firms just like in other market structures are in equilibrium at a point where  $MR=MC$ . It is at this point that the firm will maximise profits.



## **LESSON 15: Profit maximisation under monopoly in the short run (learner's book page 25)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces a new lesson by reminding learners of equilibrium position as seen in lesson 14 through asking questions to learners.</li></ul>	<ul style="list-style-type: none"><li>• Responds by answering and asking questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigning a task to learners by giving them a case study on Mr. and Mrs Gatete's business in activity 14 pages 24</li><li>• Moderates the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Through their groups learners analyse the case study about Gatete's firm and identify their costs and revenues, describe the nature of their earnings in both situations and illustrate the information therein on graphs.</li><li>• Presentations by various groups in class.</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher, takes notes and illustrate.</li> </ul>
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### ***Additional information for the teacher***

A monopoly firm makes abnormal profits in the short run since it is the only firm in the industry and due to production of a commodity that does not have close substitutes. The firm produces at excess capacity since it produces at less than optimum.



## **LESSON 16: Profit maximisation under monopoly in the long run (learner's book page 27)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces a new lesson by reminding learners of equilibrium position as seen in lesson 18 through asking questions to learners.</li> </ul>	<ul style="list-style-type: none"> <li>Responds by answering and asking questions to the teacher.</li> </ul>

Steps	Teacher's activity	Learner's activity
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by giving them a case study on Mr. and Mrs. Gatete's business in activity 15 page 24.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups learners analyse the case study about Gatete's firm after one year and give reasons why they continued to earn more revenues than what they put in and illustrate the information on graphs.</li> <li>Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher, takes notes and illustrates.</li> </ul>

### ***Additional information for the teacher***

A monopoly firm makes abnormal profits in the short run since it is the only firm in the industry and due to production of a commodity that does not have close substitutes. This would attract more firms to join the industry; however, due to blocked entry of other firms, the firm is the same as the industry both in the short run and long run. This gives it a chance to make abnormal profits in the long run too. The firm produces at excess capacity both in the short run and long run since it produces at less than optimum in both situations.

Give learners further activities for multi-ability learning. Give extended and remedial activities e.g. illustrations.



### **LESSON 17: Advantages and disadvantages of monopoly (learner's book page 28-29)**

#### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

#### ***Teaching/learning methods***

- Think and pair

- Question and answer
- Group discussion
- Individual work
- Debate
- Role play

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces a lesson by reviewing the previous lesson and prepares a role play.</li> </ul>	<ul style="list-style-type: none"> <li>• Responds by answering and asking questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by giving them positions of Mr. and Mrs. Gatete and a group of visitors (activity 16).</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through whole class organisation, Mr. and Mrs. Gatete are selected plus a group of visitors to their company.</li> <li>• Presentations by the selected learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher, takes notes.</li> </ul>

#### *Additional information for the teacher*

Monopoly firms are advantageous in an economy, however they cannot escape disadvantages.



#### LESSON 18: Control of monopoly (learner's book page 30)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion

- Individual work
- Brainstorming.
- Role play

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces a lesson by reviewing the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Responds by answering and asking questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigning a task to the whole class to suggest the measures of controlling monopoly. (activity 17)</li><li>• Moderates the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Through whole class organisation, learners suggest the measures of controlling monopoly.</li><li>• Presentations in class through brainstorming.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions to the teacher, takes notes.</li></ul>

#### *Additional information for the teacher*

Due to disadvantages of monopoly, government is forced to control monopoly powers in the country so as to reduce its negative effects.



**LESSON 19: Meaning and forms of price discrimination (parallel pricing) (learner's book page 31-32)**

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming.
- Role play



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces meaning and forms of price discrimination and reviews control of monopoly.</li> </ul>	<ul style="list-style-type: none"> <li>Responds by answering and asking questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to the whole class to analyse the photos in figure 19 and answer accordingly (activity 18) page 31</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through group discussions, learners analyse the photos in figure 19 page 31 learner's book and explain how prices are charged, what considerations are taken into account, what conditions favour it and mention the advantages and disadvantages in this system.</li> <li>Presentations in class by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher, takes notes.</li> </ul>

### *Additional information for the teacher*

Price discrimination is only possible where the seller has no competitor or the commodity has no close substitutes.



**LESSON 20: Conditions, advantages and disadvantages of price discrimination (learner's book page 32-34)**

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer

- Group discussion
- Individual work
- Brainstorming.
- Role play

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces conditions, advantages and disadvantages of price discrimination.</li> </ul>	<ul style="list-style-type: none"> <li>• Responds by answering and asking questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to the whole class to analyse the photos in figure 19 page 31 and answer accordingly.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through group discussions, learners analyse the photos in figure 19 page 31 learner's book and explain what conditions favour price discrimination and mention the advantages and disadvantages in this system.</li> <li>• Presentations in class by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher, takes notes.</li> </ul>

### *Additional information for the teacher*

Price discrimination is only possible where the seller has no competitor or the commodity has no close substitutes. Price discrimination occurs in degrees of:

- First degree discrimination, where a producer is able to charge each customer the maximum price he/ she is prepared to pay for the good or service depending on the consumers' demand.
- Second degree of price discrimination, where a firm sells off excess output or supply that could be remaining at a lower price than normal price.
- Third degree price discrimination, where the producer sells/separates markets according to elasticity of demand

and charge a high price where there is inelastic demand and a low price where there is elastic demand.

***Cross cutting issues***

Emphasise the issue of inclusive education where it is important to include everybody in a given task. This is why price discrimination is important in markets to include people of all categories in consumption of given commodities irrespective of their consumption of given commodities, irrespective of their capabilities, status, age and geographical location.



**LESSON 21: Meaning and characteristics of monopolistic competition (learner’s book page 34-36)**

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming

**Lesson development**

Steps	Teacher’s activity	Learner’s activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces meaning and characteristics of monopoly competition and link it with the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher.</li> </ul>

<p>2 Body</p>	<ul style="list-style-type: none"> <li>Assigning a task to learners by referring them to photos in figure 20, page 35 learner's book (activity 19).</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups, learners analyse the photos in figure 20, page 35 learner's book and identify the activities dealt in, suggest other institutions in Rwanda that deal in the same activities, name the type of market structure and the characteristics of such markets.</li> <li>Presentations by various groups in class.</li> </ul>
<p>3 Conclusion</p>	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

### ***Additional information for the teacher***

Monopolistic competition is a market structure in which a large number of firms sell differentiated products with close substitutes.

### ***Cross cutting issues***

Emphasise the issue of standardisation culture since firms in this structure have high levels of competition. They may produce poor quality but persuasively advertise to win market.

Also emphasise the issue of environment and sustainability.



## **LESSON 22: Price and output determination of a firm under monopolistic competition in the short run (learner's book page 37)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by reviewing the previous lesson through asking questions to the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Responds by answering and asking questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners of a case study about Colgate and Whitedent firms. (Activity 20).</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups, learners analyse the case study on Colgate and Whitedent and describe the nature of their earnings, suggest reasons to support the above situation and illustrate the above information on graphs.</li> <li>Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher, takes notes and illustrations.</li> </ul>

### *Additional information for the teacher*

Monopolistic competition is a common market in real life market situations where there are many sellers of a highly differentiated commodity with each seller having monopoly power over his brand of commodity.

Monopolistically competitive firms have several producers/sellers; however in the short run they are in position to earn profits in case they organise their business properly, others can make losses though.

### *Cross cutting issues*

Emphasise the cross cutting issues of standardisation, environment and sustainability while teaching this lesson.

Give extended remedial and multi-ability activities.



## LESSON 23: Equilibrium of the firm under monopolistic competition in the long run (learner's book page 39-40)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Illustration
- Guided discovery

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces a new lesson by reminding learners of equilibrium position as seen in lesson 18 through asking questions to learners.</li></ul>	<ul style="list-style-type: none"><li>• Responds by answering and asking questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigning a task to learners by giving them a case study on Colgate, Delident and Close-up firms in activity 21.</li><li>• Moderates the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Through their groups, learners analyse the case study in activity 21 about Colgate, Delident and Close-up firms and describe the nature of their earnings. Explain reasons for such a nature of their earnings and illustrate the above information on graphs.</li><li>• Presentations by various groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions to the teacher, takes notes and illustrates.</li></ul>

### ***Additional information for the teacher***

Due to the supernormal profits in the short run, new firms join the industry with new brands, output increases, product differentiation increases, consumer choice widens but the firms reduce the level of their output since the market has remained the same.

Each brand will now be like a monopolist in the market. There will be increased competition for factors of production which will lead to increased unit costs of production pushing AC and MC upwards. Thus in the long run firms make normal profits, however they produce at excess capacity as well.

### ***Cross cutting issues***

Emphasise the issue of standardisation culture, environment and sustainability as you teach this lesson. This equips learners with a skill and attitude of protecting and preserving the environment for sustainability development.

Give multi-ability activities in reference to the lesson.

Encourage learners to practice illustration of long run-equilibrium in their exercise books.



## **LESSON 24: Product differentiation under monopolistic competition (learner's book page 41)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Role play
- Guided discovery

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces product differentiation and prepares an outing for research purposes.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the guidelines from the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Moves out with the learners to the nearby business / trading center.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through research, in business near your school, find out the methods the sellers use to make their products different from others that serve the same purpose and ask advantages and disadvantages of such businesses to the society.</li> <li>Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher and takes notes.</li> </ul>

### ***Additional information for the teacher***

Product differentiation is a situation where a producer is in position to make his or her product appear different from other products of other firms. It may take the following forms; *Packaging, Design/shape, Branding, Colour, Scent, Labeling, Salesmanship, Size, etc.* It is intended to win market by competing rival firms with each seller trying to make his/ her commodity superior than the rivals.

### ***Extended and remedial activities***

Instruct learners to think of any thing they can do on their products to attract customers so as to measure their sales.





## LESSON 25: Advantages and disadvantages of monopolistic competition (learner's book page 41-42)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Debate
- Dialogue

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces advantages and disadvantages of monopolistic competition by asking questions to learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Responds by answering and asking questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by giving them a motion to debate on.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through whole class debate, learners discuss the advantages and disadvantages of monopolistic competition market structure.</li> <li>• Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher and takes notes.</li> </ul>

### *Additional information for the teacher*

Like any other market structures, monopolistic completion has advantages and disadvantages.

Give multi-ability activities and also extended remedial question e.g. Relate monopolistic competition with other market structure and give a comparison.



## LESSON 26: Meaning and characteristics of Oligopoly (learner's book page 42-44)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces oligopoly and links it with monopoly and monopolistic competition.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to photos in figure 25, page 43 learner's book.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• In their groups learners analyse the photos in figure 25, page 43 learner's book. Identify the nature of services offered, how many sellers they think deal in such a business in Rwanda, what type of market structure is seen in the photos and why? Identify other businesses in Rwanda that may fall under the same market structure and identify characteristics of such a market structure.</li> <li>• Presentations by various groups in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>
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### *Additional information for the teacher*

**Oligopoly** is a market structure which is characterised by a few sellers and many buyers of closely related commodities. Such commodities can either be homogeneous or differentiated. If the commodities dealt in are **homogeneous** then the market is known as **perfect Oligopoly**. If the products dealt in are **differentiated** then the market is known as **imperfect Oligopoly**.

### *Cross cutting issues*

Emphasise the issue of standardisation culture while teaching this lesson.

### *Extended and remedial activities*

Encourage learners to give examples of Oligopoly in their locality and the commodities they offer.



## LESSON 27: Price determination under Oligopoly (learner's book page 45-46)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces price determination under Oligopoly, asks questions about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by referring them to a case study on page 46 learner's book on prices on Kobil fuel station and other companies like SP, and Mount Meru etc.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners analyse the case study about prices on Kobil fuel station and other companies like SP, and Mount Meru.</li> <li>Identify the methods of price determination, illustrate the nature of the demand curve. Suggest measures that can be used by rival firms to win market.</li> <li>Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

### *Additional information for the teacher*

There is no unique pattern of pricing behavior under Oligopoly because various methods may be adopted. e.g. perfect collusion, imperfect collusion all which leads to price stability under Oligopoly. Thus prices under Oligopoly firms tend to be stable or rigid for a long time due to the following reasons:

- Firms may be satisfied with the current prices and profits, therefore prefer no price change
- Firms may prefer to stick to the ongoing price in order to prevent entry of new firms in the industry
- If the price has been set through a cartel, firms may not wish to violate their arrangement
- Individual sellers may have learnt through experience the adverse effects of price wars and thus prefer price stability.

- Firms may prefer non-price competition than price wars
- Due to uncertainty, firms may not know or be able to depict the reaction of other firms and therefore price rigidity or stability.

### ***Cross cutting issues***

While teaching this lesson emphasise the cross cutting issues of **peace** and **value education**. This helps learners to know that people can live in harmony with different people of all kinds. It helps them to devise means of living with others without conflicting hence maintaining peace.



## **LESSON 28: The kinked demand curve under Oligopoly (learner's book page 46)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the kinked demand curve relating it with the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by referring them to elasticity in senior four.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through individual work, learners illustrate the demand curve under Oligopoly.</li> <li>• Presentations by various learners on the chalk board in class.</li> </ul>

<p>3 Conclusion</p>	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher. Take down notes and illustrates.</li> </ul>
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### ***Additional information for the teacher***

The demand curve is **kinked** because the demand for their products largely depends on the behaviors of other rival firms. This brings in uncertainties in the industry because no single firm can predict reaction of another firm in case they take their own decision. The kinked demand curve is elastic above the kink and inelastic below it.

It is drawn on the assumption that there is an administered price, asymmetry in the behavior of Oligopoly firms such that if one firm reduces its price, other firms will reduce their prices even further and if one raises its price, others will not follow. Therefore above the administered price, demand is fairly elastic while below the administered price demand is fairly inelastic. That is why demand curve has two parts joined together at the administered price (at the kink) i.e. one fairly elastic and another fairly inelastic.

### ***Home work***

Instruct learners on individual basis to practice drawing the illustration of a kinked demand curve.



## **LESSON 29: Non- price competition under Oligopoly (learner's book page 47)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces a new lesson and links it with the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by giving them a question to discuss in groups.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through their groups, learners identify the different methods rival firms can use to win a large market share other than price wars.</li> <li>Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

### *Additional information for the teacher*

Non-price competition is a situation where firms compete on the basis of other things other than price in an attempt to widen their markets in the same industry. It is a common feature in Oligopoly. Rival firms compete for customers other than using price wars or underselling each other. This wins them market; however it might increase their costs of production in the due course of winning market.

### *Cross cutting issues*

While teaching this lesson, emphasise the issue of standardisation culture and finance education. They will acquire skills of managing their resources and risks in their business whenever they are faced with stiff competition.



## LESSON 30: Equilibrium determination under Oligopoly (learner's book page 48-49)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces equilibrium determination and links line with Oligopoly.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigning a task to learners by giving them an exercise on activity 25, page 48 in the learner's book.</li> <li>• Marks learners' activity.</li> </ul>	<ul style="list-style-type: none"> <li>• Through individual work, learners do the activity given.</li> <li>• Takes their work for marking.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

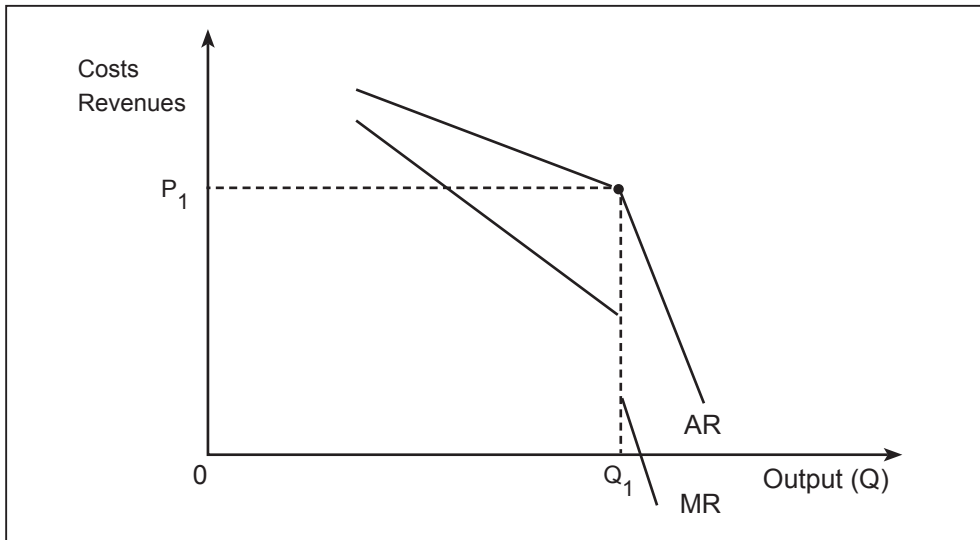
### *Additional information for the teacher*

You should talk about the MR curve under Oligopoly i.e. the MR curve will also have a kink however it will have 3 parts. It will be fairly elastic above the kink on the MR curve and fairly inelastic where the AR is also fairly inelastic. However below the kink, MR curve is discontinuous and straight indicating that MR is falling although the price is constant. When the price remains rigid for a



long time, there will be other changes in the market that may lead to changes in costs of production.

### **MR curve under Oligopoly**



The figure above, shows the MR curve which has three parts i.e. a part which is fairly elastic when AR is fairly elastic, a part that is discontinuous at the kink and a part that is fairly inelastic when AR is fairly inelastic

### **Cross cutting issues**

Emphasise the issues of standardisation culture, environment and sustainability.



## **LESSON 31: Advantages and disadvantages of Oligopoly. (learner's book page 49-51)**

### **Lesson materials**

Recommended text books, internet access, newspaper articles on economics, economics journals

### **Teaching/learning methods**

- Think and pair
- Question and answer
- Group discussion
- Individual work

- Brainstorming
- Debate

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Puts learners in groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Join their sides of debate.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives them a motion to debate on in activity 26 page 49.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• The learners debate on the advantages and disadvantages of Oligopoly in activity 26.</li> <li>• Presentations by various groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

### *Additional information for the teacher*

Like any other market structures, Oligopoly firms have advantages and disadvantages.

Emphasise standardisation culture, environment, sustainability as cross cutting issues.



## LESSON 32: Comparison of different market structures. (learner's book page 51-52)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Guided discovery

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces a discussion comparing different market structures.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigning a task to learners by referring them to activity 27 in the learner's book page 51.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>In pairs, learners use activity 27 in the learner's book page 51 to distinguish all the market structures basing on their characteristics.</li> <li>Presentations by various pairs in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking and answering questions from the learners.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher, answers and asks questions to the teacher and takes down notes.</li> </ul>

## Answers to Unit 1 Activities



### Activity 1: Page 4 in the learner's book

- i. A market is any arrangement that brings buyers and sellers into close contact to transact business with an aim of making profits while a market structure is a range of unique features or characteristics that describe a given market.
- ii. In Kimironko market there are many sellers selling similar agricultural products while at SP, they are selling petroleum products.
- iii. The two markets indicate the conditions that prevail in the market which determine how the market players operate. Therefore basing on the two market situations in Rwanda:

- There are many firms which deal in such a market like that of kimironko while there are few firms that deal in petroleum products.
- There is freedom of entry and exit in such markets as that of kimironko while there is limited entry and exit like that of SP.
- No need of persuasive advertising in markets as that of kimironko but in markets like that of SP there is a lot of persuasive advertisement to win a large market share.



### Activity 2: Page 5 in the learner's book

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- i. The commodity is homogeneous
- ii. There are many sellers in the picture
- iii. The market structure is perfect competition because:
  - There are many buyers and sellers in the market. All the commodities sold are similar or homogeneous.
  - There is no government intervention in form of fixing prices. The demand curve of a perfect competitor is perfectly elastic.
  - The firms under perfect competition do not incur transport costs.
  - There is perfect mobility of factors of production from one production unit to another.
  - Buyers and sellers have perfect knowledge about the market conditions.
  - There is no persuasive advertising.
  - There is free entry and exit in the industry.
  - The major aim of firms is profit maximisation.



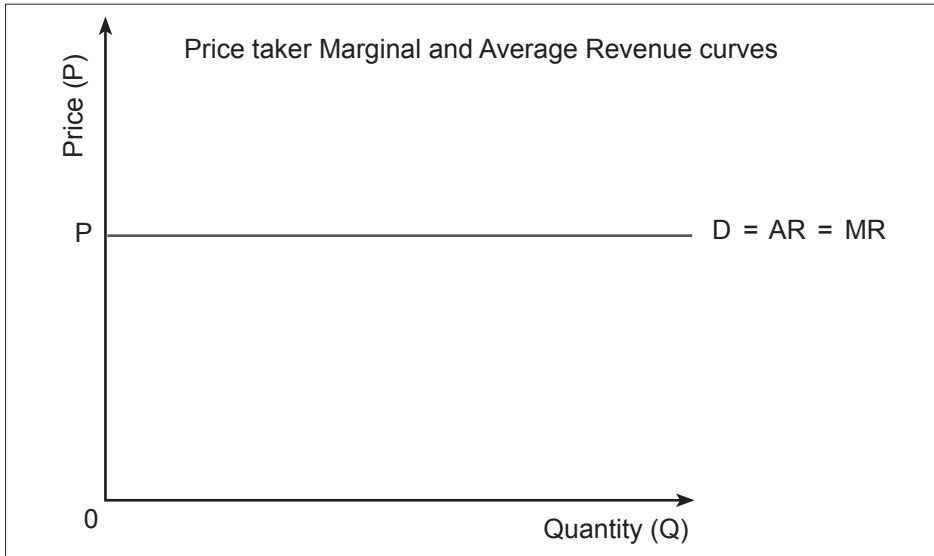
### Activity 3: Page 8 in the learner's book

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- i. The tomatoes are sold on the same price depending on the weights used. e.g. heaps, tins, baskets.
- ii. Firms under perfect competition are price takers thus prices are determined by forces of demand and supply. This means that any attempt to sell at a higher price by any one firm,

causes it to lose all its customers and if any firm attempts to sell at a low price, other firms would also follow. Thus price remains constant for all firms to sell at.

**Illustration of a demand curve (Figure 3 page 9 learner's book)**



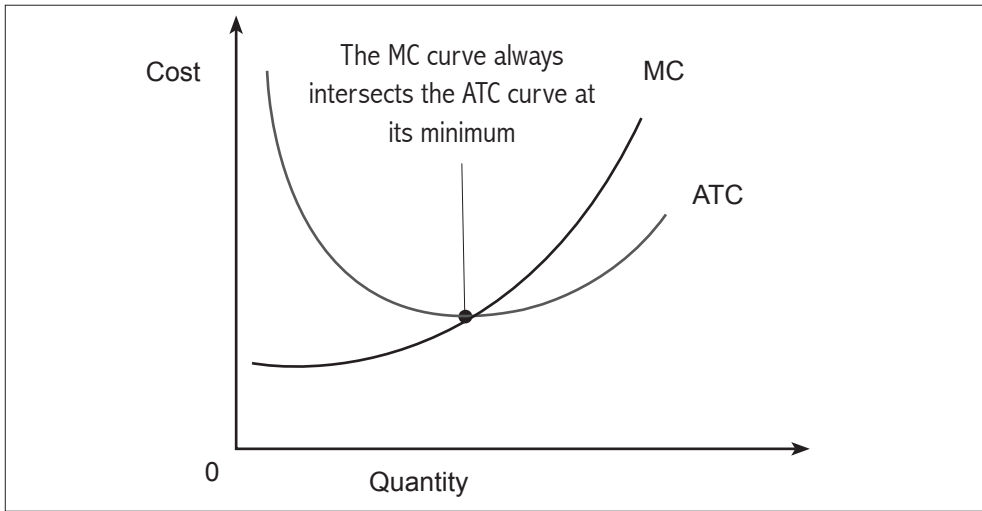
As shown in figure 3 above, the demand curve is equal to the average revenue curve and equal to marginal revenue curve. ( $D=AR=MR$ )



### Activity 4: Page 9 in the learner's book

- i. Marginal cost is the additional cost incurred from producing one extra unit of output, while Average cost is the total cost per unit of output.
- ii. The MC and AC are both 'U'-shaped.  
The relationship between AC and MC is such that as AC is falling, MC is less than AC. When AC is at its minimum,  $MC=AC$ . When AC is rising, MC is greater than AC.

**Illustration of The relationship between AC and MC**



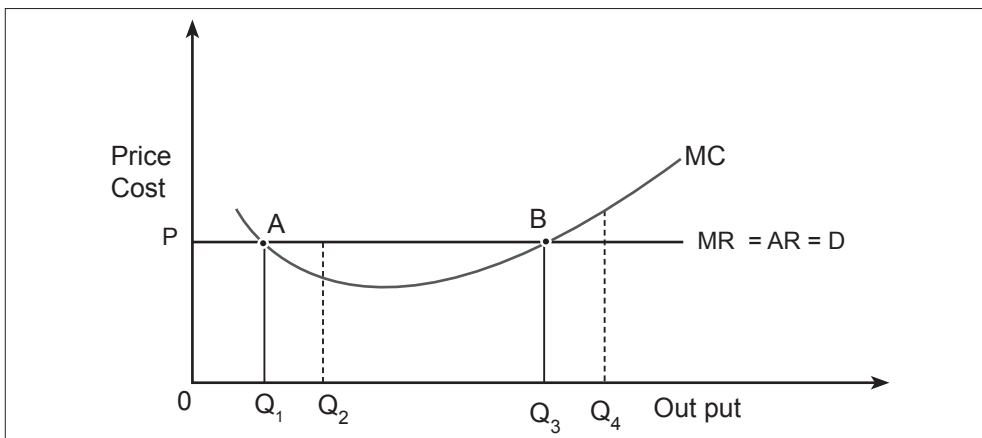
*The MC and AC are both 'U'-shaped but the MC curve cuts the AC curve from its lowest point (i.e. optimum point of a firm)*



**Activity 5: Page 11 in the learner's book**

- i. The two photos show the state of equilibrium.
- ii. Equilibrium can be defined as a state of balance when variables under consideration have no tendencies to change.
- iii. The firm is in Equilibrium at a point where  $MC = MR$  but where the slope of MC is greater than that of MC. For example:

**Figure 7: Short run equilibrium position of a firm under perfect competition in learner's book page 12**



As shown in figure 7, at point A (output  $0Q_1$ ), the firm is in equilibrium i.e.  $MC = MR$  however, this is not sufficient. It therefore requires the firm to increase output to a higher output e.g.  $0Q_3$  in order to fetch more revenue compared to the cost incurred in its production.

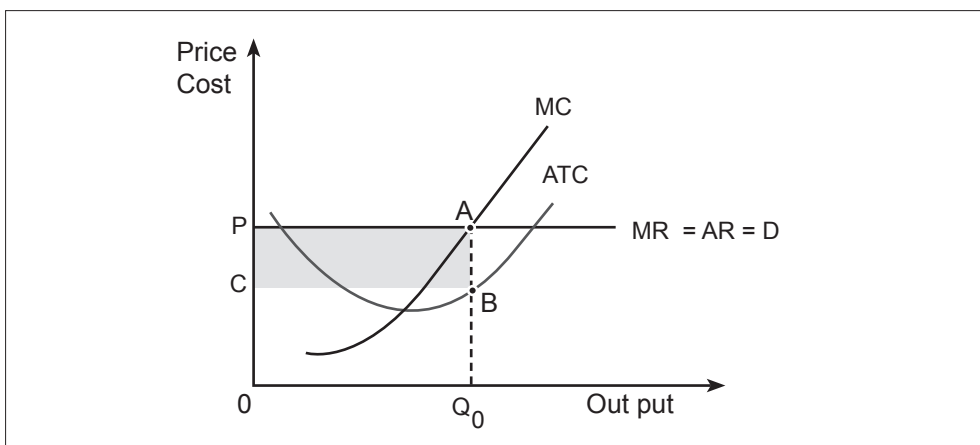
At point B the firm fulfills the sufficient condition of equilibrium by producing a high output  $0Q_3$  where  $MC = MR$  and  $MC$  is rising. At equilibrium, the firm may either make abnormal profits or incur losses (sub-normal profits) depending on the level of average total cost (ATC).



### Activity 6: Page 12-13 in the learner's book

- i. Umutesi and Murenzi's costs are 5,000 RWF respectively while the revenues for Umutesi and Murenzi are 7,000 RWF and 4,000 RWF respectively.
- ii. Umutesi's earnings = her revenue - her costs  
 $= 7,000 \text{ RWF} - 5,000 \text{ RWF} = 2,000 \text{ RWF}$ .  
 Murenzi's earnings = his revenue - his costs  
 $= 4,000 \text{ RWF} - 5,000 \text{ RWF} = -1,000 \text{ RWF}$
- iii. Umutesi made abnormal profits worth 2,000RWF while Murenzi incurred losses worth -1,000RWF.
- iv. Illustration of the above information

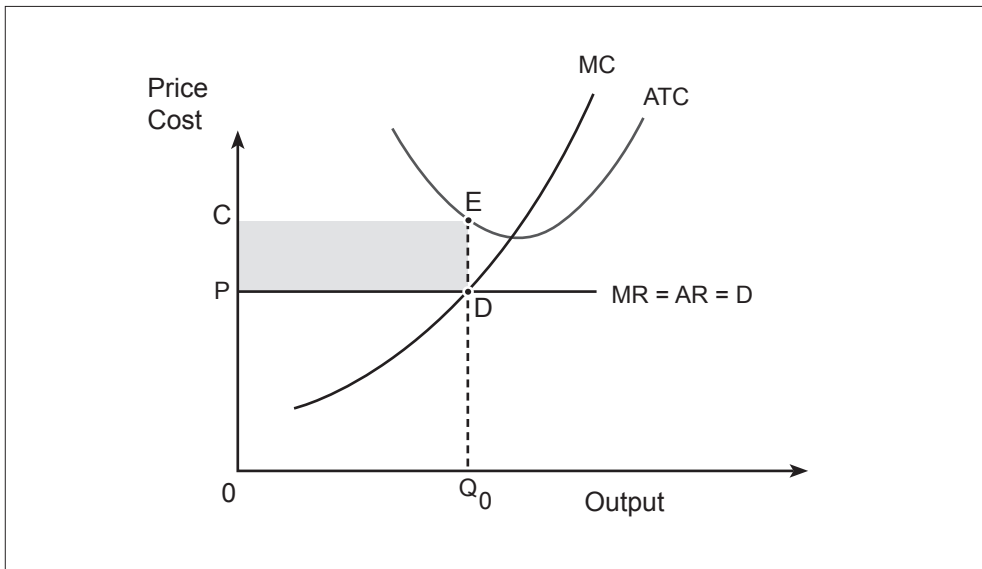
**Abnormal profits under perfect competition in the short run (learner's book page 13)**



As shown in the figure above, the firm produces output  $0Q$  at Total cost  $0CBQ0$  and sales it at price  $0P$  getting Total revenue  $0PAQ0$  hence making abnormal profits  $CPAB$ .

$$\text{Profits} = TR - TC. \quad 0PAQ0 - 0CBQ0 = CPAB$$

**Losses under perfect competition in the short run (figure 9, learner's book page 14)**



As shown in the figure above, the firm produces output  $0Q$  at Total cost  $0CEQ0$  and sales it at price  $0P$  getting Total Revenue  $0PDQ0$  hence making losses  $PCED$  because the AC is greater than the AR

$$\text{Losses} = TR - TC. \quad 0PDQ0 - 0CEQ0 = PCED$$



### Activity 7: Page 15 in the learner's book

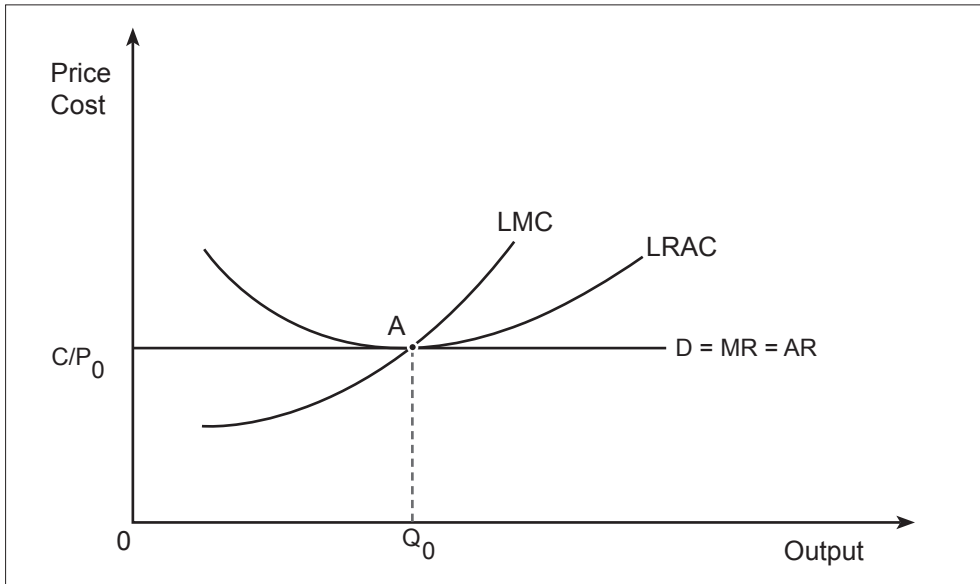
From the case study above, through presentations in class,

- i. The costs for *Umutesi*, *Umubyeyi* and *Sibomana* are 5000 RWF respectively.
- ii. The difference in the earnings of the three sellers are;
  - $Umutesi = 5000RWF - 5,000RWF = 0 \text{ RWF}$
  - $Umubyeyi = 5000RWF - 5,000RWF = 0 \text{ RWF}$
  - $Sibomana = 5000RWF - 5,000RWF = 0 \text{ RWF}$



- iii. The three sellers all earned normal or zero profits, since what they injected in the business is what they earned in the end.
- iv. Illustration of normal profits under perfect competition in the long run.

**Normal profits under perfect competition in the long run (Figure 10 in the learner’s book page 16)**



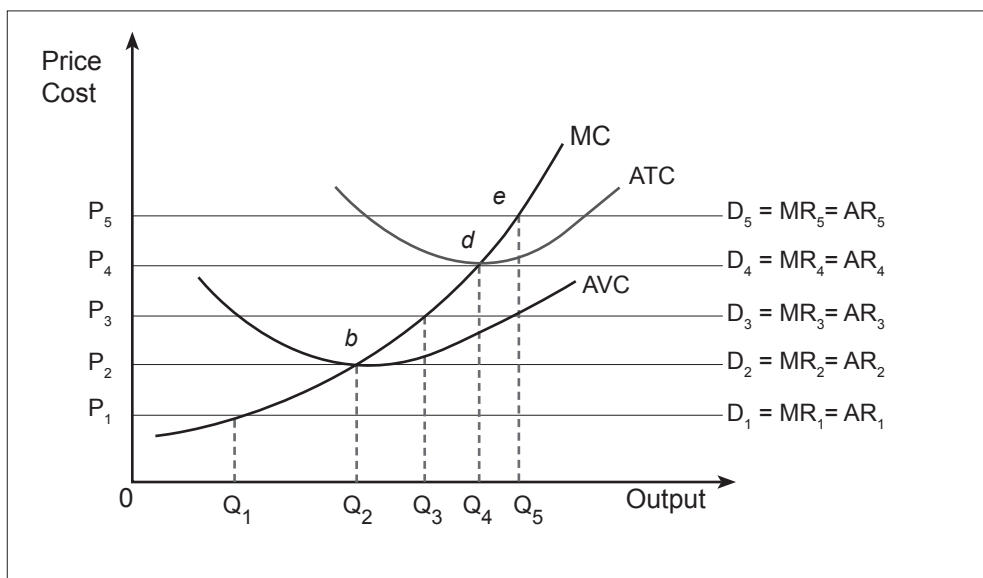
As shown in the figure above, the firm produces output  $0Q_0$  at Total cost  $0C/P_0A Q_0$  and sells it at price  $0P_0$  getting Total revenue  $0P_0/CAQ_0$  hence making zero profits (normal profits)  $\text{Profits} = TR - TC$ .  $0P_0/CAQ_0 - 0C/P_0A Q_0 = 0$  (zero) profits



### Activity 8: Page 16 in the learner’s book

- i. Due to the freedom of entry and exit of firms under perfect competition, Munezero joined with the hope of making profits in the industry.
- ii. Illustration of break even and shut down points of firms under perfect competition.

**Break even and Shut down points of a firm under perfect competition (Figure 11, learner's book page 17)**



As shown in the figure above, In the long run, many firms join the business because of the abnormal profits in the short run at point **(e)** and in the end all firms get normal or zero profit at point **(d)** and they are only able to cover costs of production as shown by the ATC curve. **Point d** is the **break even point** where the firm earns normal profits.

Other firms will still join the business up to when the firm is not able to cover all the costs of production but only covers variable costs as shown by the AVC curve.

**Point b** is the **shut down point** where the firm only covers variable costs. Below this point, **(point b)** the firm cannot continue operation.



**Activity 9: Page 18 in the learner's book**

Sometimes a firm may continue to operate even though it cannot cover all its costs of production. As long as it is in position to cover its variable cost of production, it may continue operating. This may be explained by the following reasons:

- Some firms fear to lose their skilled manpower which it would have trained at a high cost, which labour may be necessary in the near future thus they continue to operate.

- Some firms do not want to lose their established markets/ customers as a solution to the problems sought.
- Firms continue to operate because they fear to lose their suppliers of raw materials for their industry.
- Firms may expect to get loans in future to cover the costs.
- Some firms fear to be taken over by the state through nationalisation.
- The firm may be a beginner firm, thus is still in its infancy and it expects to make profits in the long run.
- Some firms keep operating when they hope to change or restructure management, if it believes current losses are due to poor management.
- A loss making firm may be a branch of a bigger firm which is making profits and the losses can be shared by the other firms so as to cover the costs.
- Some firms are not meant to be making profits but to give services like welfare improvement.
- Research/experimental purposes so they operate even if they are making losses.
- Difficulties might be short run and therefore hope to make improvements in the long run.
- Some firms keep operating when they fear to lose their reputation or good name in society.



### Activity 10: Page 20 in the learner's book

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#### ***Advantages of perfect competition***

- Encourages optimum use of resources because factors of production can freely move from one place to another.
- Production of better quality goods because of competition within the industry.
- No wastage of resources because of no advertisement costs is incurred.
- There is no consumer exploitation because prices are determined by the forces of demand and supply.
- There is a lot of output because of many suppliers and buyers.
- Producers are able to expand their firms and use modern technology because of the abnormal profits in the short run.
- Eliminates income inequality because in the long run all firms earn normal profits.

- The plant is used to full capacity in the long run. This is mainly because firms operate at the least average cost and so there is no resource wastage.

### ***Disadvantages or shortcomings***

- Unemployment is likely to occur because of the inefficient firms leaving the production.
- Buyers have little or no choice because the goods produced are the same.
- There are no abnormal profits in the long run so expansion of the firm is hard.
- Research is difficult because of little or no profits in the long run.
- Firms aim at profit maximisation and this discourages the production of public utilities like water supply which are vital for society but are non profit making.
- Profits are reduced because the seller is supposed to sell at the same price as others.
- Perfect competition cannot exist in reality and so cannot be relied upon for development.



### **Activity 11: Page 21 in the learner's book**

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- i. The institutions in the photos in figure 13 page 22 deal in banking and energy respectively.
- ii. Other institutions that deal in the same activities include WASAC.
- iii. The market structure is monopoly. Characteristics of monopoly include:
  - There is only one producer and many buyers.
  - There is a single product with limited or no substitutes at all.
  - There is no persuasive advertising instead there is informative advertising.
  - Entry of new firms in the production is restricted.
  - The firm aims at profit maximisation.
  - Firms are price makers. i.e. they determine the price at which to sell their products.
  - The demand curve of a monopolist is inelastic to indicate that its products have no close substitutes.

- The firm is in equilibrium when the marginal cost curve is equal to the marginal revenue curve. (MC=MR).
- Marginal revenue curve is below the Average revenue curve because for monopoly firm to increase revenue, it has to lower the price.



### Activity 12: Page 22 in the learner's book

- Patent rights e.g. writers of books, where the law forbids other firms to deal in the same commodity.
- Ownership and control of strategic raw materials usually under government control e.g. minerals. This leads to natural monopoly.
- Exclusive methods of production: This gives the producers monopoly of the skills that are needed for production. e.g. doctors.
- Long distance among producers where each producer monopolises the market in his/her locality. This leads to spatial monopoly.
- Advantages of large-scale production which do not allow small firms to compete successfully with large firms.
- Protectionism: This is where trade barriers are imposed on the product to exclude foreign competitors. In such cases, the home producer may become a monopolist.
- Take-over and mergers: Take-over is when one firm takes over the assets and organisation of another whereas mergers are formed when firms combine their assets and organisations into one to achieve strong market position. Both situations may result into a monopolist firm.
- Collective monopoly or collusive monopoly: This is where firms come together in a formal or informal agreement (cartel) to achieve monopoly power. Such firms can fix quotas (maximum output each may put on the market). They may also set the price very low with the objective of preventing new entry of other firms. This is called limit pricing.
- Statutory monopolies which are established by the state through the acts of the parliament to carry out specific functions and such firms are not duplicated to form monopolies.

- Big capital requirements i.e. when a certain line of production requires a lot of capital to establish and run it may prohibit other firms to be set up in competition.



### Activity 13: Page 23 in the learner's book

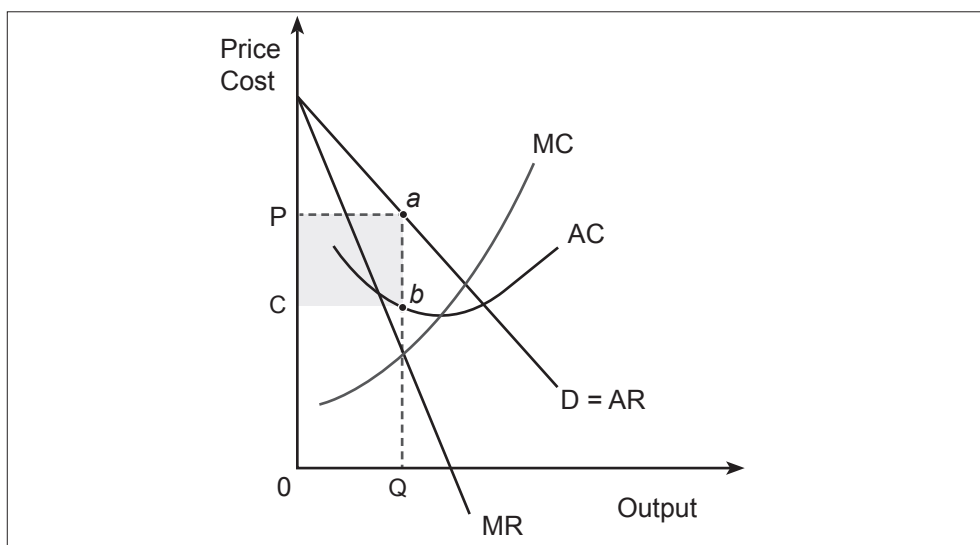
- The two situations in the photo show equilibrium.
- Equilibrium can be defined as a state of balance when variables under consideration have no tendencies to change
- The monopolist is in equilibrium at a point where  $MC = MR$  and the slope of MR must be less than the slope of MC at the equilibrium output.



### Activity 14: Page 25 in the learner's book

- Mr. and Mrs. Gatete's costs and revenues are 1,000,000 Rwandan francs, 2,000,000 francs and 800,000 francs respectively.
- Mr. and Mrs. Gatete made abnormal profits in the first situation and later losses.
- Illustration of the information on graphs.

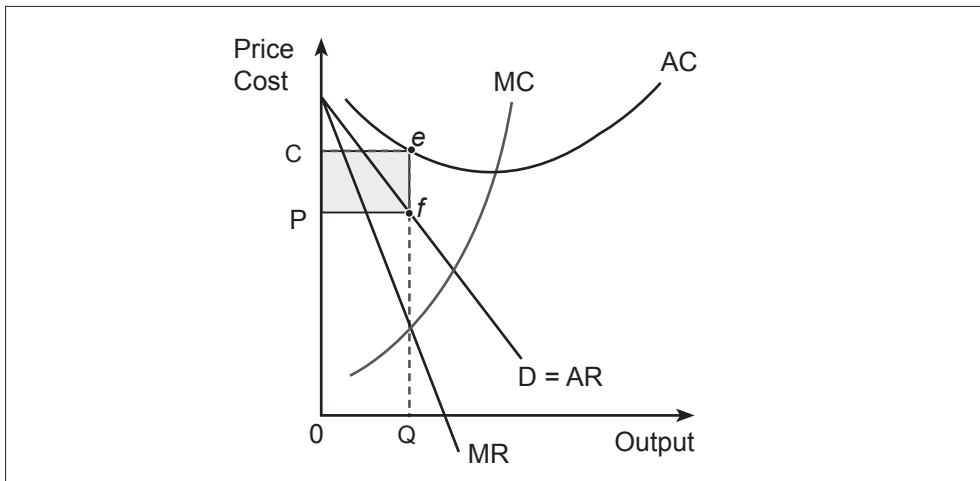
**Abnormal profits of a firm under monopoly in the short run (figure 16 in the learner's book, page 26)**



As shown in figure above, the firm produces output  $0Q$  at Total cost  $0CbQ$  and sells it at price  $0P$  getting Total revenue  $0PaQ$  hence getting abnormal profits  $CPab$

$$\text{Profits} = TR - TC. 0PaQ - 0CbQ = CPab.$$

**Losses of a firm under monopoly in the short run (figure 17 in the learner's book page 27)**



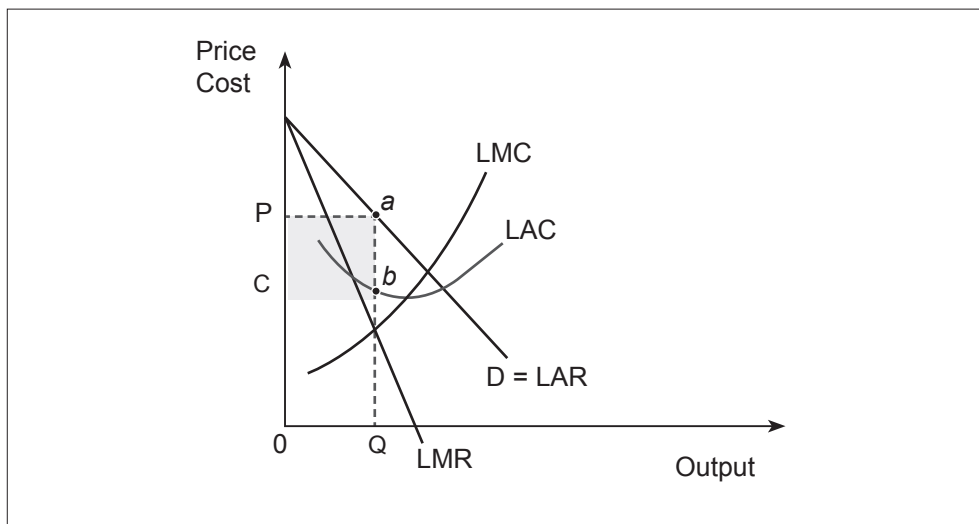
As shown in figure, the firm produces output  $0Q$  at Total cost  $0CeQ$  and sells it at lower price  $0P$  getting Total revenue  $0PfQ$  and thus makes losses  $PCef$  because the costs are greater than the revenue.



### Activity 15: Page 27 in the learner's book

- i. In the long run the firm under monopoly will still earn abnormal profits because it is the only firm in the production process.
- ii. Illustration of the above information.

**Abnormal profits of a firm under monopoly in the long run (Figure 18 in the learner's book page 28)**



*In the figure, the firm produces output  $0Q$  at Total cost  $0CbQ$  and sells it at price  $0P$  getting Total revenue  $0PaQ$  hence getting abnormal profits  $CPab$*

$$\text{Profits} = TR - TC. 0PaQ - 0CbQ = CPab$$



**Activity 16: Page 28 in the learner's book**

***Advantages of monopoly (page 29 learner's book)***

- There is no duplication of services and this saves resources e.g. if there is one hydroelectric power plant there may not be the need to set up another one in the same area.
- Economies of scale can be enjoyed by the firm because it is capable of expanding using the abnormal profits earned.
- There is a possibility of price discrimination (Parallel pricing).
- Research can easily be carried out using the abnormal profits.
- There is no wastage of resources in persuasive advertising which may increase the prices.
- Public utilities like roads, telephones, etc., are easily controlled by the government as a monopolist.
- Infant industries can grow up when they are monopolies and are protected from foreign competition.



- It encourages innovations by protecting copyright and patent owners.

***Disadvantages of monopoly (page 30 learner's book)***

- Because there is no competition, the firm can become inefficient and produce low quality products.
- Monopolies produce at excess capacity i.e. they under utilise their plants so as to produce less output and sell at a high price.
- Monopoly firms may charge higher price than firms in perfect competition.
- In case a monopolist stops operating, there would be shortage of the commodity.
- Monopoly firms tend to exert pressure on the government and sometimes they can influence decision making because they are the controllers of production.
- Restriction of choices. A monopolist normally produces one type of commodity thus consumers are denied a chance to choose among alternatives.



**Activity 17: Page 30 in the learner's book**

Because of the above disadvantages of monopolies, the following methods can be used to control their activities.

- The government can fix prices of commodities through price legislation.
- Anti-monopoly (antitrust) Legislation i.e. laws imposed to control monopolies. Such laws can prohibit monopolisation.
- Nationalisation of monopoly firms by the government so as to lower the prices.
- Subsidisation of new firms. This can help them to compete with the already established firms favorably.
- Resale price maintenance where by the producers set prices at which sellers should sell the goods to avoid charging high prices.
- Encouraging imports to compete with the commodities of monopoly firms in the country.
- Demonstration by consumer groups especially boycotting the goods of monopolists so that the prices can be lowered.
- Setting up government owned firms to compete with the monopoly firms.

- Removal of deliberate monopoly bases like protectionism and taxation to encourage competition among the firms.
- Taxation. The government can impose taxes to reduce the profits of the monopolists. Such taxes may include:
  - (a) **Sur tax.** This is an incentive tax that provokes monopolists to increase their scale of production.
  - (b) **Advalerem tax.** This is a tax levied on the value of the commodity.
  - (c) **Specific tax.** Tax charged per unit of out put.
  - (d) **Lamp sum tax.** Tax levied on the total amount produced and it doesn't change even if output changes.



### Activity 18: Page 31 in the learner's book

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- i. Customers are charged differently for basically the same service or good.
- ii. Charging differently to different customers may be:
  - Discrimination according to personal income: For example income differentiation among buyers, e.g. doctors charging low prices on the poor and high prices on the rich for the same services.
  - Discrimination according to age: e.g. charging low prices on the young people than old people on tickets to watch football or for a film show.
  - Discrimination according to sex: where different prices are charged to females and males e.g. for discotheques where for ladies' nights, ladies enter for free and males are made to pay.
  - It may be geographical e.g. dumping; where commodities are sold cheaply in other countries to dispose-off surplus.
  - Discrimination according to the time of service e.g. tickets for video shows charged high prices in afternoons when there are many people than in morning hours when there are few people.
  - Discrimination according to the number of uses of the product e.g. electricity used for industrial purposes is cheaper to electricity for domestic use.

- Discrimination by differentiation of commodities e.g. high prices on travelers in first class in the train and low charges of other classes like the economy class.
- iii. Conditions that must be in place to charge customers in such a way (**page 33, learner's book**).
- The commodity must be sold by a Monopolist so that even when the price is increased, the buyer has nowhere else to go.
  - Elasticity of demand should be different in different markets. A higher price should be charged in the market where elasticity of demand is low than where elasticity of demand is high.
  - The cost of dividing the markets should be very low e.g. in case of dumping, costs of transport should be low.
  - Buyers should not know how much is charged on others. This is possible especially where goods are sold on orders with no advertising.
  - It should be impossible for buyers to transfer the commodity from where the price is low to where the price is high. This is possible especially with services of doctors, teachers, etc.
- iv. Merits and demerits of such a way of charging customers

***Advantages of price discrimination (page 33 learner's book)***

- It enables the poor to get essential services at low prices e.g. cheap houses to civil servants and doctors charging low prices on poor patients.
- To the sellers, it increases total revenue because output sold increases.
- It is one way in which the rich subsidise the poor thus a method of income distribution. The rich are charged highly on commodities while the poor are subsidised on the same commodities.
- It increases sales and consumption e.g. for air time, the first units, may be charged higher price than other extra units. Therefore, the more units of air time you use, the less charges you would pay for extra units.

- It helps producers to dispose-off surplus and poorly manufactured commodities e.g. dumping.
- Increased efficiency. The increased profits from the higher charges make the firms efficient and such profits are reinvested.

### ***Disadvantages of price Discrimination (page 34 learner's book)***

- It may encourage consumption of some commodities in undesirable excessive amounts. For example, when children are charged less for entrance in film halls, they may spend more time watching films than on studies or leisure.
- Discrimination in form of dumping discourages local industries.
- It increases monopoly powers of firms by limiting entrance of other firms in the market. One firm serves all categories of customers irrespective of their incomes, ages or sex.
- Poor quality output normally arises, such output is sold to the less privileged who yearn for the less prices.
- Misallocation of resources. Price discrimination may bring about divergence of resources from their socially optimal uses to produce for those who can reward highly.



### **Activity 19: Page 34 in the learner's book**

- i. The firms in the photos in figure 20 sell differentiated products which are close substitutes.
- ii. There are several sellers in Rwanda
- iii. Examples of such firms in my locality include; soap industry, bread industry, hotel industry, washing powder, hair salons, shoe repairers etc.
- iv. The type of market structure is monopolistic competition because of what characterises the market i.e.
  - There are many buyers and several sellers
  - Firms deal in differentiated products though they remain close substitutes
  - There is a lot of persuasive and informative advertising
  - The demand curve is fairly elastic in nature because of the presence of many substitutes

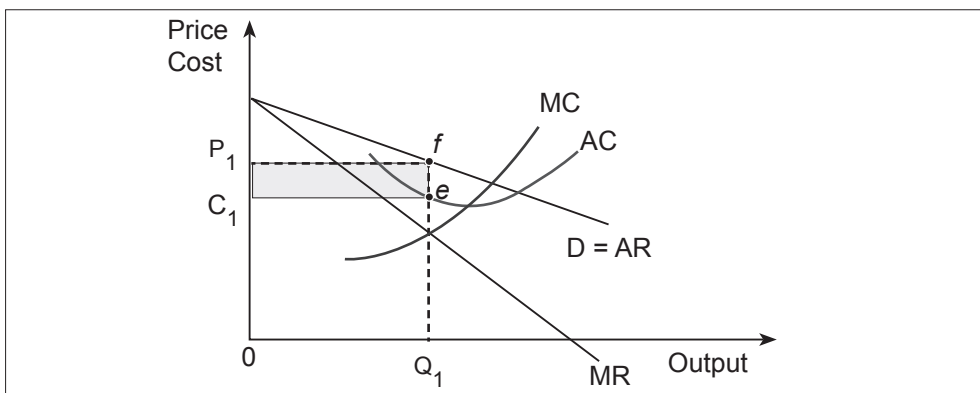
- There is production at excess capacity, i.e. production less than the required output so as to charge at a high price.
  - The firms in the industry are large but none of them dominates the market.
  - The major aim is to maximise profits and this done at a point where marginal revenue is equal to marginal cost ( $MR=MC$ ).
  - Firms are price makers to some extent and price takers to certain extent.
  - There exists brand loyalty i.e. consumers exercise a lot of loyalty by sticking on a particular commodity believing that a particular brand is superior
- v. Other businesses in Rwanda that may fall under the same market structure include; dealers is bathing soap, cosmetics, tooth paste, soft drinks etc.



### Activity 20: Page 37 in the learner's book

- i. Colgate made abnormal profits while white dent made losses.
- ii. Colgate earned more than what it put in either because it had proper management or used non-price competition measures to win market than white dent firm.
- iii. Illustrations.

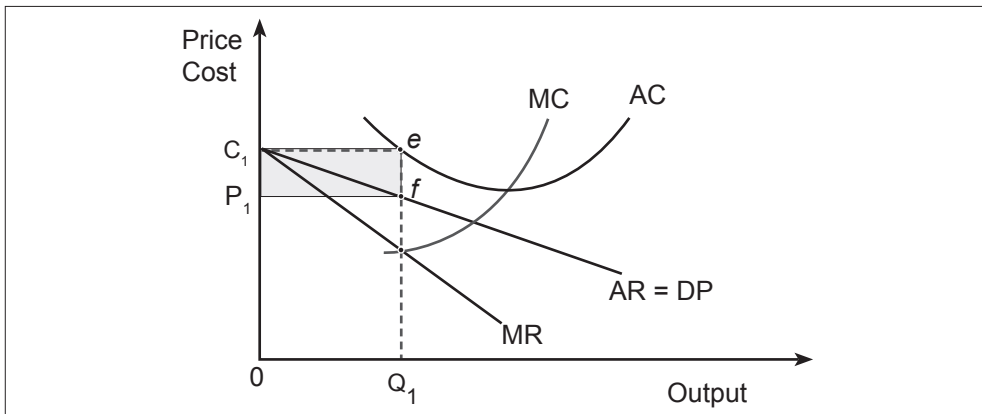
***Abnormal profits of a firm under monopolistic competition in the short run (Figure 22 in the learner's book page 38)***



From the figure above, the firm produces output  $0Q_1$  at cost  $0C_1$  and sells it at price  $0P_1$  getting Total revenue  $0P_1fQ_1$ . Total cost =  $0C_1eQ_1$ . Total revenue =  $0P_1fQ_1$ .

$$\text{Profits} = TR - TC. 0P_1fQ_1 - 0C_1eQ_1 = C_1P_1fe$$

**Losses of a firm under monopolistic competition in the short run (Figure 23 in the learner's book page 39)**



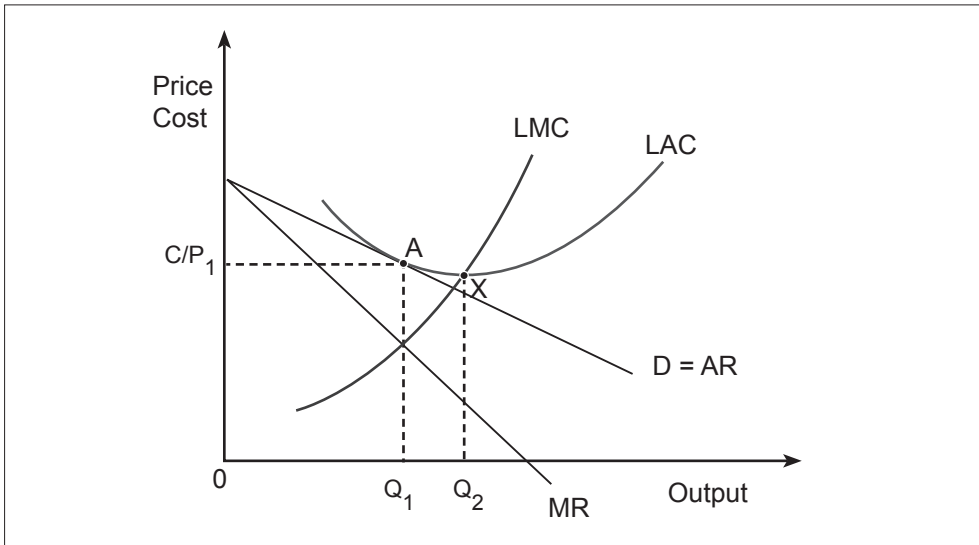
From the figure, the firm produces output  $0Q_1$  at cost  $0C_1$  and sells it at a lower price  $0P$  Total cost =  $0C_1eQ_1$ , Total revenue =  $0P_1fQ_1$ . Hence the firm makes losses  $P_1C_1ef$  because total cost is greater than Total revenue



**Activity 21: Page 39 in the learner's book**

- i. All the firms make normal / zero profits
- ii. They earn normal profits because as more firms join, there will be increased competition for factors of production which will lead to increased unit costs of production pushing AC and MC upwards thus firms make normal profits in the long run.
- iii. illustration of the information on graphs

**Normal profits of a firm under monopolistic competition in the long run  
(Figure 24 page 40 in the learner's book)**



From the figure, output  $OQ_1$  is produced at a high Total cost  $OC/P_1$  and sold at the same price  $OP_1/C$ . The Total cost is  $OC/P_1AQ_1$  and the Total revenue  $OP_1/CAQ_1$

$Profits = TR - TC. OP_1/CAQ_1 - OC/P_1AQ_1 = \text{Normal (Zero) profit.}$

The firm produces a lower output  $Q_1$  as shown by point A, however it should produce output  $Q_2$  as shown by point X where  $LMC = LAC$ .  $Q_2 - Q_1$  is excess capacity i.e. The difference between actual output and expected output.



### Activity 22: Page 41 in the learner's book

- i. Forms of product differentiation may include the following
  - Packaging,
  - Design/shape,
  - Branding,
  - Colour,
  - Labeling,
  - Salesmanship, etc.
- ii. Advantages of monopolistic competition
  - Product differentiation enables consumers to get a variety of products.

- Firms compete to make improvement in the quality of products to choose from.
  - In case one firm collapses, substitutes are available for the consumers.
  - The price charged is lower than that of a monopolist because of competition from substitutes.
  - The freedom of entry gives a chance to any willing entrepreneur to enter the industry which creates employment opportunities in the country.
  - Individual firms gain a lot of popularity due to specialisation in their own brands.
  - In the short run abnormal profits earned are used to improve on the quality of products, undertake research and expand the size of the firm.
- iii. Disadvantages of monopolistic competition
- There is underutilisation of resources in the short-run and in the long run and this leads to excess capacity.
  - In the long run, there is no profit to make improvements. So the firm may not expand to enjoy economies of scale.
  - The price charged on buyers is higher than in perfect competition.
  - To maintain the market share, the seller has to persuasively advertise and this may increase costs and the price.
  - There are limited employment opportunities as firms operate at excess capacity.
  - The output produced is less than that in perfect competition.



### Activity 23: Page 42 in the learner's book

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- i. Either homogeneous or heterogeneous commodities
- ii. Few sellers
- iii. Oligopoly
- iv. Newspaper industry, beer companies, petroleum companies.
- v. Characteristics of such markets include:



- There are few, unequal, competing firms. Each firm, though faced with competition from other firms, has enough market power and therefore cannot be a price taker.
- There is non-price competition such as advertising, quality of services etc. if one firm reduces the price, others would do the same and all firms would end up losing.
- Each firm is concerned with the activities of other firms so as to act accordingly, e.g. it can reduce the price when others reduce the price.
- In most cases there is product differentiation.
- Presence of monopoly power. There are very few Oligopoly firms and this makes it easy for collusion as a form of price determination leading to monopoly.
- Uncertainty. There is a lot of uncertainty in Oligopoly industry, as one firm takes a decision say to increase the price, it cannot be certain of the reaction of other firms.
- There is limited entry into the production process.
- There is price rigidity. i.e. prices tend to be stable for a long period of time.
- Firms are faced with a kinked demand curve. i.e. a curve that has a bend (kink) and it is elastic above the kink and inelastic below the kink.
- There are price wars i.e. when one firm reduces the price; other firms reduce theirs even lower.



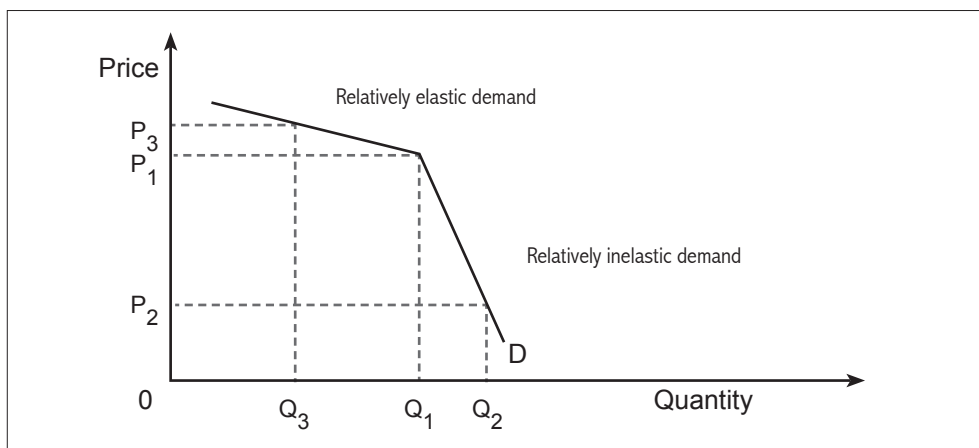
### Activity 24: Page 45 in the learner's book

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- i. Methods of price determination under Oligopoly.
  - Independent pricing: This is where each firm or seller sets its own price for profit maximisation.
  - Perfect collusion: This refers to cartel agreement where independent firms within the same industry come together to determine the price and output with the purpose of reducing unnecessary competition. e.g. OPEC.

- Imperfect collusion: Here there is price leadership where the dominant firm decides on the price for others to either follow if it is favourable or exit the industry if it is unfavourable.
- ii. Nature of the demand curve under Oligopoly.

***The demand curve of an Oligopoly firm (Figure 26 page 46 in the learner's book)***



*From the figure above,  $P_1$  is the market price or administered price. Should any firm increase its price above that price to price  $P_3$ , it would lose its customers ( $Q_1 - Q_3$ ) to other firms. If a firm decides to set price below  $P_1$  to price  $P_2$ , other firms will react by reducing their price even further or lower to win more customers hence increase in quantity sold will be lower ( $Q_1 - Q_2$ ) than the reduction in price. Hence the demand curve has a kink meaning that the prices will remain rigid/ stable for a long period of time.*

- iii. Measures that can be used by rival firms to win market:
- Persuasive advertisement using various media like radios, television, newspapers etc. to make people aware of the commodity and become attracted to it.
  - Branding and blending i.e. use of appealing brand names like Rwanda tea.
  - Offering credit facilities to customers to encourage them keep buying.
  - Offering gifts and free samples to encourage them buy more like petrol stations giving soap to customers.

- Opening many branches in different locations in the country.
- Offering after sales services like free transport to customers' premises, guaranteeing spare parts all which attract customers to the firm involved.
- Sponsoring social events like sports and music like guma guma with primus thus winning market.
- Organizing promotions through raffle draws which are intended to increase the number of customers who are attracted to buy the commodity in order to join the draw e.g. MTN sharama, join the millionaires club by tigo.
- Organizing trade fairs and exhibitions to make their products known to customers.
- Offering mobile shops. This is where the firm puts its products in a vehicle/ bicycle and moves from place to another selling its products e.g. bread firms.
- Renovation of premises of customers by rival firms e.g. telecommunication networks (tigo, mtn, Airtel), beer firms (primus, Skol).
- Use of stop shopping centers like supermarkets at fueling stations.
- Quality improvement and introduction of new variables in order to increase their market share.

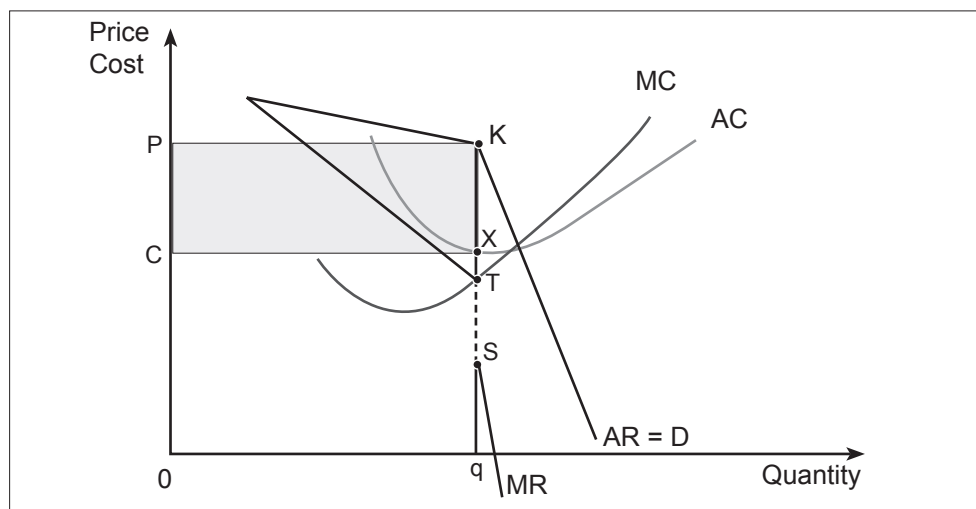


### Activity 25: Page 48 in the learner's book

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1. a
2. c
3. b
4. d

**Equilibrium position and profit maximisation of a firm under Oligopoly**  
(Figure 27, page 49 in the learner's book)



From the figure 27 above, the firm produces output  $0q$  at Total cost  $0Cqx$  and sells it at price  $0P$  getting Total revenue  $0PKq$ .

**Profits = TR-TC.**  $0PKq - 0Cqx = CPKx$ . The marginal revenue curve is not continuous between sections T and S because of uncertainties. The firm is therefore in equilibrium at point T where  $MC=MR$  and earns abnormal profits shown by the area  $CPKx$



**Activity 26: Page 49 in the learner's book**

**Advantages of Oligopoly firms**

- There are low prices to the consumers due to existence of intensive competition and fear of other firms reaction.
- Eases consumer budgeting due to price stability.
- Widens consumer choice due to production of a variety especially with imperfect Oligopoly due to branding and product differentiation.
- Production of good quality goods due to competition.
- There is increased output due to production on large scale.
- Stable prices are charged due to presence of price rigidity.
- Consumer awareness of the commodity is high due to extensive advertising.
- Most Oligopoly firms operate on large scale which enables a firm to enjoy economies of scale.

- A lot of abnormal profits earned are spent on research and development which leads to technological advancement and a high standard of living in the country.

**Demerits of Oligopoly firms**

- Consumer exploitation through over charging due to collusion.
- There is duplication hence wastage of resources.
- Collapse of small firms when they are outcompeted due to stiff competition.
- Under exploitation of resources due to production at excess capacity.
- Industries with large firms exert pressure on government.
- Distorts consumer choices due to excessive advertisements.
- Worsens income inequality due to limited entry of other firms.
- Some firms at times engage in price wars where each firm keeps on reducing on prices of its products to outcompete rival firms which results into losses.
- Profits are limited due to price rigidity and this may affect further expansion.
- Firms incur high costs on advertising which increases on the price of the commodity.
- The market structure is characterised by uncertainties about the reactions and activities of other firms which limit the ability of an individual firm to make independent decisions.



**Activity 27: Page 51 in the learner’s book**

Category a	
Several sellers	Monopolistic competition
Few sellers	Oligopoly
Single seller	Monopoly
Many sellers	Perfect competition
Category b	
Monopoly	Inelastic
Perfect competition	perfectly elastic
Oligopoly	Kinked
Monopolistic competition	Elastic

**Unit 1 assessment answers: page 53 in the learner's book**

1. (a) Perfect and imperfect markets.
- (b) Market structures differ in the following ways:
  - Number of sellers and buyers.
  - Nature of the product dealt in. (homogeneity, differentiation and heterogeneity).
  - Entry conditions.
  - Cost conditions.
  - Degree of knowledge.
  - Firms ability to influence demand through advertisement.
2. (a) Basis of monopoly firms in Rwanda:
  - Patent rights e.g. writers of books, musicians, artists etc. where the law forbids other firms to deal in the same commodity.
  - Ownership and control of strategic raw materials usually under government control e.g. minerals. This leads to natural monopoly.
  - Exclusive methods of production. This gives the producers monopoly of the skills that are needed for production. e.g. doctors.
  - Long distance among producers where each producer monopolises the market in his/her locality. This leads to spatial monopoly.
  - Advantages of large-scale production which do not allow small firms to compete successfully with large firms.
  - Protectionism: This is where trade barriers are imposed on the product to exclude foreign competitors. In such cases, the home producer may become a monopolist.
  - Take-over and mergers: Take-over' is when one firm takes over the assets and organisation of another whereas mergers are formed when firms combine their assets and organisations into one to achieve strong market position. Both situations may result into a monopolist firm.

- Collective monopoly or collusive monopoly: This is where firms come together in a formal or informal agreement (cartel) to achieve monopoly power. Such firms can fix quotas (maximum output each may put on the market). They may also set the price very low with the objective of preventing new entry of other firms. This is called limit pricing.
- (b) Why it is necessary to interfere with monopoly firms in Rwanda:
- To improve efficiency in firms and encourage production of high quality.
  - To increase capacity utilisation of resources i.e. Increase exploitation of resources in Rwanda since monopoly firms produce at excess capacity.
  - To protect exploitation of customers by monopolist through exorbitant prices.
  - To avoid shortage/ scarcity of commodities in the economy since monopolists cannot satisfy the whole country.
  - To reduce monopoly pressure on government since in most cases they tend to sometimes influence decision making because they are the controllers of production.
  - Discrimination of consumers: This may be based on political or religious affiliation other than the factors respected by economics.
  - To income inequality since monopolies normally overcharge customers and earn more compared to others.
- (c) Need for state monopolies in Rwanda:
- To avoid duplication of certain services in the country e.g. BNR having monopoly over printing and minting of money in Rwanda.
  - Some services or activities are risky not be left in hands of private monopolies or hands e.g. defense.
  - Some services or goods if left in the hands of private firms or monopolies can be expensive for customers and this might deteriorate their standard of living since they are essential e.g. water and electricity (WASAC & REG).

3. Monopolistic competition, because:
- Product differentiation enables consumers to get a variety of products.
  - Firms compete to make improvement in the quality of products to choose from.
  - In case one firm collapses, substitutes are available for the consumers.
  - The price charged is lower than that of a monopolist because of competition from substitutes.

**Note:** A learner can give any market structure supporting it with its advantages.

4. (i) Price discrimination is a situation where a commodity is sold at different prices to different people. It can also be referred to as **parallel pricing**.
- (ii) Forms of price discrimination.
- Discrimination according to personal income when giving a service.
  - Discrimination according to sex or age.
  - It may be geographical through dumping.
  - According to the time of service.
  - Discrimination according to nature of the product.
  - Discrimination according to use of the product e.g. low transport charges for inputs and high transport charges on luxuries.
  - Discrimination by differentiation of commodities e.g. high prices on travellers in first class in trains and airplanes and low charges of other classes.
- (iii) Conditions necessary for price discrimination to take place:
- The commodity must be sold by a Monopolist.
  - Geographical separation of markets.
  - Elasticity of demand should be different in different markets.
  - The cost of dividing the markets/ transport should be very low.
  - Buyers should not know how much is charged on others.
  - There should be no government interference in the market.



- When goods are sold on special order.
- When providing personal services which cannot be transferred from one person to another e.g. medical services.

## Unit 2: Measuring National Income

Refer to learner's book page 61- 103

**Unit competence:** Learners will be able to analyse the importance of measuring national in an economy



### LESSON 1: Meaning of national income and key concepts (learner's book page 62-64)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work
- Teacher exposition

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous unit as a whole.</li><li>• Asks learners to make pairs.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen and then make pairs.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in pairs to describe the activities in figure 1 on page 64.</li><li>• Describe the purpose of the activities.</li><li>• Relate activities to national income.</li><li>• Guides class presentation by different groups.</li></ul>	<ul style="list-style-type: none"><li>• Learners attempt to: describe the activities.</li><li>• Give the purpose of the activities.</li><li>• Responds and do as told.</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also relate national income to different activities in the country, different economic conditions in an economy i.e. inflation, depression among others.



## **LESSON 2: Key concepts in national income, (learner's book page 63-64)**

### ***Lesson materials***

Recommended text book, economics journal, internet

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration

## **Lesson development**

<b>Steps</b>	<b>Teacher's activity</b>	<b>Learner's activity</b>
1 Introduction	Teacher briefly explains the <ul style="list-style-type: none"> <li>• Meaning of national income.</li> <li>• Reviews some concepts taught in the previous lesson.</li> <li>• Asks learners to make pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and then make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to carry out some calculations of the concepts.</li> <li>• Guide class presentations by different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Do as instructed by the teacher.</li> <li>• Responds to teacher's instruction.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonise findings of different pairs.</li> <li>• Comments on the presentation.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> </ul>

### ***Cross cutting issues***

Emphasise the role of standardisation and environmental sustainability in national income determination.



## **LESSON 3: Key concepts in national income, (learner's book page 63-64)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspapers.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration

## **Lesson development**

<b>Steps</b>	<b>Teacher's activity</b>	<b>Learner's activity</b>
1 Introduction	<p>Briefly explains the</p> <ul style="list-style-type: none"><li>• Meaning of national income and its key concepts.</li><li>• Asks learners to make pairs.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher and then make pairs.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in pairs to do calculations of the concepts.</li><li>• Guide class presentations by different pairs.</li></ul>	<ul style="list-style-type: none"><li>• Try out calculations as instructed by the teacher.</li><li>• Pairs of presentations to the class.</li><li>• Others compare their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different pairs.</li></ul>	<ul style="list-style-type: none"><li>• Takes down teacher's comments.</li><li>• Attempts to answer the questions asked.</li></ul>



## LESSON 4: Approaches of measuring national income (learner's book page 65)

### ***Lesson materials***

Recommended text books, economics journal, internet access newspapers.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work
- Pair work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Give a preview of the previous lesson.</li> <li>• Asks learners to make groups of five.</li> </ul>	<ul style="list-style-type: none"> <li>• Listen to the review and then form groups of five.</li> </ul>
2 Body	<p>Asks learners in groups to:</p> <ul style="list-style-type: none"> <li>• describe the activities in figure 2 on page 65.</li> <li>• describe how the activities relate to national income.</li> <li>• relate the activities to approaches.</li> <li>• selects a group to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Describes the activities and relate them with national income and approaches.</li> <li>• Do group presentations.</li> <li>• Compare their findings with discussants.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Demonstrates to learners how the three methods give the same findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> </ul>



## LESSON 5: Circular flow in a closed economy (learner's book page 70)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly review the previous lesson.</li><li>• Asks learners to exchange their books for checking the home work given.</li></ul>	<ul style="list-style-type: none"><li>• Exchange their books and cross check their home work.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Guides learners to discuss their homework.</li></ul>	<ul style="list-style-type: none"><li>• Discuss the homework and clarify their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by clarifying more about national income in a closed economy.</li></ul>	<ul style="list-style-type: none"><li>• Listens and takes down teacher's comments.</li></ul>

### ***Additional information for the teacher***

The teacher should also help learners in knowing what a closed economy is and how it differs from economic systems. This will help learners know how a closed economy works under different economic systems.

### ***Cross cutting issues***

Emphasise the role of standardisation and environmental sustainability in national income determination.



## LESSON 6: Circular flow in an open economy, (learner's book page 71)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson.</li> <li>• Asks learners to exchange their books for checking as regards the home work.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher and then exchange their books for homework checking.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Guides learners in discussing the answer found in the colleagues book.</li> <li>• Guides learners to clarify about their work.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss the homework answers.</li> <li>• Colleagues clarify their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes the lesson by clarifying more about national income in an open economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Listen to the teacher and take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also help learners to differentiate between a closed economy and an open economy and also relate the open economy to an open market when dealing with international trade.

Give activities for multi ability learning. As learners too try out more exercises relating to the lesson.



## LESSON 7: Determining factors of national income (learner's book page 72)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Documentaries

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly review the previous lesson.</li><li>• Instruct learners to visit the library or internet and make a research on determinants of national income.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher and visit the library/Internet.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the classroom.</li><li>• listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners presents their findings.</li><li>• Other learners listen to the presentation and react accordingly.</li></ul>
3 Conclusion	<p>Concludes the lesson by:</p> <ul style="list-style-type: none"><li>• harmonising the findings of different learners.</li><li>• asking learners oral questions related to the above discussion.</li></ul>	<ul style="list-style-type: none"><li>• Takes down teacher's comments.</li><li>• Answers the questions asked by the teachers.</li></ul>

### ***Additional information for the teacher***

The teacher should also put into consideration other macro-economic issues such as aggregate demand since they are interrelated.





## LESSON 8: Importance of national income (learner's book page 74)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly review the previous lesson.</li> <li>• Asks learners to visit the library or internet and make a research on the importance of national income statistics.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners visit the library or internet and do research on the importance of national income statistics.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some learners to present their findings to the rest of the class.</li> <li>• Responds and listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners present their findings.</li> <li>• Other learners react to the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners.</li> <li>• Gives final comments concerning the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also put into consideration and relate the importance of national income statistics to the importance of book keeping to a shop keeper or money to an individual.

### ***Cross cutting issues***

Emphasise the role of financial education standardisation and environmental sustainability to an economy.



## **LESSON 9: Difficulties of measuring national income statistics (learner's book page 75)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspapers.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

## **Lesson development**

<b>Steps</b>	<b>Teacher's activity</b>	<b>Learner's activity</b>
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to visit the library or internet and research about difficulties of measuring national income statistics.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher's review.</li><li>• Researches about difficulties of measuring national income statistics.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some learners to present their findings to the rest of the class.</li><li>• Responds and listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners attempt to do as told.</li><li>• Other learners ask questions to the presenter.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different learners.</li><li>• Gives general comments about the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Takes down teacher's comments.</li></ul>

**Additional information for the teacher**

The teacher should also put into consideration and relate problems of measuring national income statistics to problems faced during the process of book keeping to a shop keeper.



**LESSON 10: Injections and leakages (learner’s book page 82-83)**

**Lesson materials**

Recommended text books, economics journals, internet access, newspaper articles.

**Teaching/Learning methods**

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher’s activity	Learner’s activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly give review of the previous lesson.</li> <li>• Asks learners to visit the library or internet and make a research on;</li> <li>• Meaning of equilibrium.</li> <li>• Situations of equilibrium.</li> <li>• Illustration of additions and leakages in circular flow.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher’s review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners to present their findings to the rest of the class.</li> <li>• Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners present their findings.</li> <li>• Other learners ask questions to the presenter.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners and differentiating more between injections and leakages.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher’s comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should relate leakages and injections with a tank which has rain water entering it from iron sheets at the top and water moving out through the tap (injections--- water entering the tank, leakages-----water leaving the tank)



## **LESSON 11: Inflationary gap, (learner's book page 83-86)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspapers.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to visit the library or internet and make a research on;</li><li>• Meaning of inflationary gap.</li><li>• Illustration and how the gap can be closed.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen and visit the library.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the rest of the class.</li><li>• Listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Learners present their findings.</li><li>• Other learners ask questions to the presenter.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different learners and talks more about the inflationary gap.</li></ul>	<ul style="list-style-type: none"><li>• Takes down teacher's comments.</li></ul>

**Additional information for the teacher**

The teacher should relate inflationary gap to a school situation where total demand at the school canteen is more than what the canteen can supply so that learners can have a simple illustration.



**LESSON 12: Deflationary gap (learner’s book page 84-85)**

**Lesson materials**

Recommended text books, economics journals, internet access, newspaper articles.

**Teaching/Learning methods**

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher’s activity	Learner’s activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to visit the library or internet and research on;</li> <li>• Meaning of deflationary gap.</li> <li>• Illustration and how the gap can be closed.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teachers review and do research on deflationary gap.</li> <li>• Illustrates how the gap can be closed.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners to present their findings to the rest of the class members.</li> <li>• Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners present their findings.</li> <li>• Other learners ask questions to the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners and talks more about the deflationary gap.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher’s comments and notes.</li> </ul>

**Additional information for the teacher**

The teacher should relate a deflationary gap to a school situation where total supply at the school canteen is more than what the learners demand so that the learners can have a simple illustration.



**LESSON 13: Business cycle meaning and illustration, (learner's book page 87-91)**

**Lesson materials**

Recommended text books, economics journals, internet access, newspaper articles.

**Teaching/Learning methods**

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to form groups of 3.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher's review and form groups of three.</li> </ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"> <li>• identify the phases of coffee harvesting from case study in activity 5 on page 87-88.</li> <li>• describe characteristics of each phase.</li> <li>• Illustrate the stages on a graph.</li> <li>• Selects different groups to present to the class and asks others to compare with their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners identify phases of coffee harvesting.</li> <li>• Describing the characteristics of each phase.</li> <li>• Different groups present their findings in form of discussions.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Give final comments about the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> </ul>
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***Additional information for the teacher***

The teacher should also relate the business cycle to an ordinary kiosk or boutique to show the ups and downs in business. This will help learners to understand well the phases of the cycle.



**LESSON 14: Per-capita income meaning and calculation, (learner's book page 92-93)**

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to make groups of 5.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher and then make groups.</li> </ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"> <li>• read the case study in activity 6 on page 91-92 and thereafter answer question roman (1).</li> <li>• to give out different cases of such situations they have seen.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners attempt activity 6 and answer the questions that follow.</li> </ul>
5 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises the findings of different groups.</li> <li>• Gives some key coments about the lesson.</li> </ul>	Learners take down teacher's comments.

### ***Additional information for the teacher***

The teacher should also relate the incomes earned by the people to the standards of living of the people in society where the learners live. How the standard of living is affected by the income, apart from income what else affects the people's standard of living apart from incomes.



## **LESSON 15: Comparison of national income within a country, (learner's book page 93-94)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

<b>Steps</b>	<b>Teacher's activity</b>	<b>Learner's activity</b>
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to sit in their groups.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher's review.</li><li>• Join their groups.</li></ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"><li>• read the case study in activity 6 on page 91-92 and answer question (3a).</li><li>• Asks learners to present their findings to their class members.</li></ul>	<ul style="list-style-type: none"><li>• Learners do activity 6 and answer question 3a on page 92.</li><li>• Attempt to discuss and present their findings.</li><li>• Listen to discussants.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises group findings.</li><li>• Give key points to the learners.</li></ul>	Learners takes down teacher's comments / points.

### ***Additional information for the teacher***

The teacher should also relate the incomes earned by the people to the standards of living of the people in society where the learners



live. How standard of living is affected by the income, apart from income, what else affects the people's standard of living.



## LESSON 16: Comparison of national income between countries, (learner's book page 95)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work
- Case study

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to join groups they formed in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and then make groups.</li> </ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"> <li>• read the case study in activity 6 on page 92 and answer question (3b).</li> <li>• Asks learners to present their findings to the rest of the class members.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners read and do activity 6 on page 92.</li> <li>• Answer question (3b).</li> <li>• Attempt to discuss and present their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Makes important remarks about the lesson.</li> </ul>	Learner takes down teacher's comments and remarks.

### ***Additional information for the teacher***

The teacher should also compare average incomes of the countries within the region and analyse its effects in the respective countries.

Relate further with more developed countries to find out the differences between the standards of living.



## LESSON 17: Causes of low per-capita income in Rwanda, (learner's book page 96)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to join groups they formed in the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen and then make groups.</li></ul>
2 Body	Asks learners in groups to; <ul style="list-style-type: none"><li>• read the case study in activity 6 on page 92 and then answer question (2).</li><li>• to present their findings to the rest of class members.</li></ul>	Learners attempt to; <ul style="list-style-type: none"><li>• do activity 6 on page 92.</li><li>• discuss in their groups.</li><li>• answer question (2).</li><li>• present their findings to the whole class.</li><li>• listen to discussants.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises the findings of different groups.</li><li>• Give learners general comments and observation.</li></ul>	Learners <ul style="list-style-type: none"><li>• takes down teacher's comments and observations.</li></ul>

### *Additional information for the teacher*

Relate low per-capita income to sources of low national income i.e. why national income is low in Rwanda.



## LESSON 18: Types and causes of inequalities, (learner's book page 98-99)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to form groups of three (3).</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the review of the previous lesson.</li> <li>• Form groups of three.</li> </ul>
2 Body	<p>Asks learners in groups to;</p> <ul style="list-style-type: none"> <li>• describe the two categories of people and regions in figure 18 on page 97.</li> <li>• give the term in part (2).</li> <li>• to present their findings to the rest of the class members.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners describe the two categories and regions in Figure 18 page 97.</li> <li>• They do part (2).</li> <li>• Present their findings to the whole class.</li> <li>• Compare findings of the discussions.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Asks learners to discuss the figures.</li> </ul>	<p>Learners;</p> <ul style="list-style-type: none"> <li>• take down teacher's comments.</li> <li>• attempt to talk about the figures.</li> </ul>

### *Additional information for the teacher*

Apart from income and regions in the country, relate to even countries around Rwanda and the world at large. Also relate difference in people's abilities as inequalities.



## LESSON 19: Lorenz curve and Gini coefficient, (learner's book page 99-100)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Group working

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly review with learners the previous lesson.</li> <li>• Asks learners to form pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Listen to the review of previous lesson.</li> <li>• Form pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to visit the library or internet and research about; lorenzo curve meaning and Gini coefficient.</li> <li>• Asks some groups to present their findings to the rest of the class members.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research about Lorenzo curve and Gini coefficient.</li> <li>• Attempt to discuss and present their findings and compare discussions.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes the lesson by harmonising findings of different groups and elaborates more on the Lorenzo curve.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments about Lorenzo curve and Gini coefficient.</li> </ul>

### ***Additional information for the teacher***

The teacher should relate income inequality within a country and other countries to assess the differences in their income and why.



## LESSON 20: Arguments for income inequality, (learner's book page 100-101)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly review with learners the previous lesson.</li> <li>• Asks learners to join groups formed in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the review of the previous lesson.</li> <li>• Form groups.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners to discuss the importance of some people earning more than others.</li> <li>• Asks learners to present their findings to the rest of the class members.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss in groups as told.</li> <li>• Present their findings to the rest of the class.</li> <li>• Listen to discussants.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes the lesson by harmonising findings of different groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

Relate the importance of having more money to income inequality. How important is having the rich in the society?



## LESSON 21: Arguments against income inequality, (learner's book page 101)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to rejoin their groups.</li></ul>	<ul style="list-style-type: none"><li>• Learners participate in the review.</li><li>• Listen and then make groups.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to discuss the problems of some people earning more than others.</li><li>• Asks learners to present their findings to the rest of the members in class.</li></ul>	<ul style="list-style-type: none"><li>• Discuss in groups the problems of people earning more than others.</li><li>• Present their findings to the whole class.</li><li>• Listen to discussants.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by harmonising findings of different groups.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### ***Additional information for the teacher***

Relate the problem of having less money to income inequality. How disastrous is having people who are too poor in the society.



## LESSON 22: Measures to reduce income inequality, (learner's book page 102)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners to rejoin groups formed in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and then make groups.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners to suggest and discuss strategies that the government of Rwanda can undertake to reduce the problem of inequalities.</li> <li>• Asks learners to present their findings to the other class members.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss in groups as told.</li> <li>• Present their findings to the whole class.</li> <li>• Participate in discussions.</li> </ul>
3 Conclusion	Concludes the lesson by harmonising findings of different groups.	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

Relate the solutions to income inequality and having less money to income inequality. How disastrous it is to have people who are too poor in the society.

## Answers to Unit 2 Activities

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### Activity 1: Page 62 in the learner's book

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- (a) Tea picking
- (b) Coffee picking
- (c) Taxi motor transport
- (d) Teaching
  - i. To earn income
  - ii. They all contribute to national income
  - iii. Nationals and foreigners



### Activity 2: Page 65 in the learner's book

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- (a) Carrying goods (output)
- (b) Calculating money (income)
- (c) Exchange of money(exchange)
- (d) International trade
  - i. The incomes are all added to form national income of the country
  - ii. **Income approach**

Using the income approach, we add the incomes received by individuals, firms and government from the exchange of goods and services in form of wages, rent, profits and interests. All these incomes should be from productive activities therefore illegal activities like black marketing, smuggling, prostitution and transfer payments should be excluded.
  - iii. **Expenditure approach**

In this approach, we add up expenditure on final commodities.

To get total expenditure, we add up expenditure by all sectors of the economy i.e;

$NY=C+I+G+(x-m)$  where C- expenditure on consumer goods and services, I- expenditure on capital goods / investment expenditure, G- government expenditure on goods and services, x-m net expenditure from abroad.



**iv. Product approach/ output approach**

In this approach, we add up 'value added' on output by all sectors per year. Value added includes only what was added on output during the year. Value added is the difference between the value of the final

**iv.** LDCs have inadequate information on the incomes of the people especially the self employed in informal sector and this makes the income approach less useful.

- Developing countries do not have information regarding private consumer expenditure and this makes the expenditure approach less useful.
- Using the income approach and the expenditure approach will involve double counting so to avoid this they use the output approach.
- The expenditure approach can't be depended upon because expenditure on intermediate goods may be valued yet expenditure should be on final goods and services.
- Under the output approach, output of individual sectors can be determined easily to determine the exact output (value added).
- Government expenditure abroad is hard to estimate and this makes the expenditure approach less useful.

**v.** The expenditure on goods and services in the market are paid out to the factors of production as rewards for their contribution to the production of goods and services in form of wages, interests, rent, profits, and therefore the income approach is equivalent to the expenditure approach. i.e.  $Y \equiv E$

The money value of goods and services produced by the firms is reflected in the prices paid for them in the market and therefore the output approach is equivalent to the expenditure approach. i.e.  $O \equiv E$

The value of goods and services produced by firms is also reflected in the incomes received by the different

factors of production therefore the output approach is equivalent to the income approach. i.e.  $O \equiv Y$

Since  $Y \equiv E$ ,  $O \equiv E$ ,  $O \equiv Y$ , therefore,  $O \equiv Y \equiv E$



### Activity 3: Page 72 in the learner's book

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1.
  - Stock of natural resources like land and minerals
  - Availability of capital.
  - Technological progress.
  - Human resource.
  - Political situation.
  - Level of market.
  - Level of infrastructure development.
  - Government policy of taxation and subsidisation.
  - Organisation of factors of production.
  - Institutional factors, such as culture, religion and people's attitude towards work.
  - Economic climate
2.
  - For national policy analysis
  - For research purposes
  - Indicates improvement or decline in the standard of living.
  - Statistics show the distribution of income
  - They are important in estimating the level of international transactions
  - Statistics show the patterns of expenditure.
  - Statistics are used for international comparisons
  - For comparisons of economic performance in one country over time
  - Show the rate of resource utilisation.
  - Measure the size of various economic sectors
  - To meet international organisations' obligations
3.
  - Difficulty in determining the boundary of production
  - Problem of valuing unpaid for services
  - Difficulty of valuing subsistence output
  - Problem of valuing inventories and work in progress
  - Difficulty in determining government expenditure
  - Problem of illegal activities

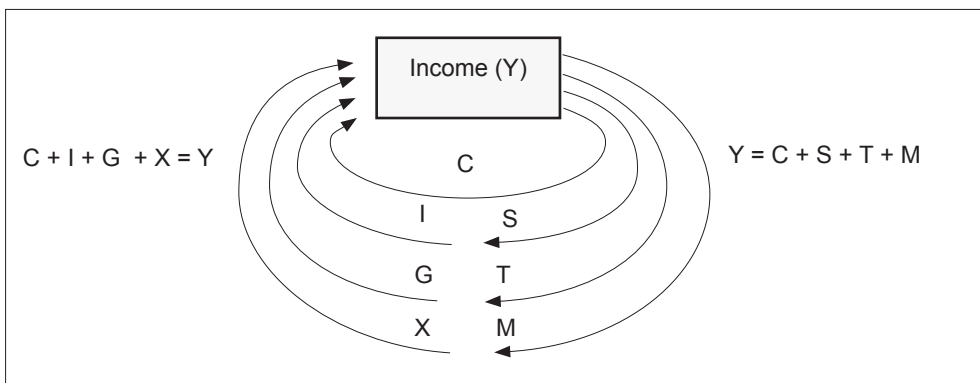
- Problem of timing of production
  - Shortage of skilled personnel and equipment
  - Errors e.g. omission and commission
  - Difficulty in valuing the value of depreciation
  - Problem of double counting
  - Inadequate statistical data/ information
  - Problem of estimating net incomes from abroad
  - Problem of price changes
  - Difficulty in valuing transfer payment
- 4.
- Comparison between countries.
  - Changes in the country's stock of capital.
  - Changes in quality.
  - None marketed activities.
  - Use of national income figures over a long time period.



### Activity 4: Page 78 in the learner's book

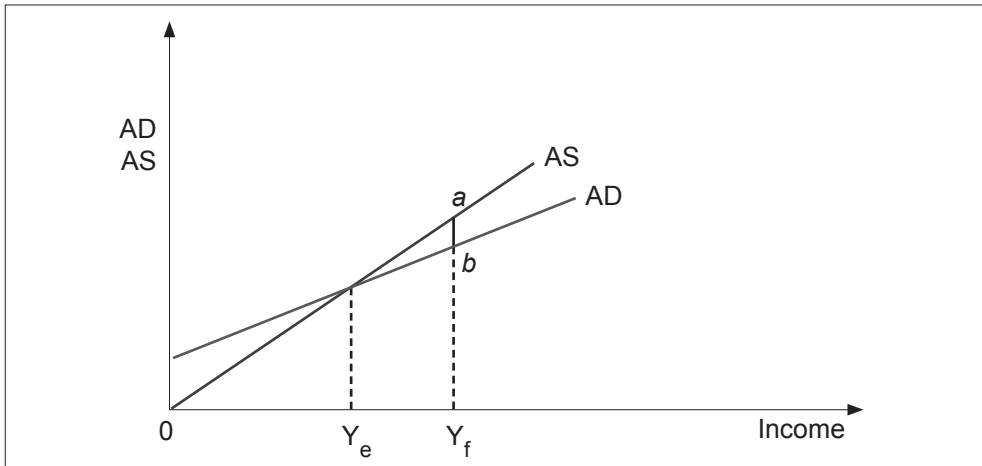
1. Equilibrium can be defined as a state of stability in economic conditions irrespective of the forces influencing different economic agents
2.
  - When leakages are equal to injections
  - Aggregate demand is equal to aggregate supply

*leakages = injections*



3.

**Aggregate demand = aggregate supply**

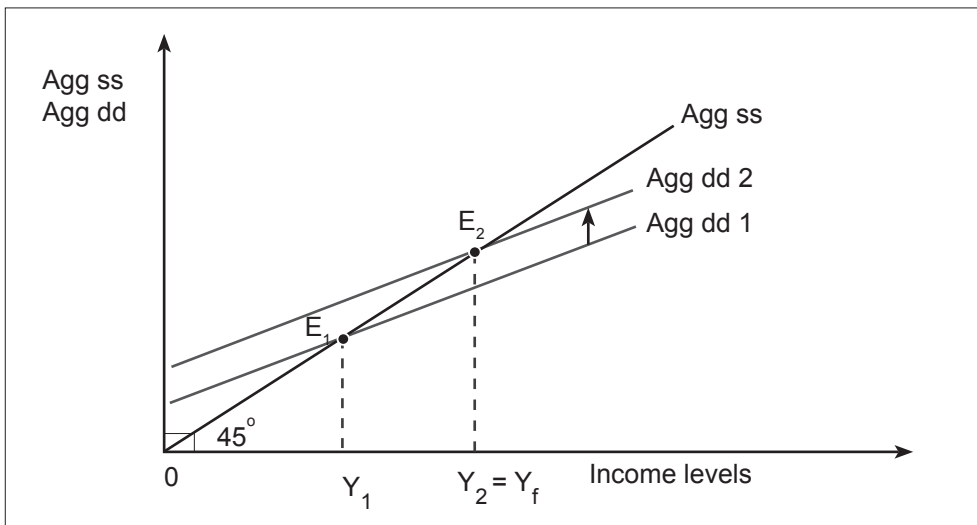


$Y_e$  shows aggregate demand = aggregate supply

4. Additions are injections while withdrawals are leakages
5. when aggregate demand is greater, it is an inflationary gap. When aggregate supply is greater, it is called deflationary
6. Closing an inflationary gap

It can be closed by increasing aggregate demand from aggregate demand 1 to aggregate demand 2 and this can be done through using the policies that increase demand for goods and services.

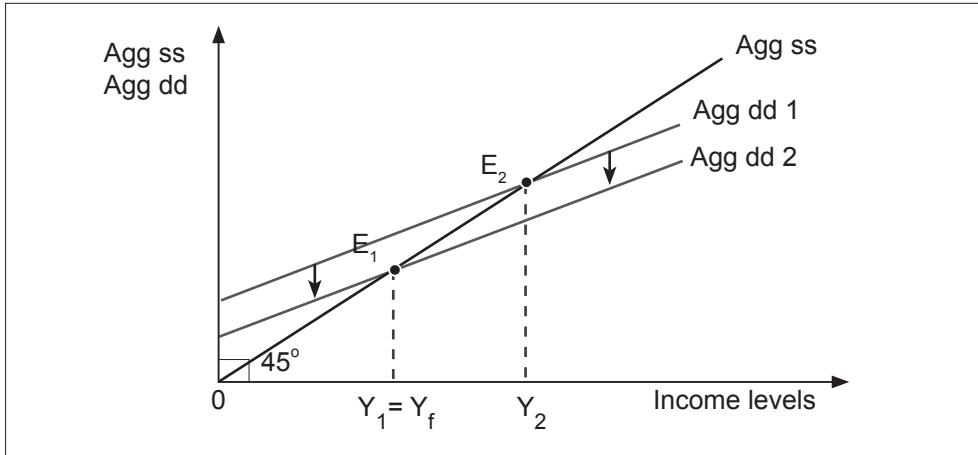
**Deflationary gap**



### ***Closing an inflationary gap***

An inflationary gap can be closed by reducing aggregate demand from aggregate demand 1 to aggregate demand 2 as shown below and this can be done through the policies which reduce the money in hands of the people so that because of little income, demand is also reduced.

### ***Closing a deflationary gap***



### **Activity 5: Page 87-88 in the learner's book**

1. Boom, recession, depression, recovery, prosperity
2. Expansion (Boom)

This is a stage where the business activities are at high levels and they tend to acquire profits. The business is normally in the upswing mode as shown by the high levels of economic activities. It is characterised by the following:

- There is increase in the demand for both capital and consumer goods.
- Companies invest in more production facilities with a view of making profits from the increase in sales.
- Banks lend capital for expansion at low rates because they have confidence in the investors when paying back.
- There are high rates of employment brought about by high aggregate demand and investments.

- The business is at its peak and makes supernormal profits

### ***Recession***

- This stage is the upper turning point and shows that the economy is in a decline as shown by the characteristics below
- Level of sales and production orders start declining
- Production facilities become under utilised
- Companies reduce the work rate
- Workers hired on casual basis are laid off
- There is reduction in the level of output
- Banks raise the interest rates to counter the rise in risk of default on loans
- Most of the companies reduce the price of their goods so that they can increase demand.

### ***Depression***

This is the bottom of a cycle where the economic activity remains highly at a low level. It has the following characteristics;

- Demand for products and services reduce forcing some companies to shut down some production facilities
- There are rampant cases of unemployment brought by closing of industries
- There are high rates of poverty
- The purchasing power in an economy becomes very low
- The gross domestic production declines and so does the standard of living of people
- The fall in price of capital goods is more than that of consumer goods
- Demand for loans declines because the investors become irritated by the economic situation.

### ***Recovery***

This is the stage where the business begins regaining its strength. The business may sale output at very low prices to retain the operating costs, carry out some repairs, gets some credit among others. This helps it to begin moving from the trough. The stage is characterised by the following:

- Here they become confident in the market and they begin buying goods so the business begins making profits.

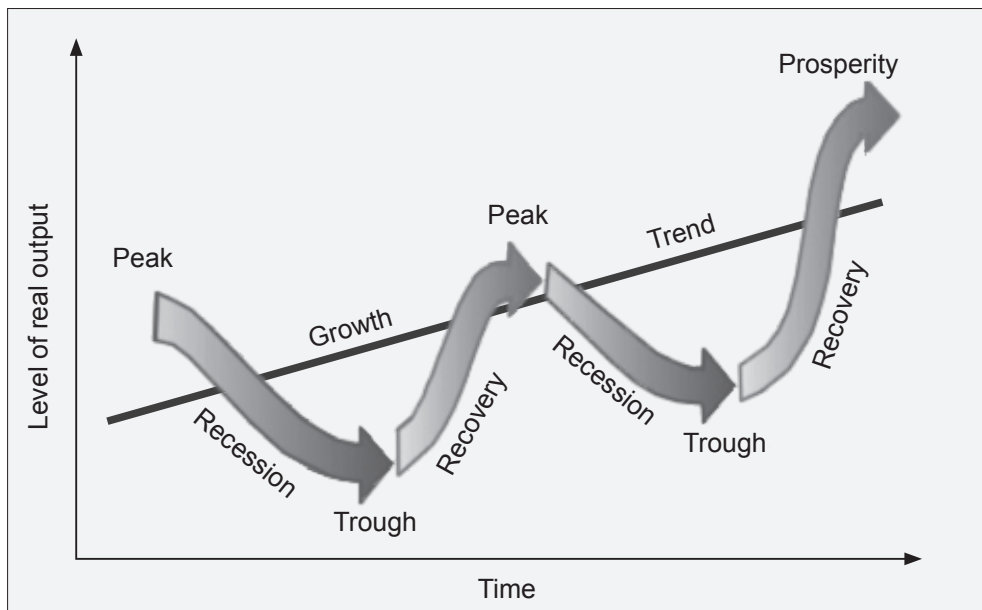
- The bank rates become low so the companies can afford to borrow and finance projects.
- There is an increase in the production because of increase in the aggregate demand.
- Companies begin employing the people and so there is a reduction in the unemployment levels.
- Standards of living of the people improve since they can afford to buy the goods and services.
- Profit margins of the business start rising and the gross domestic product start to rise.

### **Prosperity**

This is where the business regains its strength and the activities are in their peaks. The following are its characteristics;

- There are high employment levels in an economy
- There are high incomes due to the employment levels
- High levels of production is common at this stage
- There is high aggregate demand and cost which leads to a rise in investment and prices for goods and services

### *Business cycle*



### **Activity 6: Page 91-92 in the learner's book**

1. Income per capita.

2.
  - Low levels of education
  - Under developed infrastructure, poor roads leads to some products being unsold
  - One's dependence on agriculture
  - Small scale or subsistence level of production
  - Little capital to invest in their business
  - Low level of development leading to low productivity
  - Low prices of their products especially agriculture products
  - Poor/low paying jobs which give low wages
  - Lack of market for their products
  - Poor working methods or use of rudimentary tools.
3. (a) Per capita income does not take into account:
  - the distribution of income
  - the pattern of goods produced, either capital or consumer goods
  - the working conditions of the people
  - the amount of leisure
  - the level of subsistence sector
  - the level of prices
  - the political climate
  - the quality of goods produced
  - the inaccurate statistical data(b) It does not consider:
  - the type of goods produced
  - leisure which contributes to welfare
  - transport differences
  - some factors which influence the welfare of people e.g. wars, accidents, diseases, pollution, etc.
  - illegal activities e.g. gambling and smuggling
  - use of different concepts and definitions of national income
  - income distribution among the population
  - price structures in both countries
  - unemployment levels.





## Activity 7: Page 97 in the learner's book

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1.
  - (a) farmer
  - (b) political leader
  - (c) rural area
  - (d) urban area
2. Income distribution
3.
  - (a) Advantages of income inequalities
    - Income is in hands of few people who can invest it and produce commodities for other people and the society at large.
    - It encourages the poor to work hard so as to survive in the ever-changing economy.
    - It encourages savings among the rich which can be used for further investments, employment creation and production of goods and services.
    - The rich can invest in research and innovations and improve technologies and this can help to speed up production and economic growth.
    - The few rich employ the poor through investments in industries and factories, hence improving their standard of living.
    - More tax revenue is realised by taxing the rich and this can lead to increase in national income through progressive taxation.
    - The poor take up low category jobs such as cleaners, mortuary attendants etc. which would have nobody to take them up if all people were in the same average class.
    - The rich invest in assets, which increase the wealth of the country.
    - Foreign exchange is earned by rich export firms. This, through export promotion industries, can lead to increase in the foreign exchange earnings and reduce the balance of payment problems of a country.
  - (b) Disadvantages of income inequality

- There is minimum economic welfare of some group of people because of absolute poverty, i.e. inability to purchase basic needs.
  - Reduction in aggregate demand: The rich have a lower marginal propensity to consume than the poor. The poor people are left with little money to purchase commodities. The reduction in aggregate demand discourages investment.
  - Misallocation of resources: The very rich people spend on luxuries, leaving the poor to go without basic needs.
  - Capital outflow especially when the very rich are non-citizens who always repatriate their earnings to their home countries – In countries which are politically unstable, rich people prefer to invest/bank their money in other countries where there is political stability.
  - It leads to a reduction in government revenue since the majority of the people would be having little or no incomes to tax.
  - It leads to social disharmony whereby the poor feel neglected and not catered for which results into political instability.
  - It leads to failure of government programmes when the majority have no adequate means to participate in development activities.
  - Regional imbalances come up because the regions with resources develop at the expense of others without resources.
- 4.
- Education reforms; so that many people can access education which can help them to get jobs
  - Land tenure reforms; this is through land distribution policies so that all people in society can be able to carry out agriculture
  - Kick-start funds to be given to people
  - Progressive taxation should be undertaken
  - Infrastructure such as roads should be under taken

- The economy of Rwanda should be liberalised
- Population growth should be controlled
- Investment climate to be improved
- Encourage the development of small scale enterprises
- Formation of co-operatives e.g. Saccos to encourage micro savings

**Unit 2 assessment answers: Page 103 Learner's book**

1. (i) Reasons why the government compiles GDP
- For national Policy analysis
  - For research purposes
  - Indicates improvement or decline in the standard of living.
  - Statistics show the distribution of income
  - They are important in estimating the level of international transactions
  - Statistics show the patterns of expenditure.
  - Statistics show regional performance and improvements.
  - Statistics are used for international comparisons
  - For comparisons of economic performance in one country over time
  - Show the rate of resource utilisation.
  - Measure the size of various economic sectors
  - To meet international organisations' obligations
- (ii) Measures to improve GDP
- Proper utilisation of the available resources.
  - Mobilise capital both internally and externally
  - Improve technology
  - Development of human resource
  - Ensure peace and security in all parts of the country
  - Market research
  - Developing infrastructure
  - Increase government expenditure
  - Institutional frame work

2. (i) Reasons why a person in Kenya doesn't enjoy a high standard of living than that of Rwanda:
- Types of goods produced in the two countries are different. Per capital income may be high in the Kenya, which produces many capital goods, which do not improve welfare directly in the short run.
  - Foregoing Leisure. Per capita income may be high in Kenya where people work hard and forego leisure, which may be on top of their scale of preferences.
  - Transport differences two countries may produce the same quantity and quality of product but may have different figures of per capita income because of the difference in transport costs.
  - Per capita income figures do not reflect some factors, which influence the welfare of the people. For example, it may be high in Kenya where there are wars, accidents, diseases, pollution etc.
  - In both countries, it is likely that population figures are inaccurate because of inadequate facilities and therefore the figures for per capita income are unreliable.
  - Per capita income may be underestimated in Rwanda where there are omissions in measuring GNP e.g. due to a large fraction of subsistence sector, high non-monetary output etc.
  - There may be people in Kenya who live on illegal activities like gambling and smuggling, which are not included in national income figures.
  - Countries use different concepts and definitions of national income. For example, some countries value subsistence output while others do not, others use GNP at factor cost while others use GNP at market prices, etc.
  - Income distribution is different in both countries. Kenya may have high-income per capita figures when income is in the hands of few people while the majority of the population is suffering which is not the case for Rwanda.

- Price structures figures of national income may be high because of inflation and this does not mean that people are better off.
  - Per capita income may be high in Kenya where there is unemployment which affects welfare of affected people/household.
- (ii) Why Per-capita income figures are not a good measure for standard of living in the country
- Does not take into account the distribution of income
  - Does not take into account the pattern of goods produced either capital or consumer goods
  - Does not consider the working condition of the people
  - Does not take into account the amount of leisure
  - Does not consider the level of subsistence sector
  - Does not consider the level of prices
  - Does not take into consideration the political climate
  - Does not consider the quality of goods produced
  - Inaccurate statistical data e.g. population figures
  - Does not show the level of taxation in the country.
3. How the construction of good roads may help to increase national income of Rwanda
- Roads increase productivity in all areas of the country
  - It creates employment opportunities to the citizens who provide tax revenue for government expenditure
  - They lead to arbitrage that increase profits of the producer
  - Help to link different sectors e.g. agriculture to industry, rural to urban etc.
  - Help in mobility of labour
  - Lead to urbanisation that increases economic activities in the area
  - Aid international trade through exportation and importation of raw materials, final goods and services.

## Unit 3: Price Indices

Refer to learner's book page 111-119

**Unit Competence:** Learners will be able to analyse the effects of price changes in an economy over time.



### LESSON1: Meaning and types of price indices (learner's book page 112)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Field study
- Teacher exposition

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Gives rules to be followed in the visit outside school.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the rules from the teacher.</li></ul>

2 Body	<ul style="list-style-type: none"> <li>• Moves out with learners in the local community.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Move outside school to gather information about prices of certain selected commodities commonly consumed, in the nearby local community.</li> <li>• Presenting the summary of the research findings in their classroom.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, responds to questions asked by learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and asks questions to the teacher.</li> </ul>

### ***Additional information for the teacher***

The prices of all goods and services do not register a rise or a fall simultaneously; the prices of some goods and services fall whereas the prices of others rise. The prices of some goods and services rise in greater proportion, while those of others rise in small proportions. The prices of certain goods and services may not change at all and if we find out the average of the fluctuations in the prices of various goods and services, we can generally know whether the general price level has risen or fallen. This averaging of the prices of various goods and services on which money is spent is known as the price-level and a series of price-levels is called the index number.

A base year is selected and the prices of a group of goods in that year are noted. The index number for the base year is 100 and changes are indicated as a percentage variation from the base.

### ***Cross cutting issues***

It is important to emphasise the cross cutting issue of financial education so as to enhance the spirit of being rational consumers.

Emphasise also the issue of standardisation culture whereby producers should produce quality products that tally with the prices.



## LESSON 2: The procedure for computing cost of living index (learner's book page 113)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher, review and asks questions about the introduction.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives the task to learners about the procedures of computing price indices.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their groups, learners through research in the library explain the procedures of computing price indices.</li> <li>• Presenting the research findings to the class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, asks questions to the teacher and notes down the summary.</li> </ul>

### ***Additional information for the teacher***

The construction of index numbers is done following a logical sequence as follows:

**Defining the purpose** which the index is required to serve. If the purpose is to study the effects of the changes in the value of money on the workers and consumers, then a retail price index number is to be constructed, and if we have to study the impact of changes in the value of money on entrepreneurs and traders, then we have to use the wholesale price index number.



**Selection of commodities** which should be representative of the tastes, habits and customs of people, should be cognisable and unlikely to change in quality. The number of goods should be large enough to present a comprehensive picture of the economy.

**Selection of the base year** which shows that prices to a greater extent in that year must have been 'normal'. One should not choose a year when the country was experiencing a war or a depression.

**Collection of price data** that is necessary to ensure that the prices quoted are representative of the large volume of transactions; otherwise there is likelihood of making errors. It is necessary that proper care is taken to collect price data from right sources so that the index number does not present a distorted picture.

**Averaging** i.e. finding out the average of prices both in the base year as well as in the subsequent year(s). The price of each good during the base period is treated as equal to 100 and that for the period under inquiry is stated as a percentage of the price during the base period.



### LESSON 3 & 4: Computation of price indices (learner's book page 114-115)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Gives the task to learners about the computation of price indices.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their groups, learners through research in the library compute price indices.</li> <li>• Presenting their calculations to the teacher for marking.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by making corrections for learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Making corrections where they went wrong.</li> </ul>

### ***Additional information for the teacher***

Price relatives (simple price index) refer to the percentage change in the price of one commodity from one year (base year) to another (current year). Price relatives have no units. If the price relative is greater than 100%, it means that there has been a rise in the price of that commodity. And if it is less than 100% it means that there have been a fall in price of that commodity.

Inform learners also that the index figures are used to show average changes in prices of commodities taken as representatives in a country from one year (taken as a base year) to another (current year) which reflects people's standard of living between those two periods in concern. For example if average simple index and average weighted index figures are above 100 like 140%, it implies there is inflation and a fall in the money value by 40% in the country thus high cost of living and fall in standard of living by the same percentage. If the figure is less than 100 e.g. 80% it would imply that there is a fall in the cost of living by 20% and a fall in the general price level or an increase in the money value by the same percentage thus an increase in the standard of living from the base year to the current year.

### ***Crosscutting issues***

Emphasise the cross cutting issue of finance education while teaching this lesson.



## LESSON 5: Uses of the price indices (learner's book page 115-116)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher about price indices.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives the task to learners to do (activity 2).</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners discuss the importance of price indices (activity 2).</li> <li>• Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising the learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>



## LESSON 6: Problems of compiling index numbers (learner's book page 117)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work

- Brainstorming

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher and ask questions on price indices.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to discuss the problems of price indices.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their pair groups, learners discuss the problems of price indices.</li> <li>• Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising the learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>



### LESSON 7& 8: Unit assessment (learner's book page 117-118)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Roll calls learners to make sure every learner is assessed.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners respond to their names.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives the task to the learners to do the test.</li> <li>• Supervises the test.</li> </ul>	<ul style="list-style-type: none"> <li>• Organise themselves for the text.</li> <li>• They do the test.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by giving approach to the questions done.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

## Answers to Unit 3 Activities



### Activity 1: Page 112 in the learner's book

- Price indices
- Sugar prices increased from 100 to 200.  
Salt prices increased from 20 to 30.  
Rice prices increased from 100 to 150.  
Fish prices reduced from 50 to 30.
- 

Commodity	Price 2012	Price 2015	SPI 2012	SPI 2015
Sugar	100	200	100	
Salt	20	30	100	
Rice	100	150	100	
Fish	50	30	100	

Calculating the price changes from 2012 to current.

#### Sugar

$$\text{SPI} = \frac{P_1}{P_0} \times 100$$

$$200 / 100 \times 100 = 200$$

#### Salt

$$\text{SPI} = \frac{P_1}{P_0} \times 100$$

$$30 / 20 \times 100 = 150$$

#### Rice

$$\text{SPI} = \frac{P_1}{P_0} \times 100$$

$$150 / 100 \times 100 = 150$$

#### Fish

$$\text{SPI} = \frac{P_1}{P_0} \times 100$$

$$30 / 50 \times 100 = 60$$

- From the above calculations, it can be seen that the prices of sugar, salt and rice increased by 100, 50 and 50 respectively while that of fish fell by 60 from the base year to the current year.



## Activity 2: Page 115 in the learner's book

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1. Uses of the price indices:
  - Measuring changes in the value of money. When the general price level increases, the value of money reduces (commodities which a unit of money can buy reduces) When the general price level reduces the value of money increases.
  - It is the measure of the rate of inflation which is the difference between relative price changes of 2 years. When the price increases, it means there is inflation. When the price reduces, it means there is a deflation.
  - Wage determination and change i.e. wage changes should match with changes in the general price level to avoid a decline in the standard of living of workers when there is inflation and this can be done basing on the price index figures.
  - The price index can be compiled for different regions and towns so as to determine allowances, wages, taxes etc. which should match with inflation.
  - Comparison purposes. The price Index can be used to compare the standard of living between countries at a point of time, and in one country over time.
  - The producers' price index for inputs is used to measure the variations of input prices. This helps policy makers when designing policies to influence input prices.
  - The price index helps the government in pricing contracts and awarding tenders e.g. for construction, input price variation is important when determining total costs to fix and to revise contract values.
  - The central bank uses price indices to design policies which can stabilise prices.
  - The price index for different regions in the country helps manufactures to locate sources of cheaper inputs and areas with higher output prices where to sell commodities.
  - Price indices help the government to trace the cause of scarcity of inputs which are reflected in their prices e.g. the drought can be the cause of increase of agricultural raw materials.

2. Problems of compiling index numbers
- There are different ways and formulae of compiling index numbers. The values calculated may differ by the method used and this makes comparison difficult.
  - Choosing the base year; because of inflation, it is difficult to get the year when prices were stable.
  - It is hard to include all commodities in the index. Representative commodities may not show the cost of living of some groups of people though attempts are usually made to include in as many commodities as possible.
  - Because of changes in tastes and preferences, weights (relative importance that people attach to commodities) change over time and therefore there is need to compile new index numbers over time.
  - Weights always change because of new discoveries, innovations and changes in consumption patterns meaning that the importance or the value of the commodity may vary in the same year.
  - The change in the general price level may be due to change in quality of products. This may be misinterpreted to be inflation.
  - Differences in income e.g. the rich and the poor consumer different commodities. Therefore, one index cannot reflect the change in the cost of living of all income groups.
  - The introduction of new commodities and the changes in the tastes and preferences also lead to shift to other commodities hence a problem when comparing the prices in the different years.

**Unit 3 assessment answers: Page 117-118 in the learner's book**

1. (i) Reasons for periodical revision of cost of living index
- Measuring changes in the value of money
  - Measuring the rate of inflation over the years
  - Wage determination basing on the change in the prices
  - Used to determine tax rates

- Comparison purposes of standard of living between two countries.
  - The producers' price index for inputs is used to measure the variations of input prices.
  - The price index helps the government in pricing contracts and awarding tenders.
  - The central bank uses price indices to design policies which can stabilise prices.
  - Helps manufactures to locate sources of cheaper inputs and areas with higher output prices where to sell commodities.
  - Price indices help the government to trace the cause of scarcity of inputs.
- (ii) Problems faced when compiling price indices
- Difficult in determining the basket of commodities.
  - Choosing the base year i.e it is difficult to get the year when prices were stable.
  - Because of changes in tastes and preferences relative importance that people attach to commodities change over time.
  - Weights always change because of new discoveries, innovations and changes in consumption patterns.
  - Limited information.
  - Limited skilled personnel.
  - The change in the general price level may be due to change in quality of products. This may be misinterpreted to be inflation.
  - Differences in income e.g. the rich and the poor consume different commodities. Therefore, one index cannot reflect the change in cost of living of all income groups.
  - The introduction of new commodities and the changes in the tastes and preferences also lead to shift to other commodities.



2. (i) Simple price index  
100
- (a) Sugar =  $900/700 \times 100 = 128.5$   
 (b) Soap =  $500/300 \times 100 = 166.6$   
 (c) Maize =  $200/150 \times 100 = 133.3$   
 (d) Meat =  $1000/700 \times 100 = 142.8$   
 (e) Beans =  $300/400 \times 100 = 75$   
 (f) Charcoal =  $1200/1000 \times 100 = 120$
- (ii) Weighted index  
W.I = SPI X W
- (a) Sugar =  $128.5 \times 5 = 642.5$   
 (b) maize =  $133.3 \times 2 = 266.6$   
 (c) soap =  $166.6 \times 3 = 499.8$   
 (d) meat =  $142.8 \times 6 = 856.8$   
 (e) charcoal =  $15 \times 120 = 1800$ .
- (iii) Simple cost of living index  
Summation simple price index/number of commodities =  
 $128.5 + 166.6 + 133.3 + 142.8 + 75 + 120 / 6 = 766.2 / 6 = 127.7$
- (iv) Weighted cost of living index =  
Summation weighted index/Summation weights  
 $642.5 + 266.6 + 499.8 + 856.8 + 600 + 1800 / 5 + 2 + 3 + 6 + 8 + 15$   
 $= 4665.7 / 39 = 119.6$

## Unit 4: Consumption, Saving, Investment and Multipliers

Refer to Learner's textbook Page 123-147

**Unit Competence:** Learners will be able to evaluate the impact of consumption, saving, and investment on national income.



### LESSON 1 & 2: Meaning and factors influencing the level of consumption (learner's book page 124-127)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and connects it with the day's lesson.</li></ul>	Listen to the teacher and ask questions.

2 Body	<ul style="list-style-type: none"> <li>• Gives the task on the case study about Mr. Rwanyamugabo and Ms. Mukakabanda's consumption habits.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their pair groups, learners use the case study to discuss about Mr. Rwanyamugabo and Ms. Mukakabanda's consumption habits.</li> <li>• Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

### ***Cross cutting issues***

While teaching this lesson/unit, the following cross cutting issues should be emphasised:

- Financial education
- Environment and sustainability
- Standardisation culture.

This helps them to become rational consumers, protectors and preservers of our environment and to mind about the quality of commodities when spending their money.



### **LESSON 3 & 4: Average propensity to consume (APC) & Marginal propensity to consume (MPC) (learner's book page 127-129)**

#### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

#### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Calculations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listen to the teacher and ask questions about consumption.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Gives the task on the case study about Higiro's earning and consumption level to learners in groups.</li> <li>Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>In their pair groups, learners use the case study to discuss about Higiro's earning and consumption level.</li> <li>Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising learners' points and giving conclusive points.</li> </ul>	<ul style="list-style-type: none"> <li>Asking questions to the teacher and taking notes.</li> </ul>

**Multi-ability activities:** Give learners activities e.g. calculating APC and MPC.



### LESSON 5: Meaning and determining factors of saving (learner's book page 129-131)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the APC and MPC and introduces factors of saving.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in calculating APC and MPC.</li> <li>Listen to the teacher's introduction.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Gives the task on the statement in the case study in activity 3 in the learner's book page 129 about financial education.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their pair groups, learners use the case study in activity 3, page 129 learner's book to analyse the message portrayed therein and to share views on how they would manage their money once earned.</li> <li>• Presentations by different pair groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

### ***Cross cutting issues***

Emphasise the issue of finance education so as to enhance the spirit of being responsible for the resources and how to plan for their future periods.



## **LESSON 6: Average propensity to save (APS) and Marginal propensity to save (MPS) (learner's book page 131-132)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Calculations

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews with learners about APC and MPC.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Gives the task on the case study about Gahongayire's earning and use of her money.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their pair groups, learners use the case study to discuss about Gahongayire's earnings and use of her money.</li> <li>• Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

Give multi ability activities about APC and MPC. Mark their work and encourage them to practice more.



## LESSON 7: Meaning and determining factors of investment (learner's book page 132-134)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects it with investment.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher and asks questions about investment.</li> </ul>

<p>2 Body</p>	<ul style="list-style-type: none"> <li>• Gives the task on the investment prospects in Rwanda in figure 3 page 133 in the learner’s book.</li> <li>• Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• In their groups, learners use the photos in figure 3 page 133 in the learner’s book to identify other investment prospects in Rwanda, analyse the factors that affect investment levels in a country and possible solutions to increase investment levels in Rwanda.</li> <li>• Presentations by different groups.</li> </ul>
<p>3 Conclusion</p>	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners’ points.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

***Additional information for the teacher***

The factors that determine investment levels in any given economy can be social, economic or political.

Encourage financial education while teaching this lesson.



**LESSON 8: Limitations of investments in Rwanda (learner’s book page 134-135)**

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher and asks questions about the topic.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Gives the task to the learners to research from the library or internet on the current investment levels in Rwanda and to identify the factors that hinder it.</li> <li>Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>In their groups, learners visit the library or internet cafe, research and analyse the current investment level in Rwanda and identify the factors that hinder it.</li> <li>Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' points.</li> <li>Gives final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Asking questions to the teacher and taking notes.</li> </ul>

### ***Cross cutting issues***

Emphasise the issue of peace and value to enhance the spirit of living peacefully and harmoniously and hospitality. This attracts investors. Tackle the issue of genocide studies to create in them a spirit of 'never again' hence economic prosperity.



### **LESSON 9: Ways of improving investment in Rwanda (Learner's book page 135-136)**

#### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

#### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listen to the teacher and ask questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Gives the task in groups to research, from the library or internet, analysing the current investment level in Rwanda and suggesting possible measures to improve it.</li> <li>Moderating the discussion</li> </ul>	<ul style="list-style-type: none"> <li>In their groups, learners visit the library or cafe, research and analyse the current investment level in Rwanda and suggest possible measures to improve it.</li> <li>Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>Asking questions to the teacher and taking notes.</li> </ul>

### *Additional information for the teacher*

Solutions/ measures to improve/ increase investment levels can be from within or outside the economy of the country and can be social, economic or political.



## LESSON 10: Meaning and types of multipliers (learner's book page 137-139)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Gives activity on multipliers</li> <li>Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>In their groups, learners use the information provided to identify the forms of expenditure that bring about a change in national income.</li> <li>Presentations by different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' points.</li> </ul>	<ul style="list-style-type: none"> <li>Asking questions to the teacher and taking notes.</li> </ul>

### *Additional information for the teacher*

**Multiplier** refers to the number of times initial change in expenditure multiplies itself to give a final change in income. The multiplier can be shown as: **Multiplier (M) =  $\Delta Y/\Delta E$  or  $\alpha$ .**

Multipliers are classified according to the sector which spends e.g. government, household, firms, foreign sector etc.

### *Cross cutting issues*

Financial education, environment and sustainability and standardisation culture.



## LESSON 11: Multiplier calculations and interpretations (learner's book page 140-141)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion

- Individual work
- Brainstorming
- Illustration

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and connects it with the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher and asks questions about review.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Gives the task on the multiplier calculations.</li><li>• Moderating the discussion.</li></ul>	<ul style="list-style-type: none"><li>• In their pair groups, learners workout the calculations in the activity.</li><li>• Presentations by different groups.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonising learners' points and answering their questions.</li></ul>	<ul style="list-style-type: none"><li>• Asking questions to the teacher and taking notes.</li></ul>

#### *Additional information for the teacher*

Multipliers have no units; it is simply the number of times. When interpreting it, it depends on the type of multipliers dealt with.



### LESSON 12: Limitations of investment multipliers in Rwanda (learner's book page142-143)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews multiple calculations, connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in calculations.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Instructs learners to do activity 8 page 142 in the learner's book.</li> <li>Moderating the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>In their pair groups, learners do activity 8 page 142.</li> <li>Presentations by different pair groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising learners' points and give important comments.</li> </ul>	<ul style="list-style-type: none"> <li>Take notes.</li> </ul>

### *Additional information for the teacher*

Of all the multipliers, the investment multiplier is said to have a bigger impact on the level of a country's national income.



## LESSON 13: The Accelerator principle (learner's book page 143)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Illustration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it with the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in the review of previous lesson.</li> </ul>

Steps	Teacher's activity	Learner's activity
2 Body	<ul style="list-style-type: none"> <li>• Guide learners to do activity 9 page 143-144 learner's book.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• In pairs, learners workout the exercise in activity 9 page 143-144 learner's book.</li> <li>• Presentations by different pair groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>• Asking questions to the teacher and taking notes.</li> </ul>

***Additional information for the teacher***

When households spend, (consumption expenditure), it will have an effect on the level of national income but this effect will not be direct. As a result of change in consumption expenditure, there will be change in national income but his change will result from change in investment.

For example if households increase their expenditure on beef, it will encourage firms to increase their level of investment in the beef industry. As a result, this will increase the level of national income. However, the increase in the level of national income has not directly come from increased consumption but through increased investment which has been made possible by increased consumption expenditure. Therefore, consumption expenditure will not have a multiplier effect on income but an accelerator effect.

***Cross cutting issues***

Emphasise financial education to instil financial discipline in them.



**LESSON 14: Unit assessment**

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion

- Individual work
- Brainstorming

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Organises learners for the test.</li></ul>	<ul style="list-style-type: none"><li>• Get organised for the test.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Gives unit assessment to learners.</li><li>• Supervising the test.</li></ul>	<ul style="list-style-type: none"><li>• Doing the unit assessment in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Conclude by making corrections for the assessment.</li></ul>	<ul style="list-style-type: none"><li>• Listening and taking summary of the corrections by the teacher.</li></ul>

#### *Additional information for the teacher*

The assessment should cover what was seen in the unit and make corrections so that learners get to gain the skills and attitudes intended to be achieved in the unit.

## Answers to Unit 4 Activities



### Activity 1: Page 124 in the learner's book

1. Consumption
2. Consumption in any economy is generally determined by the many factors which include among others the following:
  - General Price level. The higher the price, the lower the demand and consumption and the lower the price the higher the demand and consumption.
  - Liquidity preference. The higher the liquidity preference than investing money, the higher the consumption and the lower the liquidity preference, the lower the consumption.

- Disposable income. The higher the disposable income, the higher the consumption and the lower the disposable income, the lower the consumption.
  - Population size. The bigger the population size, the higher the consumption and the smaller the population, the lower the consumption.
  - Nature of income distribution. When income is fairly distributed among the people, consumption will be higher than when income is in the hands of the few.
  - Availability of goods and services. When goods and services are available, consumption will be high than when goods are not in plenty.
  - Degree of speculation. When people expect prices to go down in future, consumption will be low at present but if prices are expected to be high in future, consumption will be high at present.
  - Government policy of taxation. If the government over taxes the people, they will be left with little income hence low consumption, but when there are low taxes, income will be high and consumption.
  - Availability of credit facilities. Consumption will be high if there are credit and hire purchase facilities but it will be low when they can't be accessed.
  - Marginal propensity to consume. The higher the marginal propensity to consume, the higher the consumption and the lower the MPC, the lower the consumption
3. Environmental deterioration/ degradation.
  4. Mr. Rwanyamugabo should stop cutting down trees for charcoal because it destroys the environment which finally may lead to global warming. He should therefore use other sources of fuel other than charcoal, like bio gas.



### **Activity 2: Page 127 in the learner's book**

1.  $3000/10000 = 3/10$
2.  $(4000-3000)/(15000-10000) = 1000/5000 = 1/5$
3. Measures to raise the APC

- Advertisement and propaganda which help to make the consumers familiar with the use of the products and attracts them to consume more.
  - Development of infrastructure e.g. from producing centers to different parts of the country which encourages and enlarges markets for the product and this reduces prices due to reduced costs of transport thus encouraging consumption.
  - Urbanisation which increases people's consumption because of changes in conditions that attracts them to new articles and because of demonstration effect.
  - Increase wages leading to increased incomes which leads to increased purchasing power.
  - Increase government expenditure like giving unemployment benefits/ allowances, old age pension etc. which help reduce uncertainties.
  - Offering cheap and easy credit facilities, thus as people are availed with loans, their consumption increases.
  - Income redistribution policies. i.e. this tends to increase consumption among the poor e.g. subsidising them through taxing the rich highly.
  - Ensuring peace and security in all parts of the country to ensure efficient earning of income to encourage consumption.
4. Higiuro has a saving culture because from his income he consumes a small fraction and keeps a large fraction of his income for his future use.



### Activity 3: Page129 in the learner's book

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1. Managing money well through saving for the future period (however learners might identify other views not necessarily this).
2. Consume some small fraction and save in banks or invest it in different activities which help me get cash in future once need arises for cash. (However learners might identify other views not necessarily this).



3. Factors influencing the level of savings:
- Level of income. The higher the level of income, the higher the savings and the lower the level of incomes, the lower the savings.
  - General Price level. The higher the general price level, the lower the savings and the lower the price level, the higher the saving.
  - Level of interest rates offered by banks. The higher the interest rate offered by banks on deposits, the higher the savings and the lower the rates, the lower the savings.
  - Level of development of financial institutions. If many financial institutions are set up, savings will be higher than when financial institutions are undeveloped.
  - Political situation. Political stability encourages production, capital accumulation and savings but political instability discourages savings.
  - Marginal propensity to save. The higher the marginal propensity to save, the higher the savings and the lower the MPS, the lower the savings.
  - Existing stock of capital. The bigger the stock, the more the output and savings and the smaller the capital stock, the lower the savings.
  - MPC. The higher the MPC, the lower the saving and the lower the MPC, the higher the savings.
  - Spending habits. The higher the spending habits, the lower the savings and the lower the spending habits, the higher the savings.



#### Activity 4: Page 131 in the learner's book

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1.  $S/Y = 10000/50000 = 1/5$
2.  $\Delta S/\Delta Y = (12000 - 10000)/(70000 - 50000) = 2000/20000 = 1/10$ 

Gahongayire should increase on the fraction of her money saved in order to have more kept for future use.
3. Relationship between MPC and MPS  
 $MPC + MPS = 1$

$$Y = C + S$$
$$\Delta Y = \Delta C + \Delta S$$
$$\Delta Y / \Delta Y = \Delta C / \Delta Y + \Delta S / \Delta Y$$
$$1 = MPC + MPS$$



### Activity 5: Page 132 in the learner's book

1. Education, agriculture, communication, fishing, lumbering, health, commercial houses, poultry, art and craft etc. (learners are not limited to these points, they can suggest as many as possible)
2. Factors that influence the level of investment in an economy
  - General Price level.
  - Liquidity preference.
  - Disposable income.
  - Level of demand.
  - Degree of speculation.
  - Government policy of taxation and subsidisation.
  - Availability of credit facilities.
  - Political situation.
  - Presence of capital.
  - Level of entrepreneurs.
3. Limitations of investment in Rwanda:
  - Limited markets due to low incomes of the people and this limits the investors.
  - Underdeveloped infrastructure in some areas especially in rural areas limits the movement of potential investors, goods and services from areas of production to the markets.
  - Unfavourable investment climate in form of high taxes charged by the governments to investors discourage them from investing.
  - There is still a problem of limited capital where by the local people do not have the necessary capital to invest.
  - Political insecurity in some areas especially those surrounding Burundi and Congo.

- High population growth rate leads to increase in the dependence ratio among the families leaving little disposable income for savings.
  - High level of liquidity preference.
  - Limited entrepreneur skills needed for inventing and innovating.
  - Competition from outside countries that bring in their goods on the local market at a low price also discourages investment.
4. Ways of improving investments in Rwanda:
- Expanding the market through integration and signing treaties with other countries.
  - Developing more feeder roads in addition to the ones that already exist.
  - Availing a conducive investment climate reducing the rates of taxes that the beginner firms can pay.
  - Availing capital through the commercial banks giving loans and credit at low rates of interests to attract the potential borrowers.
  - Strengthening security in areas near countries with instabilities through working hand in hand with the respective governments.
  - Controlling the rate of population growth through a maximum number of children per family.
  - Encouraging people to reduce the rate of liquidity and carry out savings by increasing the interest rates offered on savings.
  - Improving entrepreneur skills needed for inventing and innovating through on job training, seminars and workshops.
  - Subsidisation policy by the government.



### **Activity 6: Page 137 in the learner's book**

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1. Multiplier
2. Forms of expenditures that may bring about a change in national income:
  - Government expenditure

- Consumption expenditure
  - Investment expenditure
  - Export expenditure
  - Tax expenditure
  - Import expenditure
  - Employment expenditure
3. (answered in lesson 12)



### Activity 7: Page 140 in the learner's book

1. If  $MPS = 0.2$ ,  $MPC = 1 - MPS$  since  $MPS + MPC = 1$   
 $MPC = 1 - 0.2 = 0.8$   
 $MPC = 0.8$   
Multiplier magnitude  $= 1/(1 - MPC) = 1/(1 - 0.8) = 1/0.2 = 5$   
Thus the multiplier magnitude  $= 5$   
This indicates that the initial expenditure has multiplied itself 5 times to give a final change in national income.
2. If  $MPC = 0.75$ , the size of the multiplier will be;  
 $1/(1 - MPC) = 1/(1 - 0.75) = 1/0.25 = 4$   
This indicates that the initial expenditure has multiplied itself 4 times to give a final change in national income.
3. Final level of income  
Multiplier  $= 1/MPS = 1/0.2 = 5$   
Final level of income  $=$  Current level of GDP  $+$  change in income  
Change in income  $=$  multiplier magnitude  $\times$  investment expenditure  $= 5 \times 50,000,000 \text{ RWF}$   
 $= 300,000,000 + 250,000,000 = 550,000,000 \text{ RWF}$

### Exercise

### On page 141 in the learner's book

1.  $1/(1 - MPC) = 1/(1 - 0.8) = 1/0.2 = 5$   
Change in Government expenditure  $= 100$  million  
Final change in income  $=$  multiplier magnitude  $\times$  initial Government expenditure  $= 100 \times 5 = 500$  million  
Thus final change in income  $= 500$  million francs

2.  $MPS = 0.2$ ,  $MPC = ?$   
 $MPC = 1 - MPS$        $MPC = 1 - 0.2 = 0.8$   
 $MPC = 0.8$   
The multiplier magnitude =  $1/(1 - MPC) = 1/(1 - 0.8) = 1/0.2 = 5$
3.  $MPC$  is 70%, find  $MPS$   
 $70\% = 70/100 = 0.7$ .  
 $1/(1 - MPC) = 1/(1 - 0.7) = 3.33$
4. (a)  $MPC = 40\%$  where  $40\% = 40/100 = 0.4$   
 $1/(1 - MPC) = 1/(1 - 0.4) = 1/0.6 = 1.67$   
(b)  $MPS = 1/K$  (multiplier) =  $1/2 = 0.5$   
Change in expenditure = final level of income/  
multiplier =  $100,000,000 / 2 = 50,000,000$



### Activity 8: Page 142 in the learner's book

The investment multiplier in Rwanda has been limited by several factors among which include the following:

- Limited markets due to low incomes of the people.
- Underdeveloped infrastructure in some areas especially in rural areas.
- Unfavourable investment climate in form of high taxes charged by the governments to investors discourage them from investing.
- Limited capital. The local people do not have the necessary capital to invest. This leads to domination of foreign investors who carry out capital outflow through profit repatriation.
- Political insecurity in some areas especially those surrounding Burundi and Congo cause panic in the Rwandan areas adjacent to those areas. Hence the investors fear to invest in such areas.
- High population growth rate leads to increase in the dependence ratio among the families leaving little disposable income for savings, and investment.
- High level of liquidity preference. Many people prefer to hold their money in cash or near cash form because of different motives such as precautionary, speculation among others. This limits their capacity to invest.

- Limited entrepreneur skills needed for inventing and innovating. Still the levels are low meaning no new things may come on the market. The man power needed to carry out the inventions is still low hence living the levels of investment



### Activity 9: Page 143 in the learner's book

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1. The relationship between consumption and changes in national income is in such a way that as a result of change in consumption expenditure, there will be change in national income but this change will result from change in investment. Therefore, consumption expenditure does not have a multiplier effect on income but an accelerator effect.
2. The accelerator principle is the number of times the original change in consumption multiplies itself to give a final change in investment.
3. Solutions to the calculations.
  - i. Accelerator principle = change in investment / change in consumption  
where change in investment = 200,000,000  
change in consumption = 100000- 80000 = 20000  
thus  
 $= 200,000,000 / (20 \times 300(\text{price per liter})) = 200000000 / 6000000 = 33.3$
  - ii. Accelerator principle = change in investment/change in consumption  
Where change in investment = 800million RWF-500 million RWF  
change in consumption = 70million-30 million RWF  
 $300000000 / 40000000 = 7.5$

**Unit 4 assessment answers: Page 144 in the learner's book**

1. Determinants of consumption in Rwanda:
  - General Price level.
  - Level of liquidity preference
  - Population size.
  - Nature of income distribution.
  - Availability of goods and services.
  - Degree of speculation
  - Government policy of taxation
  - Availability of credit facilities.
  - Marginal propensity to consume.
2. (i) Reasons for low levels of savings in Rwanda:
  - Low level of income.
  - High general Price level
  - Low level of interest rates offered by banks.
  - Low level of development of financial institutions.
  - Political insecurities
  - Low marginal propensity to save.
  - Low existing stock of capital.
  - High marginal propensity to consume.
  - High spending habits.

(ii) Measures to encourage saving culture in Rwanda:

  - Increase wages
  - Offering high interests by the banks on savings
  - Develop financial institutions
  - Improving political climate
  - Increase the capital stock
  - Reducing spending habits
  - Encourage people to reduce consumption
  - Sensitising the masses of savings.
3. Measures to encourage investment:
  - Development of infrastructure
  - Availing conducive investment climate
  - Availing capital through loans

- Strengthening security
- Controlling the rate of population growth rate
- Improving entrepreneur skills
- Subsidisation policy
- Joining several integrations.



**Topic Area 3: Macroeconomics**  
Sub-Topic Area 3.1: Money and Financial Institutions

## Unit 5: Money

Refer to learner's book page 151-177

**Unit competence:** Learners will be able to describe the role of money in an economy.



### LESSON 1: Meaning and Evolution of money (learner's book page 152-154)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the assessment for unit 4.</li></ul>	<ul style="list-style-type: none"><li>• Reviews the assessment for unit 4.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in pairs to describe the activities in figure 1 on page 152.</li><li>• Describes the purpose of the activities.</li><li>• Relate activities to money.</li><li>• Selects pairs to present their findings in class discussion.</li></ul>	Learners attempt to; <ul style="list-style-type: none"><li>• describe the activities.</li><li>• give the purpose of the activities.</li><li>• in pair groups present their findings.</li></ul>

3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"> <li>• harmonising findings of different pairs.</li> <li>• dictates notes.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments and notes.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also relate money to different activities, transactions in the country. This is because money is found and used in many different activities.

### ***Cross cutting issues***

Emphasise the issue of financial education. This is important for financial discipline.



## **LESSON 2: Barter trade (Meaning, conditions for barter trade), (learner's book page 154)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly explains the <ul style="list-style-type: none"> <li>• meaning of money.</li> <li>• concepts about money.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher's explanation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to identify the meaning of barter trade and its conditions.</li> <li>• Teacher selects pairs to present to the class while others compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners research about barter trade.</li> <li>• Presentation of findings.</li> <li>• Comparison of findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings from different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to money and barter trade and how it was used in the economy.

### ***Cross cutting issues***

Financial education and standardisation in describing the qualities of money.

### ***Multi-ability learning activities***

- Use end of unit assessment questions



## **LESSON 3: Advantages and disadvantages of barter trade (learner's book page 155)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Role play

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Review Barter trade</li> </ul>	Reviews previous lesson.
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to identify the advantages and disadvantages of barter trade.</li> <li>Teacher selects pair to do presentations.</li> <li>Asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Identifies the advantages and disadvantages of barter trade.</li> <li>Presentation of findings.</li> <li>Comparison of findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to money and financial institutions in different activities in the country, different economic conditions in an economy i.e. inflation, depression among others .

### ***Cross cutting issues***

Emphasise the role of standardisation and financial education in money and financial institutions.



## **LESSON 4: Types of money (learner's book page 156-157)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles of economics

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews with teacher the previous lesson.</li> </ul>
2 Body	<p>Asks learners to form groups and</p> <ul style="list-style-type: none"> <li>• research about the types of money.</li> <li>• Select groups to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners research about types of money.</li> <li>• Present their findings.</li> <li>• Compare findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different groups.</li> <li>• Demonstrates to learners the types of money.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> <li>• Attends to teacher as he demonstrates types of money.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also relate the activities in the figure to what the learners do generally so that they can know the different types of money used in Rwanda.

### ***Cross cutting issues***

Emphasise the role of standardisation and financial education in money and financial institutions.



## **LESSON 5: Qualities of money, (learner's book page 158-159)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews the previous lesson.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Asks learners to visit the library or internet and research on the qualities of money.</li> <li>Select pairs to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Learners research on qualities of money.</li> <li>Present findings.</li> <li>Compare findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonise findings of different pairs.</li> <li>Gives final comments about the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also help learners in knowing the different qualities of money. This will help learners to know the qualities of money.

### ***Cross cutting issues***

The role of standardisation and financial education. This helps learners to know about the value of money.



## **LESSON 6: Functions of money (learner's book page 159-160)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Reviews the previous lesson with teacher.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to carry out research from internet or library on the functions of money.</li> <li>Teacher selects pairs to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Learners research about functions of money.</li> <li>Present findings.</li> <li>Compare findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also help learners to differentiate between a closed economy and an open economy and also relate the open economy to an open market when introducing international trade.

### ***Cross cutting issues***

The role of standardisation and financial education. This helps learners to know about the value of money.



## **LESSON 7: Keynesian theory of demand for money (learner's book page 161)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching /Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in review.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Asks some learners to read out the text in activity 2 on page 160 to the class.</li> <li>Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Reads text.</li> <li>Do activity 2 as instructed.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different learners.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also put into consideration that by telling learners to read the text in activity 2 will help them develop their reading skills as well as helping them to identify the motives for holding money in an economy.



## **LESSON 8: Interest rate types (learner's book page 162-164)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners to visit the library or internet and make a research on;</li> <li>Types of interest rate.</li> </ul>	<ul style="list-style-type: none"> <li>Reviews the previous lesson.</li> <li>Researches on types of interest rate.</li> </ul>



Steps	Teacher's activity	Learner's activity
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners to present their findings to others.</li> <li>Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Present their findings.</li> <li>Compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different learners and talks more about interest rate types.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments about interest rate.</li> </ul>

### ***Additional information for the teacher***

The teacher should endeavour to make a clear distinction between interest as payment for capital as a factor of production and interest as a payment for borrowed money.

### ***Cross cutting issues***

Emphasise the role of standardisation and financial education during the use of money.

### ***Multi-ability learning and remedial activities***

Use questions extracted from unit assessments, economic journals and other text books.



## LESSON 9: Factors that determine interest rates (learner's book page 165)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to visit the library or internet and make a research on; factors that influence the interest rate.</li></ul>	<ul style="list-style-type: none"><li>• Reviews previous lesson.</li><li>• Researches about factors that influence interest rate.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to other class members.</li><li>• Listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Present findings.</li><li>• Compare findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonising findings of different learners and talks more about deflationary gap.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should put in mind factors and ways how interests are calculated.

### *Cross cutting issues*

The role of standardisation and financial education on economy.

### *Multi-ability learning*

Use unit assessment questions suitable for learners.



## LESSON 10: Quantity theory of money (learner's book page 166)

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### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles about economics

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration

- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners in groups of five to visit the library or internet and research on quantity theory of money.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen, make groups and visit the library.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some learners to present their findings to the rest of the class.</li> <li>• Responds and listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Presents findings.</li> <li>• Compares findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different learners and give comments.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

### *Multi-ability learning remedial activities*

Give more exercises related to the lesson and let learners try them. Follow them up for marking.

### *Additional information for the teacher*

The teacher should also put into consideration and relate the value of money and its purchasing power.



**LESSON 11: Applicability and short comings of quantity theory of money (learner's book page 166-170)**

### *Lesson materials*

Recommended text books, economics journals, internet access, documentaries

### *Teaching/Learning methods*

- Question and answer
- Discussion

- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to visit the library or internet and research on the applicability and shortcomings of quantity theory of money.</li></ul>	<ul style="list-style-type: none"><li>• Review the previous lesson with teacher.</li><li>• Researches about quantity theory of money (applicability and shortcomings).</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the rest of the class.</li><li>• Responds and listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Present their findings.</li><li>• Compare their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonising findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and notes.</li></ul>

### *Additional information for the teacher*

The teacher should endeavour to emphasise on the limitations of quantity theory of money.



## LESSON 12: Value of money (learner's book page 170)

### *Lesson materials*

Recommended text books, economics journals, internet access

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners participate in the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>In pairs, ask learners to visit the library or internet and research on value of money and the determinants of value.</li> <li>Asks some of the learners to present their findings to the rest of class members.</li> <li>Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners research on the value of money and determinants of values.</li> <li>Selected learners present their findings.</li> <li>Other learners comment on the findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different learners.</li> <li>Asking learners oral questions about the discussion.</li> </ul>	Learners <ul style="list-style-type: none"> <li>take down teacher's comments.</li> <li>answer the questions asked.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the value of money to what the money they poses can buy in every day life.

### *Multi-ability learning remedial activities*

Try to sight learners who have not understood well. Ask them to approach you always.



## LESSON 13: Meaning of money supply, M1, M2 and M3 (learner's book page 173)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles about economics

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Instructs learners in groups of three to visit the library or internet and research on;</li><li>• Meaning of M1, M2 and M3.</li><li>• Illustration on the determining factors of money supply (endogenous and exogenous).</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review of the previous lesson.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some groups to present their findings to the rest of the class.</li><li>• Listens as learners present their findings.</li></ul>	<ul style="list-style-type: none"><li>• Selected group present their findings.</li><li>• Other learners compare their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonising findings of different learners and explains more about M1, M2 and M3.</li><li>• Asking learners oral questions about the discussion.</li></ul>	<ul style="list-style-type: none"><li>• Takes down teacher's comments.</li><li>• Attempts to answer the questions asked.</li></ul>

### *Additional information for the teacher*

The teacher should show how the different ways of money supply can affect the economic activities and value of money.

### *Multi-ability and remedial learning*

Use end of unit assessment questions for practice.

Use extracts from economics journals and newspapers and documentaries.



## LESSON 14: Factors that determine money supply (learner's book page 174)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles about economics.

**Teaching/Learning methods**

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly give reviews of the previous lesson.</li> <li>• Asks learners to visit the library or internet and research on Illustration on the determining factors of money supply (endogenous and exogenous).</li> </ul>	<ul style="list-style-type: none"> <li>• Participates in the review.</li> <li>• Researches on factors determining money supply.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some groups to present their findings to the rest of the class.</li> <li>• Listens as learners present their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected groups present their findings.</li> <li>• Other learners ask questions to the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners.</li> <li>• Asking learners oral questions about the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments.</li> <li>• Attempt to answer the questions asked.</li> </ul>

**Additional information for the teacher**

The teacher should show how the different ways of money supply can affect the economic activities and value of money.

**Homework**

Allow learners to go and research about the concepts related to the lesson or the next unit.

## Answers to Unit 5 Activities

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### Activity 1: Page 152 in the learner's book

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1. Evolution of money
2. Money is anything accepted as a medium of exchange and for settling debts.
3. Money developed from barter trade, then because of its problems, there was introduction of cowrie shells and other commodities, then there was introduction of precious metals like gold that was kept by the goldsmith who offered receipts to show the amount of gold kept. These receipts were then used as money and led to the introduction of paper money. The precious metals were also later transformed into coins of different sizes and value.
4. Barter trade
5.
  - Problem of double coincidence of wants
  - Commodities were too heavy
  - It involved walking long distances
  - The commodities were perishable
  - Divisibility was a problem
  - There was a lot of cheating during the transaction
6.
  - Durability
  - Scarcity
  - Homogeneous
  - Divisibility
  - Acceptability
  - Portability
  - Difficult to forge

#### **Functions of money**

- Medium of exchange.
- Measure of value.
- Store of value or wealth.
- Standard of deferred payments
- Distribution



- Transfer of immovable
- Unit of account.



### Activity 2: Page 160 in the learner's book

1. Demand for money
2. Business and welfare
3. Prices went up
4. When there is an increase in money supply, demand for goods will increase and prices will go up, on the other hand, when the money supply reduces, the demand for goods reduce and in the end, prices reduce.



### Activity 3: Page 162 in the learner's book

1. **Simple interest:** This is interest calculated based only on the principal amount or on that portion of the principal amount which remains unpaid.  
Simple interest =  $P \times R \times T / 100$ . Where P = Principal amount borrowed, R = Rate of interest, T = Duration of payment  
**Compound interest:** This arises when interest is added to the principal so that from the moment on, the interest that has been added also itself earns interest.  
**Nominal interest rate:** This is interest expressed in monetary terms. It is interest rate before any adjustment for inflation.  
**Real interest rate:** This is the interest rate that expresses the cost of borrowed funds after adjusting for the expected depreciation of the value of those funds due to inflation.
2.
  - Reward for saving
  - Payment for parting with cash
  - Price for use of credit
  - Reward for management
  - Reward for risk bearing
  - To cater for time value of money
3.
  - Amount of money in circulation
  - Duration of the loan

- Size of the loan
- Competition among financial institutions.
- Risks involved in lending
- Rate of productivity of capital



### Activity 4: Page 166 in the learner's book

1. According to Irvin Fisher, the general price level is determined by the quantity of money assuming that the velocity of circulation (V) and the level of transaction (T) are held constant.  $MV = PT$ . Where; M= Quantity of Money, V= Velocity of circulation of money, T= number of transactions and P= General Price Level
2. Assumptions
  - Velocity of money remains constant. If the velocity of money decreases proportionate to the increases in the money supply, the price level will remain the same and the theory will not apply.
  - The number of transactions remains constant. If they increase together with an increase in the money supply, the price level will remain unaffected.
  - Barter transactions are not converted to money transactions.
  - There is no hoarding of the increased money supply.
  - Quantity and velocity of credit money (bank money) remains constant.

#### ***Criticisms/ limitations***

- The theory assumes price to be constant but this is not true because of inflation and deflation.
- Assumes that velocity is constant and this is not always true
- Only shows the transaction of holding money and neglects other motives.
- Assumes there is no barter trade and that all business transactions are done using money as a medium of exchange and this is not true.
- The theory considers money supply to be the only cause of increase in price but there are other causes of increase in price.

- The theory ignores the role of the government in price control of prices.
- The theory ignores the marginal propensity to save which may reduce velocity even if money is increased.
- Only attempts to explain changes in value of money but not how value of money is determined.
- Ignores barter as a means of transaction.



### Activity 5: Page 170 in the learner's book

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1. Value of money can be defined as the amount of goods and services that money can buy. Or it can be defined as the purchasing power of money.
2.
  - Consumption preference of a person
  - Uncertainty of future
  - Inflation of the economy
  - Investment opportunity



### Activity 6: Page 173 in the learner's book

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1. Money supply
2.
  - Low level of economic activities.
  - Selling of security by the central bank.
  - Balance of payment position.
  - Low rates of printing money.
  - Low rate of capital inflow.
  - Low level of monetarisation of the economy.
  - Low rate of credit creation by commercial banks.
  - Low rate of government borrowing.
3. **Positive effects**
  - It encourages investment if it is channelled through the bank as loans.
  - It increases demand for commodities by expanding the purchasing power of the public.
  - It increases employment by expanding production opportunities.

- It checks on a depression/recession by increasing aggregate demand.
- It increases tax revenue (if there is no inflation).
- It can increase the stock of assets, as people prefer to keep fixed assets other than money.

**Negative effects**

- It can result into inflation.
- It leads to increase in interest rates as banks try to adjust interest rates to match with inflation.
- It reduces the external value of the currency and increases prices of imports.
- It reduces the portability of money.
- The country shifts to barter trade as people lose confidence in the currency.
- It reduces lending by banks as the fear to be paid back in an inflated currency.
- It reduces local production as producers shift resource to production of exports whose prices are stable in the world market.
- It reduces the real value of tax revenue i.e. inflation reduces the purchasing power of tax revenue.
- It increases the cost of production and eventually reduces production.

**Unit 5 assessment answers: learner's book page 176**

1. (i) Qualities of a good 5000 francs note
  - Durability
  - Scarcity
  - Homogeneous
  - Divisibility
  - Acceptability
  - Portability
  - Difficult to forge

(ii) Why people demand for money

- Transactions motive. People demand for money so as to carry out every day transactions like buying food, clothes among others needed in the everyday life.
- Precautionary motive. People demand for money to cater for unforeseen circumstances like sickness, travel, among others.
- Finance motive. People hold money in cash form so as to finance investments like buildings among others.
- Speculative motive. People demand for money in anticipation of future trends in the business so as to profit from them.

2. Importance of Rwandan currency

- Medium of Exchange. All transactions are made through the use of money therefore it is used as a medium of exchange.
- Measure of Value. The value of goods and services and factors of production are expressed in terms of money.
- Store of Value or Wealth. Wealth or goods can be stored for future use in form of money than assets for example it is easier to store one million francs than storing one cow.
- Standard of deferred Payments. Many transactions are conducted on the basis of credit i.e. goods are sold on credit. It is more convenient to express these future obligations in terms of money.
- Distribution in a modern society, money is a mechanism through which most goods and services are distributed through the pricing mechanism.
- Transfer of immovable property. Money can facilitate the physical transfer of property e.g. a building from one place to another.
- Unit of account. All business transactions and accounting are made possible by the use of money.
- Money enables specialisation to take place by ascertaining the demand for goods and services.

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.2: Money and Financial Institutions

## Unit 6: Financial Institutions

Reference to learner's textbook page 181-228

**Unit competence:** learners will be able to describe the role of financial institutions in economic development.



### LESSON 1: Meaning and functions of financial intermediaries (learner's book page 182-184)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Brainstorming
- Inquiry

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the new unit.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigns learners a task about financial institution.</li><li>• Moderates the discussions.</li><li>• Explaining more about financial institutions.</li></ul>	<ul style="list-style-type: none"><li>• In pairs, learners analyse photos in figure 1 and identify other examples of such institutions and their function.</li><li>• Presentations from different paired groups in class.</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, notes down the summary and ask the teacher questions.</li> </ul>
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### ***Additional information for the teacher***

It is important to know that financial institutions stand between surplus spending units (lenders) and deficit spending units (borrowers). They are categorised as banking and non-banking financial institutions.

Banking financial institutions provide short term loans, accept deposits, create credit, maintain short term deposits, undertake less investment risks and pay interest to depositors. e.g. commercial banks.

Non-banking or specialised financial institutions provide long term loans, do not create credit, maintain long term deposits, pay high interest to depositors. e.g. Development banks, Insurance companies, building societies, Cooperative societies (SACCOs) etc.

### ***Cross cutting issues***

While teaching unit / lesson emphasise the use of standardisation culture. It is a pillar of economic development. Financial education is also crucial as learners will be able to learn to arrange their money.



## **LESSON 2: Examples and functions of commercial banks (learner's book page 184-186)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Individual work
- Brainstorming
- Inquiry

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and connects it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigns learners work on individual basis, by referring them to photos in figure 1 page 182 learner's book.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>Individually, learners analyse photos in figure 1 and identify other examples of commercial banks in Rwanda and their functions.</li> <li>Presentations from different learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, and giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks the teacher questions, notes down the summary.</li> </ul>



### LESSON 3: Liquidity and profitability in commercial banks (learner's book page 186)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Gives instructions and guidelines to be followed in the academic tour to any neighbouring commercial bank.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the rules and guidelines for the academic tour.</li> </ul>



2 Body	<ul style="list-style-type: none"> <li>• Moves out with learners to the nearest commercial bank.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• Moves out with the teacher to the nearest commercial bank and ask questions to the bank manager/ any resourceful person in the bank.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving concluding remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions, notes down the summary.</li> </ul>

***Cross cutting issues***

Emphasise standardisation culture and financial education.



**LESSON 4: Assets and liabilities of commercial banks (learner's book page 189)**

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition
- Study tour

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Gives instructions and guidelines to be followed in the academic tour to any neighbouring commercial bank.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the rules and guidelines.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Moves out with learners to the nearest commercial bank.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• Moves out with the teacher to the nearest commercial bank and asks questions to the bank manager/ any resourceful person in the bank.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions, notes down the summary.</li> </ul>

### ***Cross cutting issues***

Emphasise standardisation culture and financial education.

### ***Homework***

Allow them to research more on commercial banks.



## **LESSON 5: Meaning and credit creation by commercial banks (learner's book page 189)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Brainstorming
- Inquiry
- Teacher exposition
- Study tour

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Gives instructions and guidelines to be followed in the academic tour to any neighbouring commercial bank.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the rules and guidelines for the tour.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Moves out with learners to the nearest commercial bank.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• Moves out with the teacher to the nearest commercial bank and asks questions to the bank manager/ any resourceful person in the bank about credit creation.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important points.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions, notes down the summary.</li> </ul>

### ***Additional information for the teacher***

For example, credit creation is the process through which commercial banks create credit and new deposits without receiving any new cash deposits. Credit creation is only possible with banking institutions i.e. commercial banks. Commercial banks use the cheques facility to expand the volume of money lent out. Money created is on the current account and is in form of book entry. Credit creation doesn't mean printing and minting more money, instead it is just an excessive use of the investment of credit.

### ***Cross cutting issues***

Emphasise standardisation culture and financial education.



## **LESSON 6: Calculations of credit creation (learner's book page 190-191)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion

- Individual work
- Brainstorming
- Inquiry
- Teacher exposition
- Study tour

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the lesson by connecting it to the previous one.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Gives the exercise on credit creation on pages 191-192.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• Works out the exercise on credit creation on pages 191-192.</li><li>• Presentations from different groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, and giving important remarks.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks the teacher questions, notes down the summary.</li></ul>

#### ***Multi-ability and remedial activities***

Guide learners to research more on the lesson e.g. to explain the process of credit creation.

Give fast learners extra activities.



**LESSON 7: Determinants of commercial banks' ability to create credit (learner's book page 192-193)**

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#### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

#### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous one.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigns a task to learners about credit creation.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups learners discuss about the factors that determine the strength of commercial banks to create credit.</li> <li>Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### Homework

Give learners research work about the next lesson.



**LESSON 8: Limitations of commercial banks to create credit in Rwanda (learner's book page 193-194).**

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition
- Study tour

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assign a task to the learners about credit creation.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners discuss about the factors that hinder commercial banks to create credit.</li> <li>Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher, notes down the summary.</li> </ul>



## LESSON 9: Role of commercial banks in Rwanda (learner's book page 194-196)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigns a task to learners about the role of commercial banks.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners discuss about the role of commercial banks in development.</li> <li>Presentations from different groups in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher, notes down the summary.</li> </ul>
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Give an exercise about the lesson and mark it.



## LESSON 10: Limitations of commercial banks in Rwanda (learner's book page 196-198)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigns a task to learners about limitations of commercial banks in Rwanda.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners discuss about limitations of commercial banks in Rwanda.</li> <li>Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### *Multi-ability and remedial activities*

Instruct learners to research more on the lesson e.g. to give the limitations of commercial banks in Rwanda.



## LESSON 11: The role of foreign commercial banks in Rwanda, (learner's book page 198-201)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the lesson by connecting it to the previous.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigns a task to learners to research and debate about the role of foreign commercial banks in the development process of Rwanda.</li><li>• Moderates the debate.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners research and debate about role of foreign commercial banks in the development process of Rwanda.</li><li>• Presentations from different groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, giving important points.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher, notes down the summary.</li></ul>

### ***Cross cutting issues***

Emphasise standardisation culture, financial education, peace and values with Genocide studies. All the above leads to harmony and economic growth. This attracts more investors in the country.





## LESSON 12: Functions of the central bank (learner's book page 202-203)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to the learners to research on the central bank of Rwanda.</li> <li>• Moderates the debate.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners research about functions of the central bank, the difference between it and commercial banks.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Cross cutting issues***

Emphasise standardisation culture, financial education, peace and values with Genocide studies. All the above leads to harmony and economic growth. This attracts more investors in the country.

### ***Multi-ability activities***

Instruct learners to do research e.g. on the central bank and its functions.

### ***Extended activities***

Give fast learners extra activities e.g. from economic text books, economic journals, newspaper articles and documentaries.



## **LESSON 13: Differences between a central bank and commercial banks (learner's book page 204-205)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the lesson by connecting it to the previous.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigns a task to learners to research on the difference between the central bank of Rwanda and commercial banks.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In paired group discussions, learners explain the difference between the central bank of Rwanda and commercial banks.</li><li>• Presentations from different paired groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, giving important remarks.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks the teacher questions, notes down the summary.</li></ul>

### ***Cross cutting issues***

Emphasise more on standardisation, culture and financial education.



## LESSON 14: Role of central banks (learner's book 205-206)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to the learners to do individual research on the central bank of Rwanda.</li> <li>• Moderates the debate.</li> </ul>	<ul style="list-style-type: none"> <li>• In whole class discussion learners brainstorm the role of the central bank of Rwanda.</li> <li>• Presentations from different learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions, notes down the summary.</li> </ul>

### ***Cross cutting issues:***

Emphasise more on standardisation, culture and financial education.



## LESSON 15: Meaning and objectives of monetary policy (learner's book page 206-207)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to the learners to research on central bank of Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library or the internet, in group discussions, learners analyse the objectives of the monetary policy in Rwanda.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Multi-ability learning***

Task learners to research more e.g. on the role of the central bank in the development process of Rwanda.



**LESSON 16: Applicability and limitations of monetary policy in Rwanda (learner's book page 209-210)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion

- Individual work
- Brainstorming
- Inquiry

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to learners to research on central bank of Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library / internet, in group discussions, learners assess applicability of monetary policy in Rwanda.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions, notes down the summary.</li> </ul>

Give research work i.e either on individual or group basis on the concepts covered in the unit. This improves their research skills.



### LESSON 17: Examples and functions on non-banking financial institutions in Rwanda (learner's book page 211-213)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the lesson by connecting it to the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigns a task to learners to research on non-banking financial institutions in Rwanda.</li><li>• Moderates the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Through research and group discussions, learners identify examples of and the functions non-banking financial institutions in Rwanda.</li><li>• Presentations from different groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, giving important remarks.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher, notes down the summary.</li></ul>

### *Cross cutting issues*

While teaching this lesson, emphasise the issue of financial education, this improves the financial capability among the young generation as future entrepreneurs.



## LESSON 18: Role of non-banking financial institutions (learner's book page 214-215)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Individual work
- Brainstorming
- Inquiry

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Assigns a task to learners to research on non-banking financial institutions in Rwanda.</li> <li>Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Through research from the library/internet, learners assess the role of non-banking financial institutions in Rwanda.</li> <li>Presentations from different learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### *Cross cutting issues*

Emphasise financial education as in lesson 17.



**LESSON 19: Challenges of non-banking financial institutions in Rwanda (learner's book page 216-217)**

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Think and pair
- Question and answer
- Individual work
- Brainstorming
- Inquiry

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens, answers and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to learners to research on non-banking financial institutions in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library or the internet, learners examine the challenges of non-banking financial institutions in Rwanda.</li> <li>• Presentations from different learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Multi-ability learning activities***

Task learners to research more on non-banking, financial institutions and their contributions to the development process in Rwanda.



## **LESSON 20: Meaning and types of financial markets (learner's book page 217-218)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	Listens, answers and asks questions.



<p>2 Body</p>	<ul style="list-style-type: none"> <li>• Assigns a task to learners to research on financial markets in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library / internet, learners distinguish between money and capital markets and identify examples in Rwanda and common terms used in both markets.</li> <li>• Presentations from the different learners in class.</li> </ul>
<p>3 Conclusion</p>	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

**Multi-ability learning activities**

Task learners to research more e.g. on the financial markets and their operations.



**LESSON 21 & 22: Terms used in money markets (learner's book page 218-220)**

**Lesson materials**

Recommended text books, internet access, newspaper articles on economics, economics journals

**Teaching/learning methods**

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry

**Lesson development**

Steps	Teacher's activity	Learner's activity
<p>1 Introduction</p>	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>

Steps	Teacher's activity	Learner's activity
2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to the learners to research on financial markets in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library/internet, learners discuss about the different terms used in money markets.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Homework***

Task learners to research more on financial markets in Rwanda follow up and check their work.



### **LESSON 23 & 24: Terms used in capital markets (learner's book page 220-221)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to learners to research on financial markets in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library internet, learners discuss about the different terms used in capital markets.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Multi-ability learning activities***

Task learners to research more on the role of capital markets on the development of Rwanda.



## **LESSON 25: Functions of financial markets (learner's book page 221-223)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Brainstorming
- Inquiry
- Teacher exposition

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Assigns learners to research on financial markets in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library/internet, learners explain the functions of financial markets.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Cross cutting issues***

Emphasise financial education. This helps learners to appreciate the role of financial markets in eradicating poverty among Rwandans. This prepares them with skills, values and knowledge towards money management practices.



## **LESSON 26: Functions of financial markets (learner's book page 221)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Assigns a task to learners to research on functions of financial markets in Rwanda.</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Through research from the library, learners explain the functions of financial markets.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>



## LESSON 26: Limitations of financial markets in Rwanda (learner's book page 223-224)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the lesson by connecting it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, answers and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Assigns individual learners to research on financial markets in Rwanda (challenges).</li> <li>• Moderates the lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research on the challenges of financial markets.</li> <li>• Presentations from individual learners in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, giving important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher, notes down the summary.</li> </ul>

### ***Cross cutting issues***

Emphasise financial education

### ***Multi-ability learning activities***

Use unit assessment questions to give more work to learners.



## **Lesson 28: Financial sector in Rwanda (learner's book page 224-225)**

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### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the lesson, relates it to the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens, answers and asks questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Assigns a task to learners to research on the financial sector in Rwanda.</li><li>• Moderates the lesson.</li></ul>	<ul style="list-style-type: none"><li>• Learners do research on the status of the financial sector in Rwanda.</li><li>• Presentations from different learners in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, giving important remarks.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher, notes down the summary.</li></ul>

## Answers to Unit 6 Activities

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### Activity 1: Page 182 in the learner's book

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1. Finance
2. Financial institutions are institutions which bring together borrowers and lenders of money.
3. Functions of financial intermediaries
  - They act as a go-between savers and borrowers by facilitating direct contact between savers and borrowers.
  - Purchase government bonds and securities
  - They improve the utilisation of scarce resources by providing facilities for investment in plant, equipment, and so on, through loans, mortgages, purchases of bonds share.
  - Spread their risk between different borrowers; Create financial assets and substantially add to the stock of financial assets available to the lenders.
  - Provide liquidity easily and quickly through the conversion of an asset into cash without any loss in their value.
  - By maintaining equilibrium between the demand and supply of financial assets, FIs bring about stability in the capital market.
  - Increase the liquidity of the financial system through giving out loans and investing the proceeds into treasury bills, bonds, business firm shares.
  - They facilitate the pooling of risks in a situation where individual savers would have to find corresponding borrowers; the risk of one losing the savings would be high.
4. (Learners give different financial institutions in Rwanda)
5. Banking and non-banking financial institutions.



## Activity 2: Page 184 in the learner's book

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1. Banking financial institutions are institutions which receive deposits from the public, give loans on short term basis and create new deposits by loaning more than the amount of funds deposited by customers.
2. Examples of commercial banks you know in Rwanda
3. Fina bank, Eco bank, Banque Populaire du Rwanda SA (BPR), Bank of Kigali-BK, Access bank Rwanda, Commercial bank of Africa (Rwanda), Guaranty Trust Bank (GTB), I&M Bank (Rwanda), Crane bank Rwanda etc.
4. The relationship between (a), (b) and (c) is that (a) and (b) are all controlled by (c) i.e. (c) the Central bank is responsible regulating the activities of commercial banks(a) and development bank (b).
5. Functions of commercial banks:
  - **Credit Creation:** In this role the commercial bank accepts deposits and lends money out (grant loans) at an interest.
  - **Transmission of money i.e.** Commercial banks provide facilities for domestic and foreign transfer of money.
  - Banks also offer advisory services to their customers usually charging for these services.
  - Commercial Banks can offer other financial products to their customers such as mortgages and insurance.
  - Provision of credit facilities.
  - Provision of facilities for safekeeping deposits.
  - Open up and run different accounts on behalf of their clients.
6. The different accounts run by commercial banks.
  - Current Accounts
  - Savings Accounts
  - Fixed Deposit Accounts
7. (Learners analyse the operation of different bank accounts and suggest on their own with supporting personal reasons)





### Activity 3: Page 186 in the learner's book

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1. How commercial banks' balance liquidity and profitability. Given the conflicting nature of the above objectives, the bank has to act very carefully to strike an optimum balance. To solve this conflict, the bank does the following:
  - Maintains a certain percentage of deposits in cash form (cash reserve ratio) to cater for the withdraw needs of customers. This maintains liquidity while the lent out amount caters for the profitability interests of the bank.
  - Maintains reserves at the central bank so that in case it is unable to meet the liquidity needs of depositors, it may make use of such reserves.
  - The bank may invest in security and other assets in an effort to make profits. However the bank should make sure that while it invests for profits, it invests in liquid assets which can easily be turned into cash in case need arises for liquidity. Thus striking a balance between liquidity and profitability.
  - As commercial banks lend out money in form of loans, it advances them in such a way that they receive repayments more regularly. e.g. advancing both short term, medium term and long term loans to ensure regular and constant payment system.
  - Commercial banks set a minimum deposit balance on the customers' account on which customers are not allowed to draw below. This maintains sufficient liquidity since accumulated balance cannot be withdrawn, pool up to a large sum that can meet the liquidity needs of depositors.
  - Commercial banks borrow from the central bank, as a lender of the last resort, in situations where they are unable to meet the daily needs of its customers.
  - Commercial banks invest in non-banking activities like transport, buildings, industries etc. so as to

- maintain profitability through earning extra money to supplement bank activity generated revenue.
- Commercial banks charge a fee for the services they provide as a means of raising more revenue to increase profitability and liquidity e.g. bank statements, ledger fee cheques clearing, ATM withdrawals, storage of valuables etc.
  - Commercial banks discount bills of exchange and earn a profit at the maturity of the bills i.e. buy the bills from holders at less than their value of maturity thus achieving profitability.
  - Paying low interest to depositors and charging a high interest on borrowers thus making profits and bringing in cash.
  - Demanding collateral security to avoid loss of money
2. The difference between assets and liabilities of a bank  
Assets are possessions of the bank plus its claims on other financial institutions and clients while liabilities are claims by the outside world. Or they are properties that belong to the people but not the bank.
3. Examples of assets include:
- Cash in hand and reserves with the central bank
  - Deposits with other banks and non-banks
  - Loans advanced and over drafts to customers
  - Fixed assets and long term investments
- Examples of liabilities include
- Money on fixed, current and saving accounts
  - Deposits by other banks and non-banks
  - Government deposits in the bank.



#### Activity 4: Page 189 in the learner's book

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1. This is the process by which commercial banks create credit by lending out money using cheques. It is the process by which commercial banks create additional deposits by way of extending loans to borrowers.
2. Process of credit creation  
Assumptions of credit creation

- Assumes one bank with many branches which have cooperation among themselves.
- A certain cash ratio is given and maintained
- All banks are willing to advance loans to the borrowers who meet the minimum conditions for borrowing
- All payments are made through the banks using cheques
- The money that the bank loans out is deposited back in the same bank or another bank.
- The public is willing to borrow from banks
- There should be no government interference.

### Example

Assume a single bank with an initial deposit of RWF 10,000 with a cash ratio of 20% and 4 people A, B, C and D.

- Describe the process of credit creation
- Find the rate of credit multiplier and final deposit.

Customer	New deposit	Cash ratio 20%	New loan
A	10000	2000	8000
B	8000	1600	6400
C	6400	1280	5120
D	5120	1024	4096
,	,	,	,
,	,	,	,
Total	50000		

Customer A deposited 10000 Francs to the bank. The bank kept 20 % ( 2000) as cash ratio and lent out 80 % ( 8000) to customer B. Customer B deposited the same cheques in the same bank. Out of 8000 francs, the bank kept 20% (1600) as cash ratio and loaned out 6400 to person C. The process continues until no further loans are available for lending out.

- Factors that determine ability of commercial banks to create credit:
  - Conditions of trade and business in the economy
  - Banking habits of Individuals (Whether people believe in the use of cheques or cash)
  - Availability of good securities

- Willingness to deposit (propensity to deposit)
  - Cash reserves
  - Cash ratio
  - Propensity to demand loans
  - The country's monetary policy.
4. Difficulties met in the process of credit creation by commercial banks in Rwanda. Difficulty in mobilising savings because of wide spread poverty among the people and this reduces money available to lend out.
- Illiteracy of the people who do not keep their money in banks and do not know the operations of the banks
  - Too much government interference in the activities of the banks makes it hard for them to carry out their activities.
  - Existence of a large subsistence sector which does not generate enough incomes to the people necessary to save in the banks.
  - Lack of credit worthiness among borrowers. Some people take loans from the banks and fail to pay back.
  - Too much liquidity preference. People prefer to hold money in cash rather than depositing it.
  - Low demand for loans because of lack of collateral security like land, and other property.
  - Inflation which limits saving because money may have lost value so people prefer to invest than saving.
  - High competition for customers because most of them are located in urban centers and this leads to low deposits.
  - Poor infrastructure characterised by poor roads, telecommunication all limiting the activities.



### Answers for exercise on page 191-192 in the learner's book

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1.  $CR = 20\%$ , initial Deposit = 10,000, credit multiplier = ?  
 $C.M = 1/CR = 1/20\% = 1/(20/100) = 100/20 = 5$

2. Initial deposit = 20,000frw, total credit created =100,000 FRW, credit multiplier =?  
CM= total credit created/initial deposit = 100000/20000 = 5
3. Final deposit = 80.000FRW, cash ratio = 20%, initial deposit =?  
Initial deposit = final deposit / credit multiplier  
 $1/\text{cash ratio} = 1/(20/100) = 5$   
ID = 80000/ 5 = 16,000  
Initial deposit of 20.000FRW and credit multiplier of 4.  
Calculate the total credit created  
Total credit created = initial deposit x credit multiplier  
TCC = 20,000x4 = 80,000frw



### Activity 5: Page 194 in the learner's book

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1. Role of commercial banks in the development process of Rwanda
  - They advance short term and long term loans to the business community which facilitates new investment and expansion of the existing ones thus promoting economic growth and development.
  - They too offer loans to customers to improve their standards of living e.g. to purchase houses, and other expensive consumer goods that they otherwise could not afford.
  - They create employment opportunities to the people as auditors, accountants, managers, tellers, drivers, security guards, cleaners etc.
  - They get mobile savings from the public by paying interest on deposits.
  - Commercial banks provide technical and professional advice to customers i.e. investors and business people which helps them make sound investment decisions.
  - Commercial banks pay taxes to the government from their profits made, of which revenue is used to finance various government expenditures.

- Commercial banks facilitate international and domestic trade by making available foreign exchange, letters of credit and money transfer services.
  - Commercial banks act as agents of the central bank to implement monetary policy since they deal directly with the public.
  - They receive payments for their customers e.g. salaries which promotes effective and efficient planning by consumers and producers.
  - Commercial banks facilitate quick and easy means of payments through use of cheques and standing orders.
  - They help keep valuable documents and articles of customers like marriage certificates diplomas, wills etc.
  - Manage the property of the deceased customers and distribute assets as laid down in the will.
  - Help in transforming the economy from a subsistence economy to a monetary economy especially in rural areas through advancing loans to the public for productive activities.
  - They promote technology in the economy e.g. through the use of ATMs, SMS banking, all which bring about economic development of the country.
  - They facilitate the process of capital formation through the promotion of savings and investment.
2. Problems that hinder the smooth operation of commercial banks activities in Rwanda:
- High liquidity preference among the public
  - Unfavourable policies against private commercial banks e.g. high taxes
  - Lack of well qualified, competent and trustworthy employees for commercial banks
  - Stiff competition in the banking business
  - Due to massive poverty the level of savings and deposit is low
  - The subsistence nature of most Rwandan societies
  - The prevalent fear of borrowing and loaning culture

- Poor communication network in form of roads, telephone systems and internet connections
  - Bureaucracy, inefficiency and arrogance by some bank officials
  - Some commercial bank conditions tend to discourage the would be potential customers who may wish to open up accounts with commercial banks. e.g. a high minimum initial deposits
  - High marginal propensity to consume (MPC) implying a low MPS
  - High government interference through fixing high interest rates in order to fight inflation
  - Insecurity in most LDCs and Rwanda inclusive, which has always scared people from depositing their money in the banking system thus reducing on operations of commercial bank.
3. Measures that can be taken by the government of Rwanda to boost the banking sector:
- Strengthening the supervisory role of National Bank of Rwanda
  - Improving social and economic infrastructure
  - Encouraging the expansion of banks to rural areas
  - Sensitising the population about the importance of banks
  - Restoration and maintenance of political stability in the country
  - Liberalisation of the banking sector
  - Encourage more training of bankers
  - Provision of cheap credit to raise people's incomes hence increasing deposits in banks
  - Ensuring economic stability like controlling inflation, fighting unemployment
  - Privatisation of government banks to promote efficiency
  - Close any financially unsound banks



## Activity 6: Page 198 in the learner's book

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1. Foreign commercial banks
2. (Learners give examples in their vicinity)
3. Role of foreign commercial banks in the development process of Rwanda:

### **Positive role**

- They attract foreign investors through transferring their money easily and safely from their countries of origin.
- They increase foreign exchange necessary for facilitating international trade.
- They promote increased efficiency through competition among the local banks.
- They provide employment opportunities to local professionals like managers, accountants, loans officers, auditors, supervisors, tellers, drivers etc.
- They promote international understanding among countries through movement of staff from one country to another, soliciting aid and loans from home countries.
- They have a responsibility by which they help the disadvantaged groups, protect environment, promote sports, education and health through their various programs like sponsoring learners, donating scholastic materials etc.
- They contribute revenue to the government through taxation especially large-scale operations which pay a lot of taxes to the government.
- They increase the level of savings as they mobilise savings from both rural and urban population.
- They improve technology with their sophisticated equipment thus may encourage development of indigenous technology.
- They facilitate international trade through these banks providing documentary credit, bank drafts, telegraphic transfers etc.



- They contribute to the expansion and extensive modernisation of the existing infrastructure like roads, communication networks, power etc.
- They help in monetising the economy by reducing the subsistence sector through extension of credit facilities to the local population to engage in economic activities.

**Negative role**

- Foreign commercial banks worsen the unemployment problem of local skilled man power because they tend to employ people from their countries of origin at the expense of local manpower for top management leaving citizens for low level jobs.
- They are discriminative towards Individuals and firms from the home country of the banks in their service rendering e.g. giving letters of credit, charging different interest rates and general attention and services at the bank counters.
- They are mostly urban based thus leading to regional imbalances i.e. urban against rural areas.
- Foreign commercial banks repatriate their profits to their home countries which deprives the host countries of the already scarce financial resources that limit domestic investments.
- They enhance rural urban migration since they are mostly located in urban areas.
- They mostly follow policies and guidelines from their headquarters, of which policies normally conflict with the host governments policies especially in implementing monetary policies.
- They outcompete the local commercial banks, through more resources, skilled manpower, funds and better technology.



## Activity 7: Pages 201-202 in the learner's book

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1. A Central Bank may be defined as that central monetary institution responsible for the management of the monetary system of the country.
2. National Bank of Rwanda
3. Functions of the central bank of Rwanda:
  - Acts as Government banker, fiscal agent and advisor.
  - Banker's bank by accepting deposits from commercial banks and will, on order transfer them to the account of another bank.
  - Acts as a banker to overseas central banks and international financial institutions e.g. the World Bank, the IMF etc.
  - Issue of the country's currency as the monopoly institution charged with the issue of a country's currency. No bank other than the Central Bank is authorised by law to print currency note.
  - Acts as a lender of last resort to commercial banks and other financial institutions when they run out of cash.
  - Keeps a nation's foreign exchange reserves in order to keep a favorable balance of payments and to maintain a stable exchange rate.
  - Controller of credit by means of various monetary policy instruments like open market operations, bank rate, legal reserve requirements, moral suasion selective credit control and special deposit.
  - Bank of central clearance, settlement and transfer.
4. Differences between a Central bank and Commercial Banks
  - A central bank is established for public service. Its operations are not basically guided by the profit motive. A commercial bank is guided by the profit motive.

- A central bank is responsible to the government whereas a commercial bank is responsible to its shareholders.
- A central bank controls other banks while a commercial bank does not. i.e. the central bank has a supervisory role over commercial banks.
- A central bank is the only body legally permitted to issue a nation's currency. Commercial banks are not permitted.
- The central bank does not compete with commercial banks for business and will usually maintain the government's account.
- The central bank acts as a lender of last resort to commercial banks when they are in liquidity problems.
- A central bank generally does not deal directly with the public. It deals with the public indirectly through commercial banks. Commercial banks deal directly with the public.
- A central bank can formulate and execute a monetary policy whereas a commercial bank cannot.
- A central bank is exclusively owned by the government, and it has a special relationship with the government of the country. A commercial bank can be owned by the government or individuals.
- A central bank deals directly in the foreign exchange market. All foreign exchange earnings are submitted to it and it then meets the foreign exchange requirements.
- A central bank is a banker's bank unlike a commercial bank.



### **Activity 8: Page 205 in the learner's book**

The role of central bank of Rwanda in the development process of the economy:

- The central bank helps the government in the economic planning process. i.e. it provides the necessary financial

economic data which greatly facilitates government in its planning process.

- The central bank through its monetary policy tools, like selective credit control, helps channel credit to the priority areas aimed at improving productivity and investment.
- The central bank develops the financial sector e.g. it encourages the development of commercial banks which tend to extend credit to stimulate rural activities for the mobilisation of domestic capital required for economic development.
- It regulates and controls the supply and demand for money with the objective of attaining high growth rates in GDP adequate employment opportunities, price stability etc.
- Through favourable rate policies aimed at foreign exchange stability, both the public and private sectors are encouraged to save and invest thus promoting economic growth and development.
- Educates and trains bankers which increases efficiency in the banking sector.



### Activity 9: Page 206 in the learner's book

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1. Monetary policy is the management of demand and supply of money together with the rate of interest in order to influence the level of economic activities
2. Objectives of monetary policy of Rwanda to maintain domestic price stability:
  - To influence the level of employment and attain full employment
  - To influence the balance of payment position of the country
  - To ensure stability of foreign exchange in the country
  - To influence the nature and levels of investment in the country
  - To encourage growth of the financial sector
  - To achieve economic growth
  - Ensure that government deficits are financed at low interest rates

- Create a broad and continuous market for government securities
  - Maintain a continuously low structure of interest rates
  - Encourage the public to save a larger fraction of its real income
  - Provide credit at differential interest rates
3. Monetary policy tools that the central bank of Rwanda has used in attaining the monetary policy objectives
- Bank rate/discount rate
  - Open market operations (OMO)
  - Legal reserve requirement (LRR)
  - Special deposits
  - Moral suasion
  - Selective credit control
  - Marginal reserve requirement (MRR)
  - Currency reform
4. Applicability of monetary policy tools in Rwanda
- Some monetary policy tools have efficiently helped in achieving monetary policy objectives in Rwanda. This is seen below:

**Open market operations**

This consists of the BNR intervention on the money market to mop up or to inject liquidity in the banking system and keep the reserve money on the desired path.

**Reserve requirements**

Depository institutions (commercial banks) are obliged to hold minimum reserves against their liabilities, predominantly in the form of balances at the central bank.

**Foreign exchange intervention.**

The national bank of Rwanda intervenes in the foreign exchange market, among other reasons, in order to defend the exchange rate and to achieve a desired amount of international reserves.

**Limitations of Monetary Policy in Rwanda**

The implementation of monetary policies in Rwanda has not been very successful due to many reasons which include some of the following:

- Existence of large subsistence sector which limits the operation of the monetary policy, since most transactions are still carried out through barter exchange.
- Most commercial banks in Rwanda are foreign owned or act as branches of other banks abroad. This means that their liquidity needs are addressed by their mother banks abroad which make implementation of monetary policies difficult.
- Corruption and lack of self-commitment among bankers which makes some monetary policy tools ineffective.
- High rate of liquidity preference among people due to ignorance and or general lack of confidence in the banking sector.
- Lack of collateral security by most people in Rwanda to act as guarantee for loan acquisition.
- Limited investment opportunities together with an uncondusive investment climate that discourages people from getting loans e.g. high interest rates on business loans.
- Most people in Rwanda prefer investing their money in real assets like land, cattle, houses etc. than saving it with banks.



### Activity 10: Page 211 in the learner's book

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1. Non-banking financial institutions
2. (Learners identify different examples of NBFIs in their vicinity)
3. Functions of NBFIs:
  - Brokers of loanable funds. i.e. they intermediate between savers and investors.
  - Mobilisation of savings for the benefit of the economy.
  - Direct funds into investment channels by mobilizing the general public's savings and channel them into productive investments and this directs public savings into investment, aids capital formation and economic growth.
  - Stabilisation of capital markets. NBFIs trade in the capital market in a variety of assets and liabilities and in turn equilibrate the demand for and supply of assets
  - Provision of liquidity by advancing short-term loans and financing them by issuing claims against

themselves for long periods and diversifying loans among different type of borrowers.



## Activity 11: Pages 214-215 in the learner's book

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1. Role of non-banking financial institutions
  - Provision of employment opportunities to the nationals
  - Provision of security to property and people's lives e.g. insurance companies.
  - They act as intermediaries between potential savers and investors which creates assets and liabilities.
  - They give or offer loans to development production ventures.
  - Act as avenues through which the donor, government and non-governmental organisations channel their funds to facilitate development programs.
  - They help in transformation of the rural sector from subsistence to monetary economy.
  - Non-banking financial institutions are spread all over the country thus help in mobilisation of savings which are then channelled to local rural based projects.
  - They help in indigenisation of the economy.
  - They expand government revenue through paying taxes.
2. Challenges of non-banking financial institutions in Rwanda
  - Corruption, mismanagement and lack of self-commitment among employees.
  - High illiteracy and ignorance levels among the majority population.
  - Government influence through high taxes, interest rate determination.
  - Low savings among the population due to poverty among the majority population in Rwanda.
  - Existence of insecurity which leads to high economic uncertainties.

- Poor infrastructure in some parts of the country.
- High marginal propensity to consume (MPC).
- Existence of a large subsistence sector.
- High competition from banking financial institutions and non-banking financial institutions themselves.
- Foreign influence especially from international monetary fund (IMF) and World Bank.



### Activity 12: Page 217 in the learner's book

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1. Financial securities
2. A financial market is an arrangement of possible buyers and sellers of financial securities such as bonds and treasury bills, commodities, and other fungible items.
3. Capital markets e.g. trade in shares and money markets e.g. forex bureaus
4. Refer to learner's book page 223 (common terms used in money and capital markets)



### Activity 13: Page 221 in the learner's book

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1. Functions of Financial markets in Rwanda:
  - Money market plays a crucial role in financing both internal as well as international trade.
  - **Financing industry** i.e. help the industries in securing short-term and long term loans.
  - **Profitable investment** i.e. money market enables the commercial banks to use their excess reserves in profitable investment.
  - **Self-Sufficiency of commercial bank** i.e. in the situation of emergency, when the commercial banks have scarcity of funds.
  - **Help to central bank** i.e the existence of a developed money market smoothens the functioning and efficiency of the central bank.
  - Mobilising savings i.e. capital markets help in mobilising savings and channeling them into productive investments.



- Promotes economic growth through the rational allocation of resources.
  - The capital market brings together the savers as lenders and investors as borrowers who are respectively known as surplus spending units and deficit spending units.
2. Limitations of financial markets in Rwanda:
- There is a lack of coordination between the various financial institutions.
  - The economic policies are framed by the bureaucrats instead of technocrats, so they create many problems.
  - The professional and skilled persons in the financial institutions are engaging in more profitable businesses and this has created a gap of talented persons in the financial institutions.
  - The branches of the financial institutions are not opened in the rural areas to collect the savings of the villages.
  - In advancing loans financial institutions compete with each other to show better performance.
  - The complaints about default in loan repayments both by the public and private sector is increasing day by day.
  - Poor quality of manpower is employed in the financial institutions which causes low production.

**Unit 6 assessment answers, page 226 in the learner's book**

1. Importance of Bank of Kigali and Bank Populaire to the development of Rwanda:
  - They create credit
  - Transfer money on behalf of clients
  - Advise customers on different business issues
  - Give other financial products like mortgages, insurance among others
  - Give loans to their customers for transaction of business
  - They keep valuable documents like wills, land titles, among others for their customers
  - Open up and run different accounts on behalf of their clients.
  - Accept deposits for safe custody
  - Issue notes and coins printed by the central bank
  - Assist traders in international trade.
2. Why Rwanda has created specialised institutions and development banks:
  - To provide more employment opportunities to the nationals
  - To provide security to property and people's lives
  - To give loans to development production ventures which commercial banks are reluctant to support
  - It's one way through which the government and any other support organisation channel their funds to facilitate development programs
  - Its an intermediary between potential savers and investors which creates assets and liabilities
  - To transform the rural sector from subsistence to monetary economy
  - To help in mobilisation of savings all over the country which are then channeled to local rural based projects
  - To expand government revenue through paying taxes on which government can invest in development programs

- To help indigenise the economy since they advance loans to local entrepreneurs, women, youth etc who are neglected by the commercial banks.
3. How BNR has influenced economic activities in Rwanda through monetary policy tools:
- Open market operation
  - Legal reserve requirement
  - Selective credit control
  - Moral suasion
  - Marginal reserve requirement
  - Bank rate
  - Special deposits
  - Foreign exchange intervention.

## Unit 7: Inflation

Refer to learner's book page 231-257

**Unit competence:** Learners will be able to describe the impact of inflation on an economy.



### LESSON 1: Meaning and measurement of inflation (learners' book page 232-233)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly gives review of the previous unit as a whole.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen and participate in the review.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in groups to do activity 1 on page 234.</li><li>• States clearly the types of increase in price.</li><li>• Selects groups to present to the class and asks others to compare their findings with the discussants.</li></ul>	<ul style="list-style-type: none"><li>• Do activity 1 on page 234.</li><li>• States the types of increase in prices.</li><li>• Present their findings.</li><li>• Compare their research findings.</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different groups.</li> <li>• Giving important remarks about the discussion.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments.</li> <li>• listens to teacher's remarks.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also relate the meaning and terms used in inflation to different activities in the country, different economic conditions in an economy i.e. depression among others

### ***Cross cutting issues***

While teaching this lesson, endeavour to emphasise the role of standardisation and financial management. It is very vital in times of inflation.



## **LESSON 2: Terms used in inflation, (learner's book page 233)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly explains the <ul style="list-style-type: none"> <li>• meaning of inflation.</li> <li>• some important terms concerning inflation.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and participate in the review.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to carry out some calculations of the concepts.</li> <li>Teacher selects pairs to present to the class and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt to do the calculations.</li> <li>Present their findings.</li> <li>Others do compare findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different pairs.</li> <li>Giving important remarks.</li> </ul>	Learners <ul style="list-style-type: none"> <li>take down teacher's comments and remarks.</li> </ul>

### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to terms used in inflation.



## **LESSON 3: Degree/states of inflation, (learner's book page 234)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly gives <ul style="list-style-type: none"> <li>Introductory remarks referring to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens to the teacher's introductory remarks.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to research and discuss on the degree of intensity of inflation.</li> <li>Teacher selects pairs to present to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Learners do research on the degree of intensity of inflation.</li> <li>Learners present their findings.</li> <li>Compare findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different pairs.</li> <li>• Gives final remarks.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments.</li> </ul>
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### ***Additional information for the teacher***

The teacher should be able to differentiate between types and states of inflation

### ***Cross cutting issues***

Standardisation and environmental sustainability in natural income determination.



## **LESSON 4: Types according to causes (Demand-pull inflation), learner's book page 235)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners participate in the review.</li> <li>• Form groups of three.</li> </ul>

<p>2 Body</p>	<p>Asks learners in groups to</p> <ul style="list-style-type: none"> <li>• Visit the library/internet to research on the causes of demand pull inflation and ways to reduce it.</li> <li>• Selects groups to present to the class the causes of demand pull inflation and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research.</li> <li>• Present findings.</li> <li>• Compare findings.</li> </ul>
<p>3 Conclusion</p>	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Explains some important elements in this type of inflation.</li> <li>• Demonstrates to learners how demand pull inflation appears.</li> <li>• Asks learners oral questions related to the above discussion.</li> </ul>	<p>Learners</p> <ul style="list-style-type: none"> <li>• take down teacher's comments and notes.</li> </ul>

### ***Additional information for the teacher***

The teacher should emphasise more the demand side as cause of demand inflation.

### ***Cross cutting issues***

They are the same as those of the previous lesson.

### ***Multi-ability activities***

Use the end of unit assessment questions to give them work.



## **LESSON 5: Policies to reduce demand pull inflation (learner's book page 237-239)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics



**Teaching/Learning methods**

- Question and answer
- Discussion
- Demonstration
- Brainstorming

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly gives review of the previous lesson.</li> <li>• Asks learners to sit in their groups to harmonise the policies of reducing demand pull inflation.</li> </ul>	<ul style="list-style-type: none"> <li>• Harmonise the policies of reducing demand pull inflation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Selects groups to present to the class their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Presents their findings.</li> <li>• Compare findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Clarifying more about the policies presented by learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and take down teacher's comments.</li> </ul>

**Additional information for the teacher**

The teacher should have in mind that reducing inflation is all about reducing the amount of money in circulation that will in turn reduce aggregate demand.



## LESSON 6: Cost Push inflation (causes) (learner's book page 239)

**Lesson materials**

Recommended text books, economics journals, internet access, newspaper articles on economics

**Teaching/Learning methods**

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>Briefly reviews the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>Participates in the review.</li><li>Form groups.</li></ul>
2 Body	<ul style="list-style-type: none"><li>Asks learners in their groups to visit the library/ internet to research on the causes of cost push inflation and ways to reduce it.</li><li>Selects group to present to the class their findings.</li></ul>	<ul style="list-style-type: none"><li>Researches on the causes of cost push inflation and the ways to reduce it.</li><li>Presents the causes of cost push inflation.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>Harmonises findings of different groups.</li><li>Explains some important elements in cost push inflation.</li></ul>	<ul style="list-style-type: none"><li>Take notes on teacher's explanation.</li></ul>

### *Additional information for the teacher*

The teacher should also relate costs of production to increase in prices of goods and services.

### *Cross cutting issues*

Emphasise environmental sustainability so as to protect the environment from exhaustion due to increased costs.



## LESSON 7: Policies to reduce cost push inflation (learner's book page 241-242)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners in their groups to harmonise the policies of reducing cost push.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the review.</li> <li>Harmonises the policies of reducing cost push.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Selects groups to present their findings and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Presentation of findings.</li> <li>Comparison of their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different groups.</li> <li>Dictating important notes.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments.</li> <li>Attempts to answer the questions asked.</li> </ul>

### *Additional information for the teacher*

The teacher should also put into consideration the policies of reducing cost push inflation to the policies of reducing demand pull inflation to create a relation.



## LESSON 8: Structural inflation (causes) (learner's book page 243)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to form groups of three.</li></ul>	<ul style="list-style-type: none"><li>• Listens and form groups of three.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to visit the library or internet and research on causes of bottleneck inflation policies to reduce it.</li><li>• Selects a group to present to the class their findings and asks others to compare their findings with the discussants.</li></ul>	<ul style="list-style-type: none"><li>• Visits the library and do research.</li><li>• Presents findings.</li><li>• Listens and responds to the presentations.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of the different learners.</li><li>• Gives final or summary points.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and notes/points.</li></ul>

### *Additional information for the teacher*

The teacher should relate structural inflation to other types of inflation.



### LESSON 9: Policies to reduce structural inflation (learner's book page 244)

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#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners to sit in their groups to harmonise the policies of reducing bottleneck inflation.</li> </ul>	Learners listen to the review <ul style="list-style-type: none"> <li>Discuss the policies of reducing bottleneck inflation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Selects a group to present their findings and asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Selected groups do presentations.</li> <li>Takes down teacher's comments and points.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different groups.</li> <li>Gives important/key points.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also relate solutions to structural inflation to ways of reducing structural unemployment.



## LESSON 10: Other types of inflation (learner's book page 245)

### *Lesson materials*

Recommended text books, economics journals, internet access

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners to form groups of three.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to the teacher and form groups of three.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners to visit the library or internet and research on the meaning and causes of other types of inflation.</li> <li>Selects a group to present to the class their findings and asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Visits the library and researches on the causes and types of inflation.</li> <li>Selected group presents findings.</li> <li>Others compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different learners.</li> <li>Gives important points and remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments and points/remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the types of inflation to assess their major differences

### *Multi-ability learning activities*

You can ask learners to try out related questions from the end of unit assessments.



## LESSON 11: Effects of inflation (learner's book page 245-249)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming

- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> <li>• Asks learners to form pairs to identify the effects of inflation.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher.</li> <li>• Go in pairs and identify the effects of inflation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners to present their findings to the class members.</li> <li>• Moderates discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners do their presentations.</li> <li>• Other learners ask questions to the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners emphasising more on the effects.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments and clarifications.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the effects of inflation from household, community, economy as a whole and the world at large so as to have general effects.

### *Cross cutting issues*

Emphasise the value of financial discipline as a way of controlling inflation.



## LESSON 12: Policy measures of inflation (learner's book page 250)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming

- Individual work

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Briefly talks about the previous lesson. <ul style="list-style-type: none"> <li>• asks learners to suggest different policy measures of inflation.</li> </ul>	Learners listen attentively <ul style="list-style-type: none"> <li>• Suggest policy measures of inflation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners from different groups to present their findings to the class.</li> <li>• Moderates discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners present their findings.</li> <li>• Do comparisons on presentations.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different learners.</li> <li>• Giving financial important points.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down the teacher's comments and points/ notes.</li> </ul>

#### *Additional information for the teacher*

The teacher should consider using the causes of inflation so as to suggest the policies for controlling it.



### LESSON 13: Trend of inflation in Rwanda (learner's book page 251)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economic documentaries.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Briefly talks about the previous lesson. <ul style="list-style-type: none"> <li>Asks learners to identify the trends of inflation 1997-2016 in figure 3 on page 251.</li> </ul>	Participates in the review <ul style="list-style-type: none"> <li>Identify the trends of inflation in Figure 3.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks different groups to present their findings.</li> <li>Moderates presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners ask and compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different learners and gives final remarks.</li> </ul>	Learners <ul style="list-style-type: none"> <li>take down teacher's comments and remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should relate inflation trends with the neighbouring countries to assess the most affected country.

### *Extended remedial activities*

Give more exercises related to the lesson. They can be extracted from textbooks, journals, newspapers etc.



## LESSON 14: Relationship between inflation and unemployment (Philips curve) (learner's book page 252-253)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Briefly talks about the previous lesson. <ul style="list-style-type: none"> <li>Asks learners in groups of three to identify the relationship between inflation and unemployment.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to the teacher.</li> <li>Identify the relationship between inflation and unemployment.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners from different groups to present their findings to the class.</li> <li>Moderates presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners do their presentations.</li> <li>Other learners compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonising findings of different learners and talks more about inflation giving final remarks on the unit.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments and final remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should relate inflation and unemployment to the current situation in Rwanda where the prices of commodities are high but majority of the people are unemployed.

## Answers to Unit 7 Activities



### Activity 1: Page 232 in the learner's book

- Inflation
- Demand pull, cost push, monetary inflation etc



### Activity 2: Page 236 in the learner's book

- Persistent increase in wages that increases people's purchasing power

- Increase in the population that increases the demand for goods and services
  - Increase in government expenditure which increases money in circulation
  - Expansionary monetary policy that increases money in the hands of the people
  - Reduction in taxation that increases the disposable income of the people hence increasing their demand
  - Increase in the exports that reduce the amount available at home
  - Natural calamities that affect supply.
- 2.
- Restrictive monetary policy
  - Reduction in government expenditure
  - Increase taxes
  - Reduction in tariffs
  - Price and income policies.



### **Activity 3: Page 239 in the learner's book**

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- 1.
- Wage increases
  - Government policy of charging high prices
  - Changes in interest rates can also affect firms' costs if they have borrowed significant amounts
  - High exchange rate
  - Increase in the operating costs
  - Price- wage inflation
  - Wage-price inflation
  - Wage-wage inflation.
- 2.
- To increase the level of domestic output
  - Imports should be encouraged
  - Discourage the export of goods
  - Price and incomes policy
  - Organisational controls. etc.



### Activity 4: Page 242 in the learner's book

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1. This is a type of inflation that results from supply rigidities/ constraints that cause a reduction in supply of goods and services.
2.
  - Structural breakdown causing a shortage of goods and services in an economy
  - Reduction in production of the major sector — agriculture
  - There may be foreign exchange bottlenecks which are due to poor export performance
  - Lack of technical and entrepreneurial skills
  - Insecurity scares away investors both domestic and foreign.
3.
  - Increase the local production of goods and services
  - Improve the export sector
  - Increase the level of agricultural output
  - Price and income policy
  - Proper management of the economy. etc.



### Activity 5: Page 244 in the learner's book

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1. Inflation may be caused by an increase in the prices of imported inputs or by increases in the prices of imported goods.
2.
  - High prices of the international market
  - High domestic demand for imported goods
  - High taxes on imports
  - Over dependence on foreign economies
  - Poor trade policies of developed nations against developing countries
  - Importation of goods supplied by monopolists.
3.
  - Import restrictions
  - Import-substitution strategy
  - Subsidisation of importers by the government. etc.



### Activity 6: Page 245 in the learner's book

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1.
  - Mild increases in investment

- Encourages hard work
- Promotes productivity in the economy
- Encourages innovation and creativity
- Increases employment through investments
- Results into increased tax revenue
- Increased resource utilisation
- Debtors stand to gain.

**Negatives**

- High rates discourage savings
- Loss of confidence in the currency
- Worsens the balance of payment position
- Worsens the problem of income inequality
- Fixed income earners loose
- Creditors/ lenders loose
- Raises interest rates
- Unemployment because inflation causes increase in the cost of production hence employers lay off workers
- Leads to black market i.e. hoarding of goods to create artificial shortage. etc.



**Activity 7: Page 249 in the learner's book**

1.
  - Adopting a strict monetary policy aimed at reducing money in circulation.
  - Tight fiscal policy including increased taxation to reduce the amount of disposable income possessed by the people
  - Price and income policies
  - Provision of subsidies to the producers so that they produce at lower costs and keep the prices low
  - Limiting exports and encouraging imports
  - Encouraging savings such that the amount of money in circulation reduces hence reducing demand
  - Privatisation so as to encourage the private sector produce more goods and services
  - Currency reform

- Promotion of private investment by setting up a conducive investment climate to boost production.
2. • The relationship between inflation and unemployment is that when the rate of inflation is high, there will be low demand and employers will lay off workers hence high rates of unemployment while if the rate of inflation is low, demand will be high, increase in production and low rates of unemployment.

**Unit 7 assessment answers: Page 254-255 learner's book**

1. Measures to control inflation:
- Adopting a strict monetary policy aimed at reducing money in circulation. For example selling securities
  - Tight fiscal policy including increased taxation to reduce the amount of disposable income possessed by the people
  - Price and income policies. These include controlling wages and prices such that they do not increase at any time
  - Provision of subsidies to the producers so that they produce at lower costs and keep the prices low
  - Limiting exports and encouraging imports. This will help to increase commodities at home hence prices may be kept low
  - Encouraging savings such that the amount of money in circulation reduces hence reducing demand
  - Privatization so as to encourage the private sector produce more goods and services
  - Currency reform. The government can remove the currency which has lost value from circulation and replace it with another currency
  - Promotion of private investment by setting up a conducive investment climate to boost production.
2. Circumstances under which an increase in Rwandan francs may not lead to inflation:
- When there is an effective tax system, the increased money will be taxed hence no inflation

- When increased money is saved there will be no inflation
- In case of high marginal propensity to save, all the additional money will be saved
- In case there is a corresponding increase in the goods and services, increased demand will be served with the increased supply
- In case the additional money supply is used to service an external debt
- When there is a high price control
- When there is a high liquidity ratio.

3. Inflation as a blessing and curse

**Blessing**

- Mild increases investment
- Encourages hard work
- Promotes productivity in the economy
- Encourages innovation and creativity
- Increases employment through investments
- Results into increased tax revenue
- Increased resource utilisation
- Debtors stand to gain
- Increases the profit level of business men
- Encourages people to get loans since they expect money to have lost value in times of paying back
- Helps move an economy from a recession. i.e. a period of low incomes, low investments, low employments.

**Curse**

- High rates discourage savings
- Loss of confidence in the currency
- Worsens the balance of payment position
- Worsens the problem of income inequality
- Fixed income earners loose
- Creditors/lenders loose
- Raises interest rates
- Unemployment because inflation causes increase in the cost of production hence employers lay off workers

- Leads to black market i.e. hoarding of goods to create artificial shortage
- Distorts planning and plan implementation
- Undermines the value of the country's currency in relation to other currencies which calls for devaluation
- Leads to political unrest in the country because of the economic situation and constant demonstrations and strikes.



## Unit 8: Unemployment

Refer to learner's book page 261-298

**Unit competence:** Learners will be able to analyse the impact of unemployment on economic development.



### LESSON 1: Meaning and nature of Unemployment (Learner's book page 262)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous unit.</li><li>• Organise learners in groups of three.</li></ul>	<ul style="list-style-type: none"><li>• Listen and then make groups.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to study figure 1 page 268 to describe the activity taking place.</li><li>• Describes the meaning and purpose of the activities.</li><li>• Selects a group to present to the class and asks others to compare with their findings.</li></ul>	<p>Learners attempt to</p> <ul style="list-style-type: none"><li>• describe the activities.</li><li>• give the purpose of the activities.</li><li>• Groups present their findings.</li><li>• Other groups do comparisons.</li></ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different groups.</li> <li>• Gives final remarks.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments and final remarks / notes.</li> </ul>
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***Additional information for the teacher***

The teacher should also relate unemployment to different activities in the country, different economic conditions in an economy i.e. inflation, depression among others.

***Assessment guidance***

Give assignment to learners to assess their research skills as well as creativity and renovation skills.



**LESSON 2: Types of unemployment (learner's book page 263-264)**

***Lesson materials***

Recommended text books, economics journals, internet access

***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Guided discovery

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly talks about the <ul style="list-style-type: none"> <li>• meaning of unemployment.</li> <li>• concepts looked at in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Organises learners in pairs to discover the types of unemployment.</li> <li>• Teacher selects a pair to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners attempt to discuss the types of employment.</li> <li>• Selected pairs do their presentations.</li> <li>• Compare findings with discussants.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Teacher concludes the lesson by harmonising findings of different pairs and giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments and remarks.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to unemployment in the country, different economic conditions in an economy i.e. current job hunting by the majority of the people among others.

### ***Cross cutting issues***

Emphasise the issues of standardisation, environmental sustainability, gender in the types of unemployment.



## **LESSON 3: Types of unemployment (learner's book page 263-264)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly explains <ul style="list-style-type: none"> <li>unemployment concepts in the previous lesson.</li> <li>organise learners into pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to teacher's explanations.</li> <li>Form pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to discover the types of unemployment.</li> <li>Teacher selects a pair to present to the class as others compare with their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners discover the types of unemployment.</li> <li>Selected pairs present their findings.</li> <li>Others do comparisons.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different pairs and give final remarks about the discussion.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments and remarks.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to unemployment in the country, different economic conditions in an economy i.e. current job hunting by the majority of the people among others.

### ***Homework***

Give home work to learners to allow them do research on the next lesson. It helps them to have prior knowledge.



## LESSON 4: Types of unemployment, (learner's book page 263-264)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Teacher briefly explains the meaning of unemployment and some concepts about the previous lesson.</li> <li>• He/she organises learners into pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>• Asks learners to discover the types of unemployment.</li> <li>• Teacher selects a pair to present to the class as others compare with the findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners discover the types of unemployment.</li> <li>• Learners do present their findings.</li> <li>• Others compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different pairs.</li> <li>• Gives final remarks about the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Takes down teacher's comments and remarks.</li> </ul>

### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to unemployment in the country, different economic conditions in an economy i.e. current job hunting by the majority of the people among others.

### ***Extended remedial activities***

Instruct learners to do more exercises, as possible. You can extract questions from the unit assessments, economics journals and text books.



## **LESSON 5: Types of unemployment (learner's book page 263-264)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Guided discovery

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Teacher briefly explains the types of unemployment.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen to teacher attentively.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in pairs to discover the types of unemployment.</li><li>• Teacher selects pairs to present to the class as others compare their findings with the discussants.</li></ul>	<ul style="list-style-type: none"><li>• Learners attempt to discover the types of unemployment.</li><li>• Learners present and discuss their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises learners' findings.</li></ul>	Learners <ul style="list-style-type: none"><li>• take down teacher's comments and notes.</li></ul>

### *Additional information for the teacher*

The teacher should also talk about other different concepts related to unemployment in the country, different economic conditions in an economy i.e. current job hunting by the majority of the people among others.



### LESSON 6: General causes of unemployment (learner's book page 288)

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#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> <li>Organises learners into groups.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and then form groups.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners to identify the causes of unemployment.</li> <li>Teacher selects a group to present their findings to the class as others compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt to identify the causes of unemployment.</li> <li>Learners present their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Teacher harmonises findings of different pairs and gives conclusive remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also talk about other different concepts related to the causes of unemployment in the country i.e. inflation, depression among others.



## LESSON 7: Effects of unemployment, (learner's book page 287)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer,
- Discussion
- Demonstration
- Brainstorming
- Individual Work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li><li>• Organises learners into groups of five.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review of the previous lesson.</li><li>• Form groups.</li></ul>
2 Body	<p>Asks learners to</p> <ul style="list-style-type: none"><li>• describe the effects of unemployment basing on activity 1 on page 264.</li><li>• Selects a group to present to the class as others compare the findings.</li></ul>	<ul style="list-style-type: none"><li>• Learners describe the effects of unemployment.</li><li>• Learners present their findings.</li><li>• Others compare the findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different groups and gives important remarks.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and remarks.</li></ul>

### *Additional information for the teacher*

The teacher should also relate the current situation in the country following the activities in the figure for the learners to relate whether this situation is as a result of unemployment.

### *Cross cutting issues*

Emphasise the role of environmental sustainability in the need to protect the environment.



## LESSON 8: Solutions to unemployment (learner's book page 288 learner's book)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Think and Pair



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and then make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners to visit the library or internet to research on the difference between full and underemployment.</li> <li>Teacher selects a pair to present to the class and asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners visit library and research on the difference between full and under employment..</li> <li>Learners present their findings.</li> <li>Others compare the findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Teacher concludes the lesson by harmonising findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and take down the teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also help learners in knowing the difference between full and underemployment through demonstrations and giving genuine examples in everyday life.

### *Cross cutting issues*

Emphasise the role of standardisation, environmental sustainability and financial education in full and underemployment.



**LESSON 9: Under and full employment (meaning, how to attain full employment) (learner's book page 265-266)**

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly talks about the <ul style="list-style-type: none"> <li>• Meaning of full and underemployment.</li> <li>• Organises learners into pairs.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and then make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to identify why it is difficult to attain full employment in Rwanda.</li> <li>• Teacher selects a pair to present to the class as others compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners identify reasons why it is difficult to attain full employment in Rwanda.</li> <li>• Learners present their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Teacher harmonises the findings of different pairs and gives final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should relate employment levels in the nearby countries to determine whether full employment can be achieved.

### *Multi-ability learning*

Give learners questions related to the topic and let them keep on trying them. Follow up for marking.



## LESSON 10: Why it is difficult to attain full employment (learner's book page 267-268)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Teacher briefly talks about the meaning of full and under employment.</li> <li>He then asks learners to make pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and then make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to identify why it is difficult to attain full employment in Rwanda.</li> <li>Teacher selects a pair to present to the class as others compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Learners identify why Rwanda cannot attain full employment.</li> <li>Present findings and compare them.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Teacher harmonises the findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and take the down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should relate employment levels in the nearby countries to determine whether full employment can be achieved.

### *Assessment guidance*

Give learners assignment, refer them to newspapers, journals, documentaries etc. This improves their research skills.



## LESSON 11: Keynesian Theory (meaning and illustration) (learner's book page 276)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li><li>• Asks learners to make pairs.</li></ul>	<ul style="list-style-type: none"><li>• Participates in review.</li><li>• Form pairs.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to visit the library or internet and research on the Keynesian theory.</li><li>• Asks some of the learners to present their findings to the class.</li><li>• Moderates discussion.</li></ul>	<ul style="list-style-type: none"><li>• Learners visit the library and research on the Keynesian theory.</li><li>• Selected learners present their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by harmonising findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should also put into consideration the exact meaning of Keynesian theory of unemployment and relate it to the current situation in the country.

### *Multi-ability learning*

Pick out questions from unit assessment and let learners keep on trying them until they are perfectly grasped.



## LESSON 12: Keynesian Theory (applicability) (learner's book page 278)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Gives more information on the Keynesian theory and its illustration.</li> <li>Asks learners to visit the library or internet and research on the applicability of Keynesian theory in unemployment solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Learners participate in the review.</li> <li>Learners listen to the teacher's explanations.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners to present their findings to the class.</li> <li>Moderates research.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of the different learners.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also put into consideration and emphasise on the applicability of the Keynesian theory of unemployment to the prevailing situation in Rwanda for the learners to understand.



### LESSON 13: Limitations of Keynesian theory (learner's book page 279-280)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly gives review on the previous lesson.</li> <li>Asks learners to visit the library or internet and make a research on the limitations of the Keynesian theory of unemployment in least developed countries.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take part in the review.</li> <li>Researches about the Keynesian theory of unemployment.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners to present their findings to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners participate in the discussion.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of different learners.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also put into consideration and highlight on the conditions which may limit Keynesian theory in least developed countries by suggesting proper conditions for it to work in LDCs.



### LESSON 14: Rural urban migration; meaning and causes (learner's book page 281-282)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> <li>Connects unemployment to rural urban migration.</li> <li>Ask learners to study photos in figure 5 on page 283 and tell learners to identify the meaning and causes of rural urban migration.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the review.</li> <li>Listens to the teacher's explanation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners to present their findings to the class.</li> <li>Moderates the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of different learners.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should emphasise on the condition which led to the activities observed in figure (5) for the learners to understand better the causes of rural migration in Rwanda.



## LESSON 15: Rural urban migration effects (learner's book page 283-284)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly explains more on the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and participate in the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners to identify the effects of rural urban migration by studying photos in figure 5 on page 283.</li> <li>Asks some of the learners to present their findings to the classroom.</li> <li>Moderates discussion.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt to identify the effects of rural urban migration.</li> <li>Selected learners present their findings.</li> <li>Other learners compare their findings with the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different learners and talks more about the effects of rural urban migration.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the learners' findings and give more clarification on the outcomes of rural urban migration to a country like Rwanda for the learners to add on the knowledge they have acquired through their research.



### LESSON 16: Measures to reduce rural urban migration (learner's book page 284-285)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about what was looked at in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to the teacher's review.</li> <li>Form groups.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners to identify through brainstorming on the solutions to rural urban migration.</li> <li>Asks some of the learners to present their findings to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt to identify solutions to rural urban migration.</li> <li>Selected learners present their findings.</li> <li>Other learners compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of different learners and talks more about the solutions to rural urban migration.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the solutions to rural urban migration to the solutions to the unemployment problem since its one of the major causes of rural urban migration.



### LESSON 17: Employment multiplier (learner's book page 289)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work
- Demonstration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Gives brief explanation about employment multiplier.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen to the teacher and then make pairs.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in pairs to carry out some calculations of the concepts and interpretation.</li><li>• Teacher selects a pair to present their findings to the class and asks others to compare their findings with the discussants.</li></ul>	<ul style="list-style-type: none"><li>• Learners attempt to do calculations.</li><li>• Learners present their findings and other learners compare with their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Teacher concludes the lesson by harmonising findings of different pairs.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should talk about other concepts and the meaning of employment multiplier.



### LESSON 18: Okun's law statement and illustration (learner's book pages 290-291)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/Learning methods*

- Question and answer
- Discussions
- Individual work
- Demonstration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Teacher asks learners to make pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to carry out some calculations of the concepts and interpretation.</li> <li>Teacher selects a pair to present to the class as others compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt some calculations.</li> <li>Learners present their findings.</li> <li>Other learners compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Teacher concludes the lesson by harmonising findings of the different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down the teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should talk about other concepts and meaning of employment multiplier.

### *Cross cutting issues*

When teaching this lesson, emphasise the role of financial education, standardisation and environmental sustainability to an economy.



**LESSON 19-21: Unit assessments (learner's book page 291)**

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer
- Discussions
- Individual work
- Research work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• He then asks learners get organised for the test.</li></ul>	Learners get organised.
2 Body	<ul style="list-style-type: none"><li>• Gives out the test.</li><li>• Supervises the test.</li></ul>	<ul style="list-style-type: none"><li>• Do the test.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Gives corrections to the assessment questions.</li></ul>	Learners take down teacher's corrections.

### *Additional information for the teacher*

The teacher should talk about the general image of unemployment situation in Rwanda.

## Answers to Unit 8 Activities



### Activity 1: Page 262 in the learner's book

1. Lining for jobs, marching for jobs, development of slums, striking.
2. Lack of jobs
3.
  - High population growth rate
  - Poverty
  - Use of capital intensive technology
  - Slow growth of economies
  - Existence of a large subsistence sector
  - Government policy towards employment
  - Defective education system
  - Social discrimination
  - Uneven distribution of development and infrastructure
  - Seasonal changes
  - Political instability and insecurity
  - Rural urban migration
  - Expiry of contracts

4.
  - Factors of production are wasted when they are out of production for a long period of time
  - Human suffering because of failure to get jobs meaning that people do not have a source of income
  - Results in income inequality between the employed and the unemployed
  - Social and economic dualism among the employed and the unemployed groups which affects the level of development
  - Retards economic growth because it brings about discontent among the citizens and the citizens resort to criminal activities
  - High dependence burden which increases the government expenditure in order to support the helpless
  - Low levels of gross national product because the factors of production are not fully utilised
  - Low revenue to the government because the tax base is reduced since variety are unemployed
  - Brain drain comes up because of the people's desire to find employment and this denies the country productive labour
  - Rural urban migration with its associated problems like increased crime rates, slums
  - Fall in aggregate demand because people don't have money and this leads to low output and production.
5.
  - Changing the education system to create job creators
  - Encouraging formation of cooperatives that can assist in giving credits
  - Infrastructure development to ease movement of people
  - Rural development to solve the problem of rural urban migration
  - Land reforms to avail land to the landless
  - Agriculture development
  - Checking population growth
  - Use of appropriate technology

- Industrialisation by the government
- Setting the retirement age
- Improvement in information flow to break ignorance
- Retraining labour to reduce structural cases
- Fair treatment in the labour market.



## Activity 2: Page 265 in the learner's book

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### 1. Underemployment and full employment

Under employment is a situation where the marginal productivity of a worker is less than what it should be. A situation where the person's capacity to work is underutilised

### While

Full employment according to Lord Keynes is a situation where a person who wants a job gets it. **F.W Parish** says that full employment is a situation where 3% or less of the people is unemployed.

### 2. Low government expenditure

- Contractionary monetary policy
- Tight fiscal policy with high taxation
- Political instability and insecurity
- Presence of disabled people
- Low levels of income
- Illiteracy among the people
- Ignorance of the people about the existing jobs
- Use of capital intensive techniques
- Desire to live on accumulated capital
- Limited infrastructure development
- Large subsistence sector.



## Activity 3: Page 272 in the learner's book

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1. Structural unemployment is unemployment caused by changes in the structural set up of an economy such as change in demand. It can also be called secular unemployment.
2. Structural unemployment represents a mismatch between supply of labour and demand for workers. Because the economy is constantly changing and adapting, at any

moment there will always be some mismatch between the characteristics of the labour force and the characteristics of the available jobs.

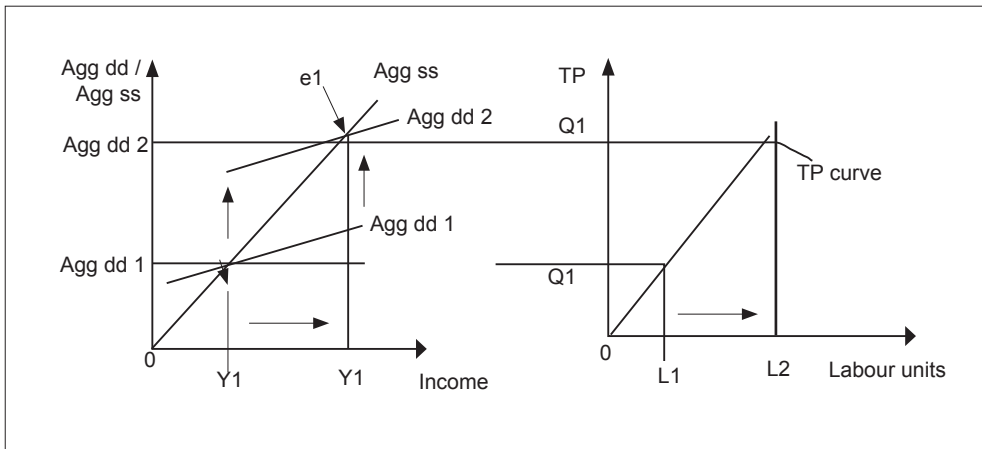
3. Diversification of production
  - Flexibility in production to cater for changes
  - Retraining of workers
  - Equipping workers with multiple skills
  - Proper manpower planning
  - Use of appropriate technology
  - Ensuring political stability
  - Widening markets
  - Importation of raw materials.



#### Activity 4: Page 276 in the learner's book

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1. According to Keynes, unemployment is as a result of reduction in aggregate demand which causes employers to lay off workers because its products have failed to get market and there is no income to pay the workers. He said unemployment can be reduced by increasing aggregate demand.
2. Reducing taxes to increase disposable income and demand
  - Increasing government expenditure so as to increase money in hands
  - Expansionary monetary policy
  - Encouraging exports to increase incomes and investment
  - Improvement in investment climate
  - Increasing wages of the people so as to increase their demand



Agg dd – aggregate demand

Agg ss – aggregate supply

TP – Total product

According to Keynes, point e is the unemployment equilibrium and at this point there are still chances of increasing aggregate demand from Agg dd 1 to Agg dd 2 so as to increase income from Y1 to y2 and this will lead the employers to increase labour employed from L1 to L2.

### 3. Applicability/ Relevance of the theory

- In LDCs, demand for labour is derived demand which implies that a fall in demand for goods and services will force employers to lay off workers as suggested by Keynes.
- Through exports, new markets are got for the local goods and more income is earned that can be used for investment.
- Reduction in tax as suggested by Keynes can lead to increase in house hold income and expenditure which increases aggregate demand, production leading to increased employment opportunities.
- Increasing government expenditure as suggested by Keynes increases money supply in the economy and this increases aggregate demand, production and investment.



- A conducive investment climate as suggested by Keynes encourages investment and production leading to employment opportunities.  
The theory is not applicable because of the following

**Limitations**

- Keynes viewed unemployment from the demand side yet in LDCs it is from the supply side.
- Increasing government expenditure as suggested by Keynes will cause inflation.
- Keynes didn't consider institutional and structural problems in LDCs such as poor road network, poor land tenure system which affect the level of investment and job creation.
- Assumes a fully monetised economy while LDCs have a large subsistence sector.
- Assume a strong private sector yet those in LDCs are weak.
- Increasing government expenditure will not increase employment opportunities especially in the agricultural sector because people prefer white collar jobs.
- Investments in industries may not absorb all the labour since large scale industries use capital incentive techniques of production.
- LDCs depend so much on imports therefore increasing aggregate demand will increase investment in the countries where the imports come from.
- Keynes didn't consider the causes and solutions to other types of unemployment.
- Increasing money supply will not increase aggregate demand since people in developing countries prefer to holding money in form of wealth or cash.



**Activity 5: Page 281 in the learner's book**

1. Unemployment
2. Rural urban migration
3. • Open urban unemployment

- The problem of dependants
  - Creation of slums
  - Government expenditure on social services increases
  - High cost of living in urban areas
  - The demand for social services exceeds the supply
  - Food prices increase as well as house rents
  - Low agricultural output
  - Rural development will be delayed.
4. • Rural development policy
- Population control
  - Education policy
  - Financial infrastructure
  - Wage policy
  - Rural-rural migration.



### Activity 6: Page 285 in the learner's book

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1. • High population growth rate
- Poverty
  - Use of capital intensive technology
  - Slow growth of economies
  - Existence of a large subsistence sector
  - Government policy towards employment
  - Defective education system
  - Social discrimination
  - Uneven distribution of development
  - Seasonal changes
  - Political instability.
2. • Changing the education system to create job creators
- Encouraging formation of cooperatives that can assist in giving credits
  - Infrastructure development to ease movement of people
  - Rural development to solve the problem of rural urban migration
  - Land reforms to avail land to the landless
  - Agriculture development
  - Checking population growth

- Use of appropriate technology
- Industrialisation by the government
- Setting the retirement age
- Improvement in information flow to break ignorance
- Retraining labour to reduce structural cases
- Fair treatment in the labour market.

**Unit 8 assessment answers: Learner's book page 291**

1. Why some people do not want to work
  - Presence of low wages
  - Desire to live on personal or family wealth
  - Presence of target workers
  - Poor working conditions
  - Too much desire for leisure
  - Unfavourable geographical conditions
  - High risks involved in doing the jobs
  - Early retirement by an individual.
2. Why it is difficult to employ all people in Rwanda
  - Low government expenditure
  - Contractionary monetary policy
  - Tight fiscal policy with high taxation
  - Political instability and insecurity
  - Presence of disabled people
  - Low levels of income
  - Illiteracy among the people
  - Ignorance of the people about the existing jobs
  - Use of capital intensive techniques
  - Desire to live on accumulated capital
  - Limited infrastructure development
  - Large subsistence sector.

3. Solutions to unemployment problem

- Changing the education system to create job creators
- Encouraging formation of cooperatives that can assist in giving credits
- Infrastructure development to ease movement of people
- Rural development to solve the problem of rural urban migration
- Land reforms to avail land to the landless
- Agriculture development
- Checking population growth
- Use of appropriate technology
- Industrialisation by the government
- Setting the retirement age
- Improvement in information flow to break ignorance
- Retraining labour to reduce structural cases
- Fair treatment in the labour market.

4. Effects of unemployment

- Factors of production are wasted when they are out of production for a long period of time.
- Human suffering because of failure to get jobs meaning that people do not have a source of income.
- Results in income inequality between the employed and the unemployed.
- Unemployed groups which affects the level of development
- Retards economic growth because it brings about discontent among the citizens and the citizens resort to criminal activities.
- High dependence burden which increases the government expenditure in order to support the helpless.
- Social and economic dualism among the employed and the low levels of gross national product because the factors of production are not fully utilised.
- Low revenue to the government because the tax base is reduced since variety are unemployed.

- Brain drain comes up because of the people's desire to find employment and this denies the country productive labour
- Rural urban migration with its associated problems like increased crime rates, slums
- Fall in aggregate demand because people don't have money and this leads to low output and production.

## Topic Area 3: Macroeconomics

### Sub-topic Area 3.5: Public Finance And Fiscal Policy

## Unit 9: Public Finance 1

Refer to learner's textbook page 297-325

**Unit competence:** Learners will be able to analyse the role of public finance in economic development



### LESSON 1: Meaning and branches of public finance (learner's book page 298)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the new unit.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on public finance.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups learners visit the library/ internet cafe, research on branches of public finance.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising the learners' work.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

**Homework**

Give homework to learners to make further research on branches of finance.



## LESSON 2: Government and the economy (learner's book page 299)

**Lesson materials**

Recommended text books, internet access, newspaper articles on economics, economics journals

**Teaching/learning methods**

- Question and answer
- Group discussion
- Individual work
- Guided discovery

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduce the new unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task about government and the economy.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups learners visit the library/ internet cafe, research on the role of government in an economy.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary.</li> </ul>

**Additional information for the teacher**

Rwanda being a mixed economy needs to put incentives in place to promote a strong private sector that would lead to efficiency in production and service delivery and improve welfare of the citizens, as its prime goal. Therefore government has to intervene in all spheres of life in an economy to bring about economic stability, growth and development.

### ***Cross cutting issues***

While teaching this lesson, emphasise the issue of peace values, genocide studies, inclusive education, gender education, environment, sustainability etc. All these promote socio-economic and political development in Rwanda.



## **LESSON 3: Sources of government revenue (learner's book page 300-301)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Guided discovery

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and relates it to the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on sources of government revenue.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In pairs, learners identify the possible sources of government revenue in Rwanda.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

### ***Additional information for the teacher***

Sources of government revenue can be from both internal and external sources.



***Cross cutting issues***

While teaching this lesson, emphasise the issue of peace values, genocide studies, inclusive education, gender education, environment, sustainability etc. All these promote socio-economic and political development in Rwanda.



## LESSON 4: Methods of expanding sources of government revenue (learner's book page 301-302)

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on sources of government revenue.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners identify the possible sources of government revenue in Rwanda and ways of expanding sources of government revenue.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary.</li> </ul>

***Additional information for the teacher***

Sources of government revenue can be from both internal and external sources thus solutions should be diversified to both internal and external sources too.

### ***Cross cutting issues***

Emphasise the same cross cutting issues as for previous lesson. (Lesson 3)



## **LESSON 5: Meaning and objectives of national budget (learner's book page 302-303)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and relates it to the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks the teacher questions.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on the National budget.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners use photos in figure 1 to identify the possible activities that require funding and therefore budgeted for, and explain the objectives of budgeting in Rwanda.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

### ***Additional information for the teacher***

A National Budget is prepared on an annual basis and presented by the Minister of Finance before Parliament e.g. MINECOFIN. A

financial year normally ends in June of every year and a new one begins in July with the implementation of what was passed in the budget. It analyses all sectors of the economy and funds the most urgently pressing sector to bring about equitable distribution of resources/income to individuals, sectors and regions.

### ***Cross cutting issues***

Emphasise finance education. This will help learners to acquire knowledge, skills, attitudes towards budgeting for their money so as to avoid wastage.



## **LESSON 6&7: Balanced and unbalanced budgets (learner's book page 304-305)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Guided discovery
- Moderations

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on the National budget using photos in figure 1 page 304-305.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners use photos in figure 1 to identify the possible activities that require funding and therefore budgeted for, and explain the types of budgets in Rwanda.</li> <li>• Presentations from groups in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>
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### ***Additional information for the teacher***

Budgets is a systematic statement showing items of planned or anticipated/ estimated public revenue and planned or anticipated/ estimated public expenditure for both recurrent and development purposes in a particular financial year.

It looks at a review of economic performance of the outgoing fiscal year and proposes measures to be taken in raising and spending revenue in the fourth coming year.

A national budget is prepared on an annual basis and presented by the Minister of Finance before Parliament e.g. MINECOFIN. A financial year normally ends in June of every year and a new one begins in July with the implementation of what was passed in the budget. It analyses all sectors of the economy and funds the most urgently pressing sector to bring about equitable distribution of resources/ income to individuals, sectors and regions.

Governments can budget with or without ready cash, thus cash and zero budgets respectively. It doesn't necessarily mean that planned or anticipated/ estimated public revenue and planned or anticipated/ estimated public expenditure must be equal. They are at times intentionally meant to unbalance while budgeting depending on the objective of the planning authority/government or it is automatic basing on economic situations in the country. However most LDCs normally plan for deficit budgets where estimated revenue is less than estimated expenditure.



## **LESSON 8: Recurrent and development budgets (learner's book page 309-310)**

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### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

### ***Teaching/learning methods***

- Question and answer

- Group discussion
- Guided discovery
- Moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on National budget using photos in figure 1 page 304.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners use photos in figure 1 to identify the possible activities that require funding and therefore budgeted for, and explain the types of budgets in Rwanda.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary.</li> </ul>

### *Additional information for the teacher*

Budgets can be for short term or long term expenditures thus recurrent and development or capital budgets respectively.

**Emphasise cross cutting issues of finance education.**



## LESSON 9: Importance of budgeting (learner's book page 310-311)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Research work
- Question and answer
- Group discussion
- Individual work
- Moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and relates it to the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on national budget.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners analyse the importance of budgeting and problems therein.</li><li>• Presentations done by groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

### *Additional information for the teacher*

Budgets can be for short term or long term expenditures thus recurrent and development or capital budgets respectively.

### *Cross cutting issues*

Emphasise standardisation culture and finance education.



## LESSON 10: Problems with budgeting in Rwanda (learner's book page 311-312)

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### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Research work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher about the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Puts learners in groups and assigns them a task on National budget.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners analyse the importance of budgeting and problems therein.</li> <li>Presentations from groups in class.</li> </ul>
3 Introduction	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the summary.</li> </ul>

### *Additional information for the teacher*

Problems in budgeting can be technical, social, economic and or political.

### *Cross cutting issues*

Emphasise peace and values education and standardisation culture.



## LESSON 11: Meaning and types of public debt (learner's book page 312-314 learner's book.)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Guided discovery
- Moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and relates it to the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on public debt.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners through research from the library or internet, classify public debts.</li><li>• Presentations from groups in class.</li></ul>
3 Introduction	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

### *Additional information for the teacher*

A public debt refers to the total sum of money borrowed internally or externally by the central government, local authorities and public corporations.

It is called a public debt because it is acquired by government on behalf of the public. It is in public interest and at the time of repayment it is financed out of the tax revenue raised from the public.

Whereas a public debt is contracted either by the central government, local authorities or public corporations, a national debt is contracted by a central government on behalf of the citizens.

### *Cross cutting issues*

Emphasise peace and values education and genocide studies. Learners acquire the value of peace living, valuing others, respect etc.



## LESSON 12: Causes of public debt (learner's book page 314)

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### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals



**Teaching/learning methods**

- Question and answer
- Group discussion
- Moderations
- Guided discovery

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher about the previous lesson.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on public debt.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners analyse the need for public debt and the causes.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising the learners' work and giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary.</li> </ul>

**Additional information for the teacher**

No country is self-sufficient thus cannot do away with borrowing. However what differs between or among countries is their frequency of borrowing and absorptive capacity as well.

**Homework**

Give learners a task to research more about public debt in Rwanda.



## LESSON 13: Consequences of a public debt (learner's book page 315)

**Lesson materials**

Recommended text books, internet access, newspaper articles on economics, economics journals

**Teaching/learning methods**

- Question and answer
- Individual work
- Group discovery
- Moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Reviews the previous lesson and relates it to the day's lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher about the previous lesson.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on public debt.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners analyse the need for public debt and the consequences that come along with it.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work and giving final remarks.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary.</li></ul>

### *Additional information for the teacher*

No country is self-sufficient thus cannot do away with borrowing. Much as it is the quickest source of realising much funds at ago, borrowing is associated with costs that make most countries sacrifice their resources at the expense of the citizens welfare.

### *Cross cutting issues*

Peace and values education, genocide studies and finance education. All these will shape the learners with good values of future leadership.



## LESSON 14: Public debt management (learner's book page 316)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Research work
- Teacher moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher about his/her explanation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Puts learners in groups and assigns them a task on public debt.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners identify and explain the different methods of public debt management.</li> <li>Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work and giving final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the summary and teacher's remarks.</li> </ul>

### *Additional information for the teacher*

Debt management is the action of monetary authority to regulate the size and structure of the outstanding debt. They are ways and means how public debt is administered i.e. obtained, controlled, serviced and repaid.

### *Cross cutting issues*

They are the same as those of the previous lessons.



## LESSON 15: The burden of public debt (learner's book page 318)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

### *Teaching/learning methods*

- Group discussion
- Individual work
- Brainstorming
- Moderations

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher about the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Puts learners in groups and assigns them a task on public debt.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups, learners analyse the need for public debt and the burden of a public debt.</li> <li>Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, and gives final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the summary.</li> </ul>

### *Additional information for the teacher*

The burden of public debt refers to the cost of borrowing (effects) on the future and present generation. Public debts can be a real debt burden (actual resources a country sacrifices or uses for the repayment of principal and interest on borrowed funds) or monetary debt burden (actual amount of money set aside by government to pay back the principal and interest on borrowed funds). Real or monetary debt burden can be internal or external which is normally measured by the debt servicing ratio. i.e. the ratio of repayment of principal and interest to the source of funding.

### *Cross cutting issues*

Genocide studies, peace and value education as well as finance education.



Lesson 16: Government/public expenditure  
(learner's book page 319)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

**Teaching/learning methods**

- Question and answer
- Group discussion
- Individual work
- Guided discovery
- Teacher exposition

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and relates it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher about the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on public expenditure.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners analyse the photos in figure 5 and identify different activities in Rwanda on which government can spend on and give reasons for government spending.</li> <li>• Presentations from different groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work and making important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary.</li> </ul>

**Additional information for the teacher**

Government spends in order to influence economic activity so as to improve citizens' welfare and achieve economic growth and development.

**Cross cutting issues**

Use all cross cutting issues because they all require government expenditure to handle.

## Answers to Unit 9 Activities

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### Activity 1: Page 298 in the learner's book

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1. Public finance is a macroeconomic discipline that concerns the collection of government revenue and how it is allocated for public expenditure so as to achieve targeted objectives. While Fiscal policy on the other hand refers to the deliberate use of taxation, government borrowing and government expenditure to regulate the level of economic activities.
2. Branches of public finance
  - **Public Revenue.** Deals with methods or collecting public revenue through taxation plus the principles governing taxation.
  - **Public Expenditure.** This deals with the total amount of money the government spends on social services and the effects of such expenditure.
  - **Public Debt.** Handles the causes and effects of the debt which the state and local authorities borrow for various reasons.
  - **Financial Administration.** This handles the preparation and sanctioning of the budget and auditing of all other organs of the state.
  - **Fiscal policy.** Studies the use of public finance operations especially taxation through the budget so as to bring about economic stability.



### Activity 2: Page 299 learner's book

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Role of government in the economy of Rwanda:

- Establishing laws and enforcing them to ensure an orderly business environment.
- Producing goods and services especially those which the private sector may not properly or adequately produce and supply e.g. defence.
- Regulating activities of the private sector to ensure proper use of national resources and protect consumers from exploitation.

- Providing and administrating infrastructure in form of hospitals, schools, roads, dams, water systems, power, telecommunications etc.
- Imposing taxes and providing subsidies for purchase of goods and services from the private sector to encourage or discourage certain activities or products.
- Stabilising the economy through the use of monetary and fiscal policies so as to regulate prices, unemployment and foreign trade.
- Reducing income inequalities among the individuals, sectors, and regions of the economy.
- Controlling strategic industries in the economy.
- Planning and implementing policies that direct and control a large part of the economy.
- Attracting private foreign capital investment through joint ventures to increase resource exploitation, increase employment levels and increase national income levels of the country.



### Activity 3: Page 300 in the learner's book

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1. Sources of government revenue
  - Taxes
  - Licenses
  - Fees
  - Fines
  - Loans
  - Compulsory savings. Like insurance payments, social security funds
  - Rent of government property
  - Gifts and grants
  - Deficit financing
  - Earning a surplus from gambling
  - Earning profit from its commercial ventures
  - Special assessments.
2. Methods of expanding sources of government revenue:
  - Ensuring political stability and security in all parts of the country to encourage smooth production and business

- Attracting more investors both local and foreign so as to expand the tax base
- Monetizing the economy so as to increase income earners who contribute to the revenues of the economy in different ways
- Train and retrain manpower to properly assess taxpayers and collect tax revenue
- Diversification of the economy so as to widen the tax base and increase tax revenue as the major source of government revenue
- Introducing new forms of taxes both direct and indirect
- Tax education to the public through radios, televisions, posters and seminars to reduce tax defaulters
- Strengthening anti-smuggling measures
- Fighting corruption in all revenue collection offices
- Seeking aid and grants.

Privatisation of government enterprises which don't bring in much revenue.



#### Activity 4: Page 302 in the learner's book

1. A budget is a statement, which consists of the revenue and expenditure estimates of the government for one particular financial year.
2. Objectives of a government budget:
  - To raise revenue for providing social services
  - To reduce income inequality and achieve equitable distribution of income
  - To maintain a favourable balance of payments position of the country
  - To maintain a high level of employment.
  - To protect home infant industries. To discourage the consumption of undesirable commodities
  - To trace the sources of revenue
  - To cater for the sectors that need urgency towards the development of the country
  - To control government expenditures



- To stimulate the rate of economic growth
  - To control inflation.
3. Types of budget
- Balanced budget and unbalanced budget
  - Current and recurrent budget.
4. Why governments may plan for:
- (a) Surplus budget
- To reduce money in circulation and reduce aggregate demand thus controlling inflationary tendencies
  - To accumulate reserves for future investment needs
  - To reduce government expenditure
  - To achieve economic stability in case of a boom which may lead to an economic crisis
  - For redeeming national debts
  - To improve on the BOP position by reducing expenditure on imports
  - To set aside funds so as to give grants and loans to other countries.
- (b) Deficit budget
- Need to raise aggregate demand and stimulate the economy out of a recession
  - Fear of social and political consequences of high taxes i.e. to reduce political resentment
  - To increase people's incomes through the government multiplier process
  - To stimulate economic activities
  - Borrowing or soliciting aid may be easier, quicker and cheaper in raising funds for government
  - When the taxable capacity is low
  - To improve standards of living by raising their disposable income
  - To avoid negative effects of taxation such as political uprising or industrial unrest

- To increase the debt servicing capacity so as to reduce public debt burden on the future generation
- To collect BOP disequilibrium by increasing expenditure on and subsidisation of exports
- To expand employment opportunities by increasing expenditure on employment generating project
- To rally political support of masses
- To encourage investment both private and public hence increasing capital accumulation.



### Activity 5: Page 307 in the learner's book

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1.
  - Low taxable capacity due to wide poverty and low levels of income
  - Deteriorating terms of trade for most LDCs products which generate little foreign exchange earning
  - Price fluctuations of LDCs primary products which lead to fluctuations in government revenue
  - Existence of a large subsistence sector which doesn't produce for the market and export hence loss of domestic revenues and foreign exchange
  - High population growth rates which calls for higher government expenditure in excess of government receipts
  - High levels of tax evasion, tax avoidance resulting into low tax revenue
  - Rising costs of imported inputs and manufactured goods due to frequent depreciation of local currencies
  - Heavy tax concessions and exemptions or holidays on infant firms with an aim of attracting private investment
  - Low levels of industrialisation and business profitability hence low revenues from corporate and profit taxes
  - Financial indiscipline/ corruption and embezzlement of public funds by tax collectors and tax administrators which reduces government revenue

- High inflationary rates which erode away the value of tax revenue hence requiring supplementary budget
  - Breakdown of major economic infrastructure like roads and directly productive activities
  - Increased political instability and insecurity and other calamities
  - High level of unemployment and under employment hence low tax revenue
  - Persistent debt servicing
  - Over ambitious programs and projects as a result of poor planning.
- 2.
- Improving the value of domestic market by processing their products so as to increase foreign exchange value
  - Restoration of peace security, law and order in all parts of the country so as to reduce military expenditure
  - Reducing the levels of corruption and fraud in tax assessment and administration through proper accountability and transparency
  - Civil service reforms so as to reduce expenditure on a large public sector through retrenchment
  - Population control programs through family planning campaigns and education for females
  - Modernisation of agriculture so as to increase the value of agriculture products that respond to market demand
  - Increasing capital development expenditure rather than expenditure on unproductive projects
  - Reducing the subsistence sector by monetising the economy
  - Diversification of economic activities so as to increase the tax base and eventually increasing the export base
  - Privatisation of public companies so as to reduce government expenditure through financial accommodation and generating more revenues from taxing private companies
  - Adopting export promotion industrialisation so as to increase foreign exchange earnings.



### Activity 6: Page 309 in the learner's book

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1. A development budget (capital development budget) is where government outlines its estimated expenditure to be allocated for long term projects which lead to increase in production directly or indirectly. While a recurrent budget is where estimated government revenue and expenditures are devoted to maintaining the existing capacities or day to day programs
2. Such expenditures that require development budget include financing of industries, road and railway construction, construction of energy facilities, mining etc. while expenditures that need recurrent budget include payment of wages of public servants, day to day office expenses, cost of wear and tear capital assets etc.



### Activity 7: Page 310 in the learner's book

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1. Importance of budgeting in Rwanda:
  - It is useful in raising revenue through taxation or forced and voluntary savings
  - It is used as a correcting tool during both inflationary periods and periods of economic depression so as to achieve economic stability
  - It is used in correcting BOP disequilibrium by discouraging imports and subsidising exports
  - It is instrumental in creating a conducive climate for creating and maintaining employment opportunities
  - It is used in redistribution of income and wealth among citizens/ regions through taxation and subsidisation
  - It is used to attract private investments both domestic and foreign hence increasing capital accumulation
  - It is used in protecting infant industries by reducing expenditure on imports and subsidising domestic industries
  - It is used in mobilisation of foreign capital through aid, grants or loans
  - It is used in discouraging of harmful or demerit commodities by increasing taxes on them

- It is used to encourage production of essential commodities by increasing expenditure on them
  - It is used in soliciting or rallying political support of citizens because it is a statement of accountability for use of national revenue
  - It is a background for future economic planning because it is used to review economic progress of a nation
  - It is used to correlate and coordinate financial administration of various government departments.
2. Problems of budgeting in LDCs.
- Unpredictable sources of revenue due to low tax base
  - Inadequate skilled manpower/personnel to collect data and draw the national budget
  - Poor accountability/corruption which causes misappropriation of revenues
  - High rates of inflation which reduces the real value of estimated revenue
  - Political instability and insecurity
  - Donor pressure and dependency
  - LDCs have a large public sector and find it difficult to ration the little available resources to several government projects
  - There is no logical consistency in budgeting;
  - Change in exchange rates
  - Natural hazards and emergencies
  - LDCs normally make over ambitious development budgets
  - High capital outflow which drains LDCs revenue.



### Activity 8: Page 312 in the learner's book

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1. A public debt is a debt incurred by the central government, local government, and public corporations as a result of borrowing from within the country or external sources. A national debt on the other hand is the debt owed by the government to its people and institutions within the borders

or to foreigners, excluding the debts of local authorities and public corporations.

2. Classification and types of debts
  - According to the source of borrowing thus internal and external debt
  - According to how a debt is going to be used thus reproductive debt/ self-liquidating debt and dead weight/ non-reproductive
  - According to the methods of debt repayment thus funded debt and unfunded debt/ floating debt
  - According to the maturity period thus short term, medium term and long term debts.
3. Need for borrowing in Rwanda/ LDCs:
  - To fill the foreign exchange gap because it brings in foreign exchange in case it is a public debt
  - Most governments resort to borrowing in order to reduce the tax burden on citizens of the country that would reduce savings, discourage work and consumption and even make the government unpopular
  - To win government more support from the people than taxation
  - To fight and reduce economic depression in the economy by increasing money supply in the economy which increases aggregate demand and production
  - To finance the balance of payment deficit when the country's earning from the exports are lower than the expenditures on imports
  - To fill the saving- investments gap especially where the domestic savings are low
  - To pay any mature debts which may have been acquired long time ago
  - To accumulate government reserves which can be used to facilitate the implementation of the monetary policy

- To reduce inflation in the country through with drawing excess money from the hands of the public by selling to them securities
  - To finance the budget deficit through borrowing so as to meet actual expenditure
  - To finance emergencies like wars, natural disasters which do not coincide with budget plans
  - To increase aggregate demand/market by reducing taxes on household incomes and providing credit facilities or subsidies to consumers
  - To fill the manpower gap by importing expatriates or increasing expenditure on education.
4. Consequences of a public debt:
- Borrowing leads to foreign exchange outflow when paying the debts and this leads to balance of payment deficits
  - Loans are a public burden because the people repay through increased taxation and reduced standard of living
  - Borrowing encourages lazziness and dependence. People are reluctant to work because of the expected funds
  - Debt servicing leads to reduced savings, investments, capital accumulation and lowers the rate of economic growth
  - Borrowing leads to extravagance because the public looks at it as free money yet it has to be paid back
  - Unproductive long term loans shifts the burden to the future generation who have to pay without seeing any benefits
  - Debt servicing leads to foregoing of current consumption especially social services and infrastructure development
  - Some external debts need to be paid back in terms of goods and services and this reduces the variety that would serve the local population

- Internal borrowing worsens income inequality because the poor are over taxed to pay off the rich who lend the government so resources flow from the “have-nots to the haves”.



### Activity 9: Page 316 in the learner's book

1. Public debt management refers to the ways and means of how the public debts are administered.
2. Objectives/aims of public debt management:
  - To influence the prevailing rate of interest
  - To make investment attractive
  - To mobilise external resources
  - To regulate liquidity as stabilisation measure
  - To ensure debt repayment and servicing
  - To reduce the debt burden.
3. Methods of clearing a public debt:
  - Using a sinking fund
  - Taxation
  - Debt conversion
  - Borrowing from the central bank through financial accommodation
  - Using promissory notes
  - Reduction in government expenditure to save money and clear off the debts
  - Through acquiring gifts and grants
  - Privatisation to raise money etc.
  - Debt conversion
  - Using sinking funds
  - Dis-investment
  - Printing more money for payment of internal debts, however this causes inflation
  - Adoption of export promotion to raise money for servicing the debts
  - Adoption of import substitution to save foreign exchange
  - Using foreign reserves that may be held in other countries



- Debt cancellation/ debt relief
- Debt rescheduling. This is the act of extending the debt repayment date in case the recipient country is unable to pay immediately
- Repudiation
- Local currency servicing strategy
- Unrequited exports
- A country may use its Special Drawing Rights at the IMF to pay off debts.



### Activity 10: Page 318 in the learner's book

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1. The burden of public debt refers to the cost of borrowing (effects) on the future and present generation.
2. Public debts can be a real debt burden (actual resources a country sacrifices or uses for the repayment of principal and interest on borrowed funds) or monetary debt burden (actual amount of money set aside by government to pay back the principal and interest on borrowed funds). Real or monetary debt burden can be internal or external which is normally measured by the debt servicing ratio. i.e. the ratio of repayment of principal and interest to the source of funding.



### Activity 11: Page 319 in the learner's book

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1. Public expenditure refers to the spending made by the central government and local or regional governments.
2. (Learners identify different activities/ sectors on which Rwanda can spend)
3. Types of public expenditure include recurrent and development expenditure.
4. Reasons for public expenditure in Rwanda:
  - Presence of political instabilities making high public expenditure on defence
  - High levels of corruption and embezzlement by public officials leading to high expenditure of government money

- High population rates leading to several dependants and increasing government expenditure in form of social service provision
  - Operation of inefficient enterprises that make not profits but survive on government subsidies
  - Poor planning by the government ministries and departments leading to spending of more revenue on projects which in the end fail to work
  - Foreign missions abroad by the government officials and even within the country increase government expenditure
  - Quite often but not expected occurrences like famine, floods, drought etc. increase state spending
  - Servicing the debts which were acquired unfortunately some debts are unproductive
  - Expenditures on ever increasing civil servants, cabinets among others.
5. Ways of reducing government expenditure:
- Privatisation. Transferring government assets to the hands of the private individuals
  - Acquiring concessional loans i.e. those with a low interest rate and long period of payment
  - Reduction in the privileges given to government allowances like unnecessary allowances
  - Controlling population growth rate and this will reduce expenditure on social services
  - Ensuring peace and stability in the country to reduce expenditure on defence
  - Merging of some ministries so as to reduce expenditure on a single ministry
  - Introduction of cost sharing for public services like education, health etc.
  - Demobilisation of soldiers and retrenchment of civil servants to reduce government expenditures on salaries and allowances
  - Encourage investment to increase production levels.

**Unit 9 assessment answers: Learner's book page 322**

1. Methods of financing public utilities
  - Taxes. This is the most important source
  - Licences. This is a payment made to the government to secure permission to carry out any gainful activity.
  - Fees. Payment made by an individual for personal services rendered to them by the government e.g. weighing vehicles, surveying land for a person.
  - Fines. Penalties imposed on citizens who break laws e.g. traffic offenders.
  - Borrowings from both internal and external.
  - Compulsory savings. Like insurance payments, social security funds.
  - Rent of government property.
  - Gifts and grants.
  - Privatisation.
2. Borrowing as a necessary evil
  - Why it is necessary**
    - Fills the foreign exchange gap
    - Reduces the tax burden on citizens
    - Fights and reduces economic depression
    - Wins government more support from the people
    - Finances the balance of payment deficit
    - Fills the savings investment gap
    - Helps in payment of mature debts
    - Accumulates government reserves
    - Reduces inflation in the country
    - Fills the manpower gap
    - Finances emergencies.
  - Why it is a Curse**
    - Leads to forex outflow
    - Encourages laziness and dependence
    - Loans are a public burden to the people
    - Debt servicing reduces savings, investments and capital accumulation

- Internal borrowing worsens income inequality
  - Reduces variety that would serve the local population in case it is paid back in terms of goods and services.
3. (i) Reasons for high government expenditure:
- Presence of political instabilities making high public expenditure on defence
  - High levels of corruption and embezzlement by public officials leading to high expenditure of government money
  - High population rates leading to several dependants and increasing government expenditure in form of social service provision
  - Operation of inefficient enterprises that don't make profits but survive on government subsidies
  - Poor planning by the government ministries and departments leading to spending of more revenue on projects which in the end fail to work
  - Foreign missions abroad by the government officials and even within the country increase government expenditure
  - Quite often but not expected occurrences like famine, floods, drought etc. increase state spending
  - Servicing the debts which were acquired and unfortunately some debts are unproductive.
  - Expenditures on ever increasing civil servants, cabinets among others.
- (ii) Ways of reducing government expenditure:
- Privatisation. Transferring government assets to the hands of the private individuals
  - Acquiring concessional loans i.e. those with a low interest rate and long period of payment
  - Reduction in the privileges given to government allowances like unnecessary allowances
  - Controlling population growth rate and this will reduce expenditure on social services

- Ensuring peace and stability in the country to reduce expenditure on defence
- Merging of some ministries so as to reduce expenditure on a single ministry
- Introduction of cost sharing for public services like education, health etc.
- Demobilisation of soldiers and retrenchment of civil servants to reduce government expenditures on salaries and allowances
- Encourage investment to increase production levels
- Reducing unnecessary foreign missions by government officials.

## Topic Area 3: Macroeconomics

### Sub-Topic Area 3.3: Public Finance And Fiscal Policy

## Unit 10: Public finance 2

Refer to learner's book page 329-359

**Unit competence:** Learners will be able to analyse the role of public finance in economic development



### LESSON 1: Meaning of taxation (learner's book page 330)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work
- Teacher exposition

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous unit.</li></ul>	Learners listen to the teacher's review.

2 Body	<ul style="list-style-type: none"> <li>Asks learners in groups to read the text in activity 1 to identify the meaning of taxation and the terms used in taxation.</li> <li>Selects a group to present to the class and asks others to compare the findings.</li> </ul>	<b>Learners</b> <ul style="list-style-type: none"> <li>Identify the meaning of taxation by reading the text in activity 1.</li> <li>State the types of terms used in taxation.</li> <li>Present their findings.</li> <li>Compare findings of different groups.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different groups and gives final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments and remarks.</li> </ul>

### ***Additional information for the teacher***

The teacher should also relate the meaning and terms used in taxation to different forms of collecting revenue in Rwanda.

### ***Cross cutting issues***

Emphasise standardisation and financial management.



## **LESSON 2: Terms used in taxation (learner's book page 331)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper article on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Guided discovery

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly talks about; <ul style="list-style-type: none"> <li>meaning of taxation.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to teacher's explanation.</li> </ul>

2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to carry out some research on terms used in taxation.</li> <li>Teacher selects a group to present to the class and asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners carry out research on terms used in taxation.</li> <li>Learners present group findings and discuss them.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different pairs and gives key remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments and remarks.</li> </ul>

***Additional information for the teacher***

The teacher should also talk about other different concepts related to terms used in taxation.



**LESSON 3: Terms used in taxation (learner's book page 331-334)**

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introductory remarks referring to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to the introductory remarks.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to harmonise the terms used in taxation.</li> <li>Teacher selects pairs to present to the class and asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners harmonise terms used in taxation.</li> <li>Learners present their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>



***Additional information for the teacher***

The teacher should be able to differentiate between types and states of inflation.

***Cross cutting issues***

Show the role of standardisation and environmental sustainability in the times of taxation.

***Multi-ability learning activities***

Ask learners related questions e.g. identify the terms used in taxation in Rwanda.



## LESSON 4: Roles of taxation (learner's book page 334-336)

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly gives review on the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and participate in the review.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to visit the library or internet to research on the roles of taxation.</li> <li>• Selects a pair to present to the class the role of taxation to the government.</li> <li>• Asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research on the roles of taxation.</li> <li>• Learners present and discuss their findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Explains more on the roles of taxation.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments and notes.</li> </ul>
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### ***Additional information for the teacher***

The teacher should emphasise more on the role of taxation to the people and the government.

### ***Multi-ability learning activities***

Give learners research questions about the lesson. You can get them from unit assessments.



## **LESSON 5: Principles of taxation (learner's book page 336-339)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners in groups of five in the library or internet to research on;</li> <li>• Canons of taxation.</li> <li>• Classification of taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to teacher.</li> <li>• Do research on canons of taxation and classification of taxes.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Selects a group to present to the class their findings on the given assignment.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do their presentations and discussions.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Clarifies more on the two terms (canons and classification of taxes).</li> </ul>	Learners listen and take down teacher's comments.
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### ***Additional information for the teacher***

The teacher should make enough research on the canons of taxation from different economic sources.

### ***Multi-ability learning activities***

Give learners some more tasks related to the lesson. It can be group or individual tasks. Follow up on their work.



## **LESSON 6: Types of taxes, (learner's book page 341)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen attentively.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in their groups to read the text of activity 4 and to identify the meaning of direct tax.</li> <li>Selects a group to present to the class the meaning and types of direct tax.</li> <li>Asks others to compare the findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners do activity 4.</li> <li>Learners present and discuss their findings.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and take down teacher's comments and remarks.</li> </ul>
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### ***Additional information for the teacher***

The teacher should put into consideration that the this explanation is important in this part to help the learners understand more the concept of direct tax and relate it to the different types of taxes they know.

### ***Multi-ability learning activities***

Assign learners to answer questions about taxes. Follow up on their work.



## **LESSON 7: Forms of direct taxes (learner's book page 342)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Demonstration
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about in the previous lesson.</li> <li>• Asks learners to harmonise the types of direct tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher's review.</li> <li>• Harmonises the types of direct tax.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Selects a group to present to the class their findings on the types of direct tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners present their findings.</li> <li>• Discuss about their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

***Additional information for the teacher***

The teacher should also put into consideration the relationship between direct tax to other policies of the government through which it collects revenue.

***Cross cutting issues***

Emphasise the role of standardisation and environmental sustainability in an economy.



## LESSON 8: Forms of direct taxes (learner's book page 342)

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> <li>• Asks learners in their groups to harmonise the types of direct tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to teacher.</li> <li>• Harmonise the types of direct tax.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Selects a group to present to the class their findings and asks others to discuss their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners present and discuss their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

### ***Additional information for the teacher***

The teacher should also put into consideration the relationship between direct tax to other policies of the government through which it collects revenue.



## **LESSON 9: Effects of direct taxes (learner's book page 343)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to form groups of three.</li></ul>	<ul style="list-style-type: none"><li>• Listens to the teacher's review.</li><li>• Form groups of three.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to base on the text in activity 4 to identify the effects of direct tax.</li><li>• Selects a group to present to the class their findings and asks others to discuss their findings.</li></ul>	<ul style="list-style-type: none"><li>• Identify the effects of direct tax.</li><li>• Learners present and discuss their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### ***Additional information for the teacher***

The teacher should give his final analysis on this type of tax to enable learners to connect it to the next type of tax.

***Cross cutting issues***

Emphasise standardisation and finance to enable the government to get education direct tax.



## LESSON 10: Forms of indirect tax (learner's book page 344-345)

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

***Teaching/learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen attentively.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in their groups to identify the forms of indirect tax.</li> <li>• Selects a group to present their findings.</li> <li>• Moderates the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners identify the types of the indirect tax.</li> <li>• Selected learners present their findings.</li> <li>• Other learners ask questions to the presenters.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different groups.</li> <li>• Explains some important elements on indirect tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments</li> </ul>

***Additional information for the teacher***

The teacher should relate the types of indirect tax to the types of direct tax.

### **Homework**

Assign research work to learners so as to acquire research skills innovativeness and creativity.



## **LESSON 11: Forms of indirect tax (learner's book page 345)**

### **Lesson materials**

Recommended text books, economics journals, internet access, newspaper articles.

### **Teaching/learning methods**

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen attentively to the teacher's review.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners in their groups to identify the forms of indirect tax.</li><li>• Selects groups to present to the class the meaning and forms of indirect tax.</li></ul>	<ul style="list-style-type: none"><li>• Learners identify the types of indirect taxes.</li><li>• Selected learners give presentations.</li><li>• Other learners compare their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different groups.</li><li>• Explains some important elements on forms of indirect tax.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### **Additional information for the teacher**

The teacher should relate the types of indirect tax to the types of direct tax.



***Cross cutting issues***

Emphasise financial discipline as a way of enforcing indirect taxes



## LESSON 12: Effects of indirect taxes (learner's book page 345-346)

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

***Teaching/learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen attentively.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners to base on the text in activity 5 to identify the effects of indirect tax.</li> <li>• Selects a group to present to the class their findings and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do activity 5.</li> <li>• Identify the effects of indirect tax.</li> <li>• Groups present and discuss their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments.</li> </ul>

***Additional information for the teacher***

The teacher should help learners to relate the effects of indirect tax to the effects of direct tax using the real examples in the country.



## LESSON 13: Structure of taxation in Rwanda (learner's book page 348)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen attentively.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks learners to visit the library or internet and research about the tax structure in Rwanda.</li><li>• Selects a group to present to the class their findings to the class.</li></ul>	<ul style="list-style-type: none"><li>• Learners visit the library and research about the tax structure in Rwanda.</li><li>• Learners present their findings to the rest of the class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### ***Additional information for the teacher***

The teacher should help learners to relate the effects of indirect tax to the effects of direct tax using the real examples in the country.

### ***Extended remedial activities***

Use economics books and journals to extract exercises for learners to try.



## LESSON 14: Classification of taxes (learner's book page 339-341)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly reviews the previous lesson.</li> <li>• Asks learners in the groups of three to identify the classifications of taxes.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher attentively.</li> <li>• Identify the classification of taxes.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners from different groups to present their findings to the class.</li> <li>• Moderates discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners present their findings.</li> <li>• Other learners ask questions to the presenter.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners.</li> </ul>	<ul style="list-style-type: none"> <li>• Learner's take down teacher's comments.</li> </ul>

### *Multi-ability learning activities*

Ask learners to write individual explanations about what they know about taxes in Rwanda. Follow up on their work for marking.



## LESSON 15: Classification of taxes (learner's book page 339-341)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### ***Teaching/learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li><li>• Asks learners in their groups of three to identify the classifications of taxes.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review.</li><li>• Identify the characteristics of taxes.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners from different groups to present their findings to the class.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners present their findings.</li><li>• Other learners discuss their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Harmonises findings of different learners and gives final remarks.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and remarks about inflation.</li></ul>

### ***Additional information for the teacher***

The teacher should relate different classes of taxes to the current economic situations in the country.



### **LESSON 16: Effects of taxation (learner's book page 347)**

#### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners in their groups to identify the effects of taxation.</li> </ul>	<ul style="list-style-type: none"> <li>Learners participate in the review.</li> <li>Identify the effect of taxation.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the groups to present their findings to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners participate in the discussions.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Harmonises findings of different learners and gives final remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments and remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the effects of taxation in general to solving the current economic problems like inflation and unemployment.



## LESSON 17: Problems faced when collecting taxes (learner's book page 350-351)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners in their groups of four to do activity 6 to identify the problems faced while collecting taxes.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen to teacher's review.</li><li>• Identify the problems faced in collecting taxes.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some groups to present their findings to the class.</li></ul>	<ul style="list-style-type: none"><li>• Selected groups present their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by harmonising findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should elaborate more on these problems by relating them to the problems faced in the school while collecting school fees.

### *Multi-ability learning activities*

Assign learners to write about the problems faced by Rwanda government while collecting taxes.



## LESSON 18: Policies to improve taxation system in Rwanda (learner's book page 351)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners in groups to read the text on activity 6 and observe photos of figure 4 to identify the policies to improve taxation system in Rwanda.</li> </ul>	<ul style="list-style-type: none"> <li>Review previous lesson with teacher.</li> <li>Do activity 6.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners from different groups to present their findings to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings to the class.</li> </ul>
3 Conclusion	Concludes the lesson by harmonising findings of different learners.	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should elaborate more on these policies to solving the problems faced in collecting taxes.



**LESSON 19: Debt financing meaning and advantages over taxation financing (learner's book page 352-353)**

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work
- Debate

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to make pairs to visit the library or internet to identify the meaning and advantages of debt financing.</li></ul>	<ul style="list-style-type: none"><li>• Learners review the previous lesson with leader.</li><li>• They do research on the advantages of debt financing.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners from different pairs to present their findings to the class.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners present their findings.</li><li>• Other learners participate in the discussion.</li></ul>
3 Conclusion	Concludes the lesson by harmonising findings of different learners.	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should emphasise more on the advantages of debt financing to the economy.



### LESSON 20: Disadvantages of debt financing over taxation financing (learner's book page 353)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work
- debate



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly gives review of the previous lesson.</li> <li>Asks learners in pairs to visit the library or internet to identify the and disadvantages of debt financing.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and respond to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners to present their findings to the class.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners participate in the discussions.</li> </ul>
3 Conclusion	Concludes the lesson by harmonising findings of different learners.	<ul style="list-style-type: none"> <li>Learners take down teacher's comments and remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should emphasise more on the disadvantages of debt financing to the economy.

### *Multi-ability learning activities*

Assign learners some familiar questions from unit assessments so that they can attempt them.



## LESSON 21: Meaning, tools and forms of fiscal policy and functions (learner's book page 354)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work
- Pair work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners in pairs to visit the library and identify the meaning of fiscal policy, tools and forms.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some learners from different groups to present their findings to the class.</li><li>• Moderates discussions.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners present their discussions.</li><li>• Other learners participate in the discussion.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by harmonising findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should elaborate more on this policy and explain more on its functions.



### LESSON 22: Objectives of fiscal policy (learner's book page 356)

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#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles in economics.

#### *Teaching/learning methods*

- Question and answer
- Pair work
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews the previous lesson.</li> <li>Asks learners in pairs to visit the library or internet to identify the objectives of fiscal policy.</li> </ul>	<ul style="list-style-type: none"> <li>Learners participate in the review.</li> <li>Identify objectives of the fiscal policy.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks some of the learners from different pairs to present their findings to the class.</li> <li>Moderates the presentations.</li> </ul>	<ul style="list-style-type: none"> <li>Selected learners present their findings.</li> <li>Other learners participate in their discussions.</li> </ul>
3 Conclusion	Concludes the lesson by harmonising findings of different learners.	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should emphasise more on the fiscal policy to the economy.



### LESSON 23: Forms of fiscal policy (learner's book page 354-355)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

#### *Teaching/learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li><li>• Asks learners in pairs to visit the library or internet to identify the forms of fiscal policy.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review.</li><li>• Do research on the forms of fiscal policy.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the class.</li><li>• Moderates discussions.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners attempt to give their findings.</li><li>• Other learners compare with their findings.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by harmonising findings of different learners.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and remarks.</li></ul>

### *Additional information for the teacher*

The teacher should elaborate more on the tools of fiscal policies used in the economy.

### *Homework*

Encourage learners to do individual research on forms of fiscal policy. Follow up on their research.



## LESSON 24: Unit assessment (learner's book page 356)

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### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles on economics.

### *Teaching/learning methods*

- Question and answer
- Discussions
- Individual work
- Research

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Asks learners get organised for the test.</li> </ul>	Learners get organised.
2 Body	<ul style="list-style-type: none"> <li>Gives out the test.</li> <li>Supervises the test.</li> </ul>	<ul style="list-style-type: none"> <li>Do the test.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Teacher gives corrections to the assessment questions.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should talk about the general image of the structure of taxation in Rwanda .

## Answers to Unit 10 Activities



### Activity 1: Page 330 in the learner's book

1. Tax
2. Taxation
3.
  - Raise revenue: The purpose of taxation is to raise revenue for the government with legitimate revenue requirements which can only be met through some form of taxation.
  - Protect home industries especially the infant industries: Taxes are imposed on imported goods in order to protect home industries especially the infant industries. This consequently encourages the consumption of domestic goods.
  - Fight inflation: Taxes may be imposed for the reason of fighting inflation. If direct taxes are imposed on incomes, there will be less disposable income leading to a fall in the demand for goods. This consequently will lead to a fall in prices.

- Correct a balance of payments deficit: When taxes are imposed on incomes, there is less disposable income. The demand for goods including the foreign goods falls leading to a fall in foreign exchange expenditure and hence an improvement in the balance of payments position.
  - Discourage the importation of certain goods: The government can impose taxes on goods with hope of discouraging the importation of certain goods. For instance, heavy taxes could be imposed on cigarettes, alcohol etc.
  - Discourage dumping: Dumping is the selling of a commodity abroad at a cheaper price than at home. Such goods may discourage the development of local industries since they are cheaper than the locally produced commodities.
  - To correct market failures: One of the major reasons why government intervenes in the economy is to correct or reduce various market failures.
  - Finance the collective provision of public goods and merit goods. The market might fail to provide public goods such as roads and defence, while education, health care and other merit goods might be under consumed at market prices.
  - Discourage the consumption of demerit goods. Demerit goods such as tobacco might be over consumed at market prices.
  - Alter the distribution of income. The government may decide that the distribution of income resulting from unregulated market forces is undesirable.
4. • Direct taxes  
• Indirect taxes

#### ***Positive effects of direct taxes***

- High yields. They have high yields a small increase in the income rates yields an increase in the revenue

- Highly equitable. Burden is equitably distributed since they are progressive and affect the rich more than the poor
- They create certainty because the payer is aware of the amount to pay and when to pay
- Reduce income inequality since they are progressive in nature
- Used to fight inflation in an economy since they reduce the disposable income of the Individual
- They are economical when collecting for example the salary of those working in the public sector are just reduced by the amount of the tax
- They are simple and easy to understand by both the payer and collector
- There is low tax avoidance since normally are done on people's income.

### ***Negative effects***

- Give direct burden to the payer since they are direct of their incomes
- High rates of evasion leads to loss of revenue
- Discourages savings and investments because of fear of taxation
- They are not imposed on all income groups like the low income earners
- They discourage work because the more investments, the more tax you pay
- Difficult to determine because individuals have different sources of incomes which are not known
- Corporate taxes discourage production of goods and services because they are charged on profits.

### ***Positive effects of indirect taxes***

- They cover a wide area hence the returns in form of revenue are many
- Convenient as they are paid as one spends
- Help correct the balance of payment position as they can be increased for imports to discourage their consumption or lowered for exports

- Difficult to avoid or evade because they are paid indirectly during consumption
- Help check consumption of harmful goods
- Less felt by the payer because they are not charged on his income
- More economical to collect since they are collected from business men
- Protect infant industries through limiting imports
- Flexible and can be adjusted according to the situation in the economy.

### ***Negative effects***

- Raise the cost of living when the prices of the goods increase as a result of the tax levied
- Government may lose revenue incase the people refuse to purchase a given commodity
- Cause inflation as they cause increase in the prices of goods and services
- Cannot be relied upon by the government as they are only paid by those who buy the commodities
- Lowers the standard of living when the prices are increased
- Reduce aggregate demand due to high prices and this reduces production
- They are regressive in nature i.e. the rich and the poor pay the same amount on goods however the burden of the tax is heavier on the side of the poor.



### **Activity 2: Page 334 in the learner's book**

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- **Note:** Answers for this activity are the same as those of activity 1, number 3.



### **Activity 3: Page 336 in the learner's book**

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1.
  - Equality or equity principle: A good tax should impose equal sacrifice on all tax payers. The burden should be distributed according to people's ability. Equity is said to well serve progressively in a given tax.
  - Principle of certainty: The time of payment, the manner of payment, the amount to be paid, ought in



all cases to be clear and plain to the contributor and to every other person

- Principle of convenience: Adam Smith stated that every tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it. Individuals should be taxed when it is most convenient for them to pay
- Principle of economy: It should be economical to the government. The cost of collection of the tax should be small in relation to the tax revenue. It should be unwise to spend too much on collection relative to the actual amount collected
- The principle of productivity (adequacy): It should bring in a lot of revenue. It is now widely believed that a tax must produce sufficient revenue to justify its imposition. A tax system must be capable of providing the flow of funds deemed appropriate by the government in any given period
- Principle of elasticity: A tax system should be income-elastic. As national income increases, the share of taxation in national income should rise more than proportionately
- Simplicity: It should be easy and simple to understand as well as to administer. The tax system must be set in the clearest language easily understood by the people to whom it applies
- Comprehensiveness: A good tax system should have a multiple taxes rather than a single tax. It should not cover a single base but a wide range of tax bases
- Flexibility: A tax system should be flexible depending on the economic circumstances and according to the requirements of the state. The system should be able to change according to the prevailing conditions in the economy i.e. during times of boom and a depression
- Neutrality: A good tax system should minimise distortion of relative prices. It should reduce the inequality of incomes. A tax that oppresses any

element of the economy is thus counterproductive. Taxes that discourage consumption, investment and production are undesirable

- Political acceptability: It must be politically acceptable to the people. The government should be able to collect the necessary revenue without incurring the hostility of the tax payers
  - Consistence: This means that a tax should be in line with national economic objectives especially in allocating of resources.
2. • A proportional tax: This is a tax system where the tax rate is the same for all income levels. It has a uniform percentage for different income groups. i.e. the rich pay more than the poor in real terms but the percentage is the same.
- A progressive tax: This is a type of tax system where the rate of tax increases with increase in income level. The higher income group pays a higher amount of a tax both in real terms and percentage terms than the low income earners. The rate of increase of the tax is more than the rate of increase in the income.
- A regressive tax: This is a tax system where the rate of tax decreases with increase in income. The poor are taxed more than the rich in relative means as those who get more income suffer less. The rate of increase of this tax is less than the rate of increase in the income. Those who get more income suffer less from this tax.
- De-regressive tax: This is a tax system which has progressive elements at lower levels of income but the amount remains uniform at higher levels of income.



#### Activity 4: Page 341 in the learner's book

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1. Income tax
2.
  - Inconvenience to him
  - Burden to him
  - Discourage saving and investment

- Direct taxes affect his effort
- Direct taxes discourage production.



### Activity 5: Page 344 in the learner's book

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1. Indirect tax
2.
  - He feels a high burden
  - Inflation. Indirect taxes lead to higher prices, higher costs of production, higher cost of living and therefore higher wages
  - Adverse effects on production
  - Indirect taxes tend to raise the prices of commodities
  - He may be forced to divert his resources to non-taxed commodities which may lead to the misallocation of resources.



### Activity 6: Page 349 in the learner's book

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1.
  - Difficult in determining the taxable income because the government lacks records of people's income and jobs
  - High rates of tax evasion and avoidance
  - Large subsistence sector reduces tax base
  - Scattered tax payers and this increases the cost of collecting the tax revenue
  - Hostility of the tax payers especially in case of unfair direct taxes
  - High rates of smuggling reduces the tax base and revenue to the government
  - There is a low level of income per capita because of poverty hence low revenue
  - High rates of corruption and embezzlement and this reduces the revenues meant to be collected by the government
  - Many illegal activities which yield income but are not taxed e.g. prostitution, gambling
  - Inaccessibility of some areas making them unreachable when collecting taxes

- Unskilled personnel
- High rates of unemployment leading to low tax base.
- 2.
  - Improvement in administrative machinery
  - Encourage income generating activities especially in rural areas to provide opportunities for employment so as to expand the tax base
  - Providing adequate facilities to ease the process of tax collection
  - Tax diversity. New taxes have to be introduced
  - Improving economic activities like in the manufacturing sector, monetary expansion to increase investments and employment opportunities
  - Ensuring political stability so as to access areas from which taxes can come
  - Adopting a tax payer friendly system where the tax payers can freely pay at their time of conveniences without pressure from the tax authority
  - Reduction on the grace period like tax holidays and exemptions given to investors.
- 3. Re-current expenditure and development expenditure.
- 4.
  - Borrowing is a more reliable source of income than taxation which has high rates of tax avoidance and evasion
  - More revenue is realised through borrowing unlike taxation whose revenue comes in bits
  - Borrowing encourages savings because the public is able to buy government securities which is a means of savings while taxation which reduces people's income and savings
  - External borrowing increases aggregate demand because it may increase money in circulation unlike taxation which reduces people's disposable income
  - Borrowing is cheaper in terms of costs administration and time unlike taxation with its high administration costs

- Borrowing strengthens ties between the lending and borrowing country than taxation which causes unrest in the country once high taxes are levied
- Internal borrowing can be used to fight inflation than taxing the people
- Borrowing can be used to raise money in times of emergence which is quite hard with taxation
- Individuals and institutions are willing to lend because of the interest involved than paying tax.



### Activity 7: Page 352 in the learner's book

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- Borrowing is a more reliable source of income than taxation which has high rates of tax avoidance and evasion.
- More revenue is realised through borrowing unlike taxation whose revenue comes in bits.
- Borrowing encourages savings because the public is able to buy government securities which is a means of savings while taxation reduces people's income and savings.
- External borrowing increases aggregate demand because it may increase money in circulation unlike taxation which reduces people's disposable income.
- Borrowing is cheaper in terms of costs administration and time unlike taxation with its high administration costs.
- Borrowing strengthens ties between the lending and borrowing country than taxation which causes unrest in the country once high taxes are levied.
- Internal borrowing can be used to fight inflation than taxing the people.
- Borrowing can be used to raise money in times of emergence which is quite hard with taxation.
- Individuals and institutions are willing to lend because of the interest involved than paying tax.

### ***Disadvantages of debt financing over taxation financing***

- Borrowing increases dependence on other countries and international bodies unlike taxation which enhances self – reliance.
- Borrowing is associated with debt servicing which encourages capital flight unlike taxation where funds remain in the economy.
- Borrowing increases the debt burden which may lead to BOP disequilibrium.
- Borrowing involves strings attached such as use of expatriate manpower thus capital flight unlike taxes which is non-quid pro quo.
- Repaying the loans has external and internal burden to the citizens of the borrowing country which may not be the case with taxation.
- Borrowing may be inflationary in the long run, if it is a dead weight debt yet taxes on incomes reduce or may control inflation.
- Borrowing may lead to wastage if the borrowed funds are not properly utilised i.e. funds may be mistaken to be free money which is not the case with taxation.
- The burden of borrowing may be shifted to the future generation who may not have borrowed from the borrowed funds which isn't possible with taxation.



#### **Activity 8: Page 354 in the learner's book**

1. Fiscal policy refers to the deliberate use of taxation, borrowing and government expenditure to regulate the level of economic activities or stabilise development.
2.
  - **Taxation.** This is the most effective instrument of the fiscal policy. Taxes can either be direct or indirect.
  - **Public borrowing.** This is either internal or external and can be either national borrowing or public borrowing.
  - **Government expenditure.** This involves ways of how the government uses the revenue got. It can either be through re-current expenditure or capital expenditure or development expenditure.

- To increase the rate of economic growth: Fiscal policy promotes and accelerates the rate of investment both in private and public sectors.
- To increase employment opportunities: Fiscal policy can be used to create employment. The Government can increase its expenditure on social and economic overheads.
- To reduce inflation: Fiscal policy can be used to overcome inflation. Taxes can be used on people's incomes so as to reduce their demand.
- To reduce balance of payment deficit: A balance of payments deficit can be overcome through taxation. Direct taxes reduce the disposable income leading to a fall in demand for all goods including foreign goods.
- To reduce income inequality: Fiscal policy can redistribute income from the rich to the poor. A progressive tax can be used to redistribute income.

**Unit 10 assessment answers: Page 356 learner's book**

1. Reasons why the government imposes taxes:
  - To raise revenue to finance development projects and economic growth.
  - To redistribute income through progressive taxation where the rich are taxed more than the poor.
  - To protect home industries. This is done by imposing heavy taxes on goods coming into the country.
  - To fight inflation. This is imposed to reduce disposable income and demand pull inflation.
  - To reduce the balance of payment deficit by imposing taxes on imports to increase their prices and reduce consumption.
  - To discourage consumption of dangerous goods.

- To control monopolies. When imposed, a lumpsum tax can control monopolies by increasing the costs and reducing profit margins to force them increase their output.
  - To discourage dumping. Government can impose taxes on dumped goods to increase their prices and reduce advantage over the local goods.
2. Reasons why some people refuse to pay tax in Rwanda:
- Discontent with the services provided.
  - Lack of adequate information about taxes.
  - Low income levels.
  - Desire to retain all earnings.
  - Loopholes in the tax system not to follow up the people who evade taxes.
  - Opposition by the political leaders etc.
3. Advantages of debt financing to taxation financing:
- Borrowing is a more reliable source of income than taxation which has high rates of tax avoidance and evasion.
  - More revenue is realised unlike taxation whose revenue comes in bits.
  - Encourages savings because the public is able to buy government securities which is a means of savings while taxation reduces people's income and savings.
  - External borrowing increases aggregate demand because it may increase money in circulation unlike taxation which reduces people's disposable income.
  - Borrowing is cheaper in terms of costs administration and time unlike taxation with its high administration costs.
  - Borrowing strengthens ties between the lending and borrowing country.
  - Internal borrowing can be used to fight inflation than taxing the people.
  - Borrowing can be used to raise money in times of emergence which is quite hard with taxation.
  - Individuals and institutions are willing to lend because of the interest involved than paying taxes.



4. How to increase tax base and capacity in Rwanda
  - Improvement in administrative machinery to minimise tax evasion and avoidance.
  - Encourage income generating activities especially in rural areas to provide opportunities for employment so as to expand the tax base.
  - Providing adequate facilities to ease the process of tax collection e.g. transport, computers.
  - Tax diversity. New taxes have to be introduced to widen the tax base.
  - Improving in economic activities e.g. manufacturing sector, monetary expansion to increase investments.
  - Ensuring political stability so as to access areas from which taxes can come.
  - Adopting a tax payer friendly system where the tax payers can freely pay at their time of conveniences without pressure.
  - Reduction on the grace period given, tax holidays given exemptions given to investors.
  - Reviewing the existing tax structure, policies and programs so that they are in line with the required targets.
  - Diversifying the activities that should be taxed.

## Unit 11: Population

Reference to learner's textbook page 363-397

**Unit competence:** Learners will be able to analyse the impact of population growth on economic development



### LESSON 1: Population census (learner's book page 365)

#### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals

#### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming

#### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the new unit.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on population.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners visit the library/ internet cafe, research on the population of Rwanda.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work and asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary and answers given questions.</li></ul>

***Additional information for the teacher***

Population of a country, either permanent or temporary residents, is important in economics for 2 major purposes i.e. on the supply side, it is a factor of production which provides labour-force; and on the demand side, it is a consumption unit which provides market of goods and services.

Population of a country/ an area is normally discovered through a population census which is normally carried out every 10 years to discover various population characteristics for planning purposes.

***Cross cutting issues***

You should emphasise on the issue of comprehensive sexuality education since it affects population, environment and sustainability as high population affects the environment.



## LESSON 2: Population density (learner's book page 367)

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals

***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the new unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the introduction and asks questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on population density.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on population density of Rwanda.</li> <li>• Presentations from groups in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and answer questions given.</li> </ul>
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### ***Additional information for the teacher***

Define population and relate it to population census.

### ***Multi-ability activities***

Task learners to practice more exercises related to population density.



## **LESSON 3: Population structure, trend and distribution and impact (learner's book page 369-377)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Moderations

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces population structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on population structure trend, distribution and impact.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups learners visit the library/ internet cafe, research on population structure of Rwanda and explain age, sex and geographical distribution of the population.</li> <li>• Presentations from groups in class.</li> </ul>

3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the summary and answer questions.</li> </ul>
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### ***Multi-ability learning activities***

Task learners to practice more on population structure of Rwanda.



## **LESSON 4: Population structure, trend and distribution and impact (learner's book page 369-377)**

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Introduces the lesson of population structure.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Puts learners in groups and assigns them a task on population structure.</li> <li>Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>In groups learners visit the library/ internet cafe, research on population structure of Rwanda and explain occupational distribution, structure in terms of quality and citizenship.</li> <li>Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>Listens and notes down the summary and ask the teacher questions.</li> </ul>

### **Home work**

Assign learners to do further research on what is to be covered in the next lesson.



**LESSON 5: Population structure, trend and distribution and impact (learner's book page 369-377) .**

### **Lesson materials**

Recommended text books, internet access, newspaper articles on economics, economics journals.

### **Teaching/learning methods**

- Question and answer
- Group discussion
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the new lesson and connects into previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on population structure and impact.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups learners visit the library/ internet cafe, research on the population structure of Rwanda and explain occupational distribution, structure in terms of quality and citizenship.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary and answers the questions.</li></ul>



## LESSON 6: Population growth (learner's book page 377)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces population growth and connects it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Put learners in groups and assign them a task on population growth.</li> <li>• Moderating the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on population growth of Rwanda and explain the effects of such a population growth on Rwanda's economy.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and answer the questions.</li> </ul>

### ***Multi-ability learning activities***

Let learners practise more exercises on the population growth of Rwanda.



## LESSON 7: Population growth (learner's book page 377-380)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces population growth and connects it to the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on population growth and the determinants.</li><li>• Instructs learners to compare the population growth of Rwanda to other countries.</li><li>• Moderating the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups learners visit the library/ internet cafe, research on the population growth of Rwanda and explain the factors that determine population growth of a country and compare the population growth of Rwanda and other countries in the region.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary and answers the questions.</li></ul>





## LESSON 8: Measures to control population growth (learner's book page 381)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the controls to population growth and connects it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks the teacher questions.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on population.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on population growth of Rwanda and suggest measures to control population growth in Rwanda.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learner's work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and answers the questions.</li> </ul>

### ***Crosscutting issues***

When teaching this lesson emphasise the issue of comprehensive sexuality education as a control to population. This will help learners to avoid unwanted pregnancies.



## LESSON 9: Assumptions and illustration of the Malthusian population theory (learner's book page 383-386)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the Malthusian population theory and connects it to the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on population theories</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups learners visit the library/ internet cafe, research on Malthusian population growth theory and explain its assumptions and illustrate the theory on a graph.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and answers questions to the teacher and notes down the summary.</li></ul>

### ***Additional information for the teacher***

Malthus was an English clergy man, economist and a demographer who lived between 1766 and 1834. He was among the first economists who foresighted the dangers of population of a nation unless checked because of declining food supply. His main argument was that population depends on food growth and that because population tends to grow faster than food growth; a time

soon reaches when the population is unable to feed itself and it will be checked.



## LESSON 10: Applicability and limitations of malthusian population growth theory (learner's book page 385-386)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals.

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the new lesson and connects it to the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Put learners in groups and assign them a task on Malthusian population theory.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on the applicability and limitations of Malthusian population growth theory.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising the learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and answers the questions.</li> </ul>

### *Cross cutting issues*

Emphasise comprehensive sexuality education.



## LESSON 11: The theory of demographic transition (learner's book page 386-388)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces the theory of demographic transition.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task on demographic transition population growth theory.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners visit the library/ internet cafe, research on the theory of Demographic Transition population growth.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and notes down the summary and answers the questions.</li></ul>

### ***Additional information for the teacher***

The Demographic transition theory was advanced by an American economist Warren Thompson in 1929 who observed that there is a definitive pattern of changes or transitions in birth rate and death rates in industrialised societies over the past 200 years. Theory explains the change of population growth rate from stable or slow growing rates to rapidly increasing numbers and then declining rates. According to the theory, every country passes through these stages of population growth. For example most LDCs are in the second stage while most MDCs are in the fourth stage.



## LESSON 12: The theory of optimum population (learner's book page 389)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduce the theory of optimum population.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on theory of optimum population.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on the theory optimum population and examine how it relates with resources.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and notes down the summary and answers the questions.</li> </ul>

### ***Additional information for the teacher***

The theory of optimum population tries to explain the relationship between population and resources i.e. explaining the equilibrium between resources and population and the unbalance between them. Rising population that matches with resources would have no problem. However what causes the problem or concern to the economy is the imbalance between population and resources. i.e. under and overpopulation.



## LESSON 13: The effects of optimum, under and overpopulation (learner's book page 389-391)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals.

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Reviews the previous lesson and connects it to the day's lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on the theory of optimum population, under and overpopulation.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups learners visit the library/ internet cafe, research on the theory of optimum population and analyse the effects of under, optimum and overpopulation.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learners' work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens, asks questions to the teacher and notes down the summary.</li> </ul>

### *Additional information for the teacher*

The theory of optimum population tries to explain the relationship between population and resources i.e. explaining the equilibrium between resources and population and the imbalance between them. Rising population that matches with resources would have no problem. However what causes the problem or concern to the economy is the imbalance between population and resources. i.e. under and over population have both negative and positive effects on the economy.



## LESSON 14: An ageing and declining population (learner's book page 392-393)

### ***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

### ***Teaching/learning methods***

- Question and answer
- Group discussion
- Individual work
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Introduces the new lesson of an ageing and declining population.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Puts learners in groups and assigns them a task on an ageing population.</li> <li>• Moderates the discussions.</li> </ul>	<ul style="list-style-type: none"> <li>• In groups, learners visit the library/ internet cafe, research on the Ageing and declining population and its effects on the economy.</li> <li>• Presentations from groups in class.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes by harmonising learner's work, asking questions.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens and asks questions to the teacher and notes down the summary.</li> </ul>

### ***Additional information for the teacher***

An ageing population is where the number of people above age of 65 years is larger than other age groups.

A declining population at times called negative population growth is a population whose numbers continue to reduce as a result of death rates exceeding birth rates, as well as emigration exceeding

immigration leading to less people being born than those dying and with small number of people entering the country than those leaving.



## LESSON 15: The population structure and problems in Rwanda/ LDCs (learner's book page 393-394)

### *Lesson materials*

Recommended text books, internet access, newspaper articles on economics, economics journals.

### *Teaching/learning methods*

- Question and answer
- Group discussion
- Individual work
- Brainstorming
- Inquiry
- Teacher exposition

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Introduces population structure and the problems connected.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher about population structure.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Puts learners in groups and assigns them a task population structure and problems in Rwanda.</li><li>• Moderates the discussions.</li></ul>	<ul style="list-style-type: none"><li>• In groups, learners visit the library/ internet cafe, research on the population structure and problems in Rwanda.</li><li>• Presentations from groups in class.</li></ul>
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes by harmonising learners' work, asking questions.</li></ul>	<ul style="list-style-type: none"><li>• Listens and asks questions to the teacher and notes down the summary.</li></ul>



***Additional information for the teacher***

As a teacher, research more from different economics sources to enrich the lesson with facts about population structure and problems in Rwanda.



## LESSON 16: Unit assessment (learner's book page 395)

***Lesson materials***

Recommended text books, internet access, newspaper articles on economics, economics journals.

***Teaching/learning methods***

- Think and pair
- Question and answer
- Group discussion
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Organises learners for a test on the unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Organise and get ready for the test.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Gives out and supervises the test.</li> </ul>	<ul style="list-style-type: none"> <li>• Do the given test.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Do corrections on the tested content.</li> </ul>	<ul style="list-style-type: none"> <li>• Note down corrections.</li> </ul>

***Additional information for the teacher***

Give out a unit assessment aimed at testing the knowledge, skills and attitude and values of the learner gained from the unit concluded.

## Answers to Unit 1 Activities

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### Activity 1: Page 364 in the learner's book

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1. Population refers to the number of people living in an area at a particular period of time.
2. Population census
3. 2012
4. Reasons for carrying out population census in a country (refer to page 366 learner's book)
5. Problems faced in the exercise of counting the population of an area/ country (refer to page 366-367 learner's book)



### Activity 2: Page 367 in the learner's book

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1. Population density is the average number of people per unit space.
2. (learners give the information as provided from the research carried out at the district- refer to population density page 375 learner's book).
3. Consequences of densely and sparsely populated areas refer to learner's book page 389.



### Activity 3: Page 369 in the learner's book

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(Refer to population structure, distribution and trend in the learner's book page 369-370)



### Activity 4: Page 372 in the learner's book

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1. Natural population growth rate, artificial population growth, actual population growth.
2. Factors that influence birth rate and death rate in an economy  
Birth rate is determined by:
  - Ratio of women to men
  - Level of education
  - Rate of birth control
  - Number of married people in the country
  - Religion

- Marriage age
- Culture
- Government policy.

Death rate is determined by:

- Medical care
  - Poverty levels
  - Political situation
  - Natural disasters like earthquakes, floods among others increase death rates.
  - Accidents like fire, motor etc. all increase death rates
  - Incidences of diseases in some areas also influence the death rates. etc.
- iii.  $(\text{Birth rate} - \text{death rate}) / 1000 \times 100 = (80 - 45) / 1000 \times 100 = 3.5\%$ .



### Activity 5: Page 377 in the learner's book

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1. Population growth is the rate at which the population of the country increases or decreases over time.
2. 2.6% per year.
3. Refer to the effects of high population growth in the learner's book page 388.
4. Birth rates, death rates and migration rates.
5. Use figure 8 in the learner's book page 384 to compare Rwanda's population growth rate and neighbouring countries.



### Activity 6: Page 378 in the learner's book

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1.
  - He did not consider the role of foreign aid in assisting the increasing population
  - Malthus never stated the time when population growth would equal the food supply (population trap). If the time were known, then probably the government would devise ways and means of either increasing food supply or controlling population
  - Food is not the only determinant of population growth as suggested by Malthus but there are other causes like migration, level of education, cultural values etc.

- He underrated the agricultural technological developments in the production of food. He could not foresee the unprecedented improvements in agricultural technology. Due to this rapid improvement in agricultural technology, the food supply has increased much faster than the arithmetical progression
- The theory did not put into consideration international trade which can increase food supply by importation but considered a closed economy
- The possibility of modernising agriculture to increase agriculture was not foreseen by Malthus
- There is no mathematical relationship between food growth and population growth
- International migrations were ignored by the theory. The population could not outstrip the food supply due to international migrations. i.e. he didn't consider people moving from one country to another to reduce population pressure
- Malthus never thought of the possibility of getting additional supplies of land by opening up new areas
- According to Malthus, preventive checks possibility only pertains to moral restraint and late marriages. Malthus never thought of the introduction of modern techniques of family planning devices
- Malthus takes the increase in population as a result of rising birth rate. Population, however, has increased tremendously due to a decline in the death rate. He could not foresee the rapid improvements in medical facilities.



### Activity 7: Page 381 in the learner's book

1. To bring awareness to the learners about their sexual related health, avoiding peer related problems and unwanted pregnancies especially since they are adolescents and are mostly affected by the age. This aims at reducing school drop outs that normally arise as a result of sexual related problems.

2. Mostly it helps reduce early sex among teenagers which reduces unwanted pregnancies and birth rates in the country consequently reducing population growth.  
It helps learners develop awareness and gain skills related to avoiding early sex and its negative effects and have mature reasoning and defense when faced with sexual related challenges.
3. Reasons for controlling population growth in a country:
  - To reduce the unemployment problem by matching rate of growth of labour-force with that of job creation
  - To reduce population pressure on land
  - To reduce poverty levels in the country by reducing dependence burden arising out of high population
  - To ease the pressure on the existing social and economic infrastructure
  - To bring the population growth rate in line with the economy's ability to sustain it
  - To reduce BOP problems through exportable surplus and less import requirements for the population
  - To improve on the quality of life of citizens through a small and sustainable population
  - To achieve a faster rate of economic growth
  - To increase the level of economic savings and investment by reducing consumption expenditure on large families
  - To control inflation partly arising from excessive demand for goods and services from the big population.
4. Measures to control population growth (refer to learner's book page 389)



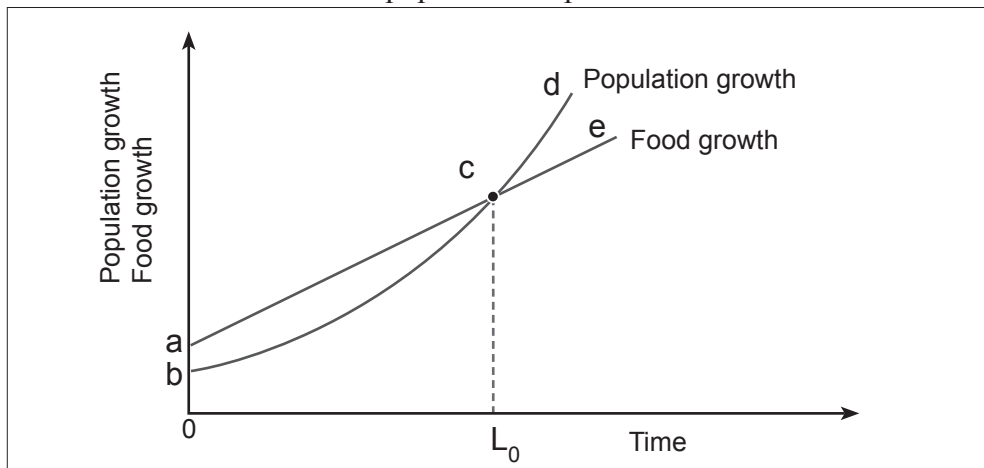
### Activity 8: Page 383 in the learner's book

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1. The Malthusian population theory states that population increases faster than food supply and if unchecked leads to misery.
2. Assumptions of the Malthusian population theory  
Reverend Malthus assumed that:

- Population growth depends on food growth and that when food supply increases, population also increases
- The supply of land is fixed thus the operation of the law of diminishing returns
- Population grows at a geometric rate i.e. 2,4,8,16,32, etc.
- Food increases at an arithmetic rate of 2, 4,6,8,10,12, etc.
- Man's capacity to reproduce himself is greater than his capacity to produce food. Malthus therefore concluded that at one time population growth will be too much to be fed by the available food and this will lead to misery, suffering and death
- Every effort to improve the conditions of people through state subsidies and private charity would fail because of the increased population growth it generates.

### 3. Malthusian population trap



From the figure 9 above, Line **bcd** represents the growth of population in the absence of any checks. The actual population growth rate is represented by line **bce** in the presence of checks — famine. Beyond time **L<sub>0</sub>**, population growth exceeds food supply, and therefore people are likely to starve to death. Malthus indicates that always there are positive and negative checks operating.



## Activity 9: Page 385 in the learner's book

### Applicability/ Relevance of the Malthusian theory in LDCs

To a small extent, the Malthusian population theory is applicable in LDCs economies in the following ways:

- Family planning measures are being used in many countries as suggested by Malthus to control population growth
- The positive checks like diseases, accidents etc. exist in many countries
- In many parts of the world, pressure on land forces may lead people into disputes and migration
- Some areas in the world face food shortages as suggested by Malthus
- Land being a fixed factor, faces diminishing returns in that when population increases, productivity of the land decreases.

### Criticisms/ limitations of Malthusian theory

To a big extent the theory is criticised because of the following ways:

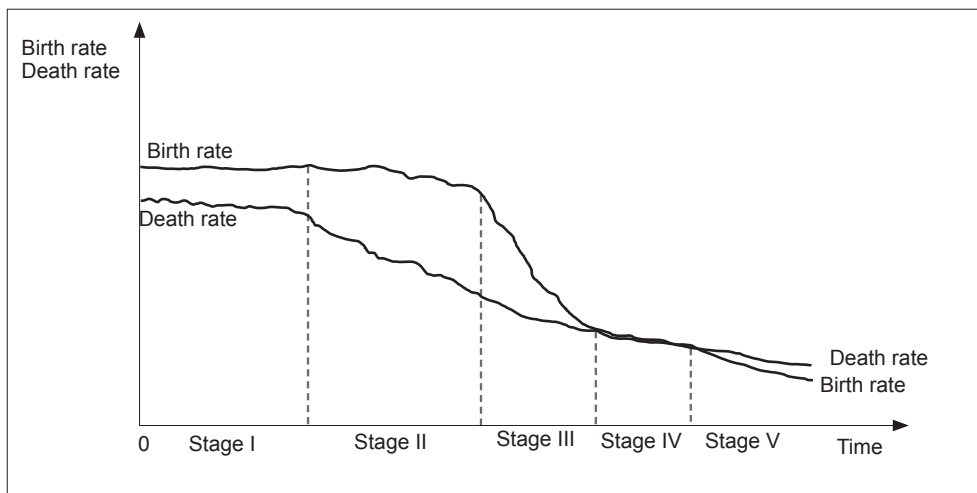
- He did not consider the role of foreign aid in assisting the increasing population
- Malthus never stated the time when population growth would equal the food supply (population trap). If the time were known, then probably the government would devise ways and means of either increasing food supply or controlling population
- Food is not the only determinant of population growth as suggested by Malthus but there are other causes like migration, level of education, cultural values etc.
- He underrated the agricultural technological developments in the production of food. He could not foresee the unprecedented improvements in agricultural technology. Due to this rapid improvement in agricultural technology, the food supply has increased much faster than the arithmetical progression
- The theory did not put into consideration international trade which can increase food supply by importation but considered a closed economy

- The possibility of modernising agriculture to increase agriculture was not foreseen by Malthus
- There is no mathematical relationship between food growth and population growth
- International migrations were ignored by the theory. The population could not outstrip the food supply due to international migrations. i.e. he did not consider people moving from one country to another to reduce population pressure
- Malthus never thought of the possibility of getting additional supplies of land by opening up new areas
- According to Malthus, preventive checks possibility only pertains to moral restraint and late marriages. Malthus never thought of the introduction of modern techniques of family planning
- Malthus takes the increase in population as a result of rising birth rate. Population, however, has increased tremendously due to a decline in the death rate. He could not foresee the rapid improvements in medical facilities.



### Activity 10: Page 386 in the learner's book

1. Demography is the study of population characteristics like birth rates and death rates and their effects on population changes.
2. The five stages of demographic transition. (Figure 10 learner's book page 395)





**Stage I:** At this stage there is a high population growth rate and it is stagnant because of a high birth rate and high death rate.

**Stage II:** Expanding phase marked by high birth rate but declining death rate. The economy enters the phase of economic growth.

**Stage III:** It is a stage of declining population growth rate. The declining birth rate is accompanied by rapid decline in the death rate. As a consequence, population growth rate declines.

**Stage IV:** The low stationary stage with low birth rate balanced by low death rate. The birth rate declines and tends to equal the death rate so that the population growth rate is almost zero. In this stage, the standard of living is generally high.

**Stage V:** The declining stage with low death rate, lower birth rate and an excess of deaths over births. In this stage, the decline in birth rates is greater than the decline in the death rate leading to a negative population growth rate.

- iii. Let learners tell the current level of Rwanda by giving the characteristics of that stage.



### Activity 11: Page 389 in the learner's book

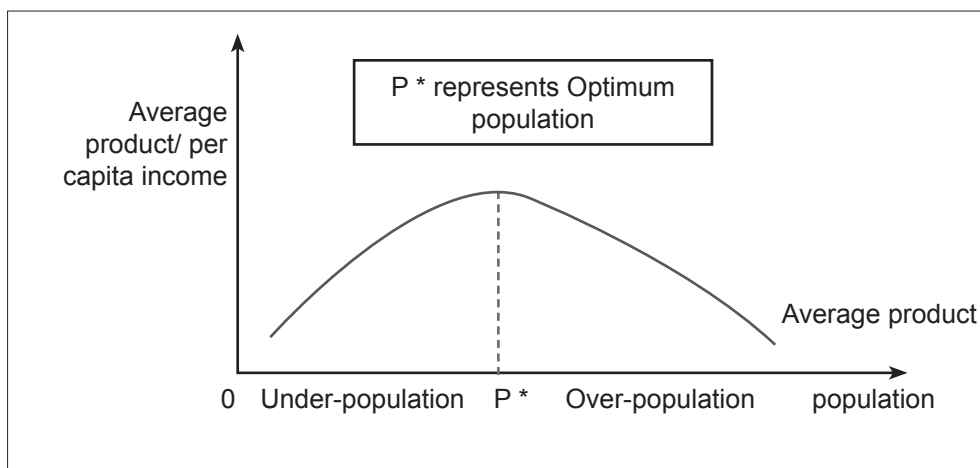
1. Optimum population is that size of population which is neither too big nor too small for the existing amounts of resources. Or it is that population that is just appropriate for the existing resources.  
*Under population* is a situation where population is less than the available resources. Or it is that population which is insufficient in relation to the available resources.  
*Over population* is a situation where there are excess people in relation to the available resources. Or it is the population which is in excess of the available resources.
2. The social-economic implication of optimum, under and over population
  - (a) Optimum population
    - There will be full employment level
    - High standard of living
    - High output per worker
    - There can be no dependants on import

- Minimum income inequality
  - High tax revenue to the government.
- (b) Under population.
- Positive implications:
- Over exploitation of resources is reduced
  - Reduced government expenditure on the provision of social services
  - Limited imports hence avoiding balance of payment deficits
  - Limited income inequality due to enough resources for every one
  - High output per person due to the resources available
  - Minimal social and political instability.
- Negative implications:
- Leads to excess capacity in the country i.e. producing less than the installed capacity
  - Small market size which leads to low aggregate demand
  - Low tax revenue to the government
  - Low levels of economic growth due to limited production of goods and services
  - Limits international trade due to low levels of imports and exports
  - Low levels of specialisation and a tendency to undertake subsistence production.
- (c) Over population
- Positive implications:
- Big market size due to the large population
  - Generates cheap energetic and mobile labour force
  - Encourages specialisation in production hence promotes trade
  - High tax revenue due to a wider tax base
  - Increased resource exploitation due to high levels of innovation and invention
  - Increases pressure on development projects due to competition
  - Government is awakened the responsibility of providing social services
  - Initiates effort to work harder to sustain the big population.

Negative implications:

- Heavy dependence burden especially when there is an increase in the young and the old
- Excessive demand for social services like hospitals and schools among others which increases government expenditure
- Low saving rates because of excessive consumption leading to low investments and low capital accumulation
- Over exploitation of natural resources which speeds up resource depletion
- Low standard of living due to decrease in the per capita income
- Unemployment and underemployment results due to limited opportunities in relation to the population
- High rates of illiterates because of inadequate education facilities
- High rates of brain drain due to skilled labour being unemployed
- Social and political problems arising from competition for opportunities and food riots
- Too much congestion in rural and urban areas which results in diseases and crimes .e.t.c.

3. The relationship between under population, optimum population and overpopulation



*In the above figure 11, before point  $P^*$ , the population is still low compared to the resources available. At point  $p^*$  there is optimum population where the population matches the available resources and after that point the population exceeds the available resources and utilisation of resources.*



## Activity 12: Page 392 in the learner's book

1. An ageing population is a population which is experiencing an increase in the old people and a fall in the percentage of the young.
2. The effects of an ageing population in an economy:
  - Decline in labour force for the future
  - High dependence burden
  - Labour immobility i.e. the old are immobile
  - High levels of conservativeness because the old tend to obstruct new ideas
  - Increased government expenditure on retirement benefits
  - Reduction in aggregate demand for some commodities because the clothes for the youth may not be consumed by the old. This may lead to laying off of some workers
  - There is a change in the patterns of consumption i.e. goods for the old like huts, long dresses, big trousers among others
  - The burden of paying taxes and developing the economy falls on the young ones
  - More goods for the old people are now being produced e.g. hats, walking sticks, big trousers, very long dresses, big shirts, etc.
  - Structural unemployment. As the demand for the products of those industries engaged in products for the young falls, there is the possibility of some workers being laid off
  - There will be shortage of labour to new industries. If the population is ageing, it will be unable to supply the required labour to both new and expanding industries.

- Older people are more conservative and less innovative and this therefore, retards development.



### Activity 13: Page 393 in the learner's book

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1. Population structure of Rwanda
  - There is generally low life expectancy i.e. according to National institute of statistics in Rwanda 2011 life expectancy for males was 58years while females 59.5 years
  - There is high levels of unemployment and underemployment
  - More than 70% of the population is employed in agriculture either directly or indirectly
  - There is a high level of illiteracy levels especially among the old
  - There are more women compared to the number of men in the total population
  - Nearly half of the population is below 18 years and a few are above 65 years
  - Population grows at a rate of about 2.6 percent
  - There is variation of population density with levels of about 416 per square kilometre and fewer in other areas.



### Activity 14: Page 394 in the learner's book

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1. Population problems in LDCs:
  - Dependants — Heavy dependence burden and therefore poor standards of living.
  - Population pressure
  - Low capital accumulation — low saving, investment levels, low income per capita
  - Diseases, poor health and housing conditions — generally low standards of living
  - Problem of feeding the population
  - Poor quality of the population — low education
  - Unfavourable balance of payments

- Rural-urban migration with all its consequences like urban unemployment, creation of slums, crime, etc.
- Heavy government expenditure on social services increases
- High rates of income inequalities/ disparities.
- High rates of social evils like prostitution, witchcraft among others.
- Increased pressure on land
- Increased pressure on infrastructure like social services
- High rates of brain drain in search for employment.
- Unemployment problem.

**Unit 11 assessment answers: Page 395 in the learner's book**

1. Social- economic implications:
  - Greater percentage of the young is a source of cheap labour in the future
  - There is a large market potential which will increase aggregate demand and investment
  - A high dependence ratio awakens the government to plan well for the citizens
  - Encourages hard work to meet the demands.
  - Low levels of savings and consumption because of high rate of consumption
  - Unfavourable balance of payment position because of the increased importation to supplement the local output
  - Under utilisation of resources due to a small percentage of labour force
  - High dependence burden frustrates the smaller working class and this may lead to brain drain
  - May lead to demand pull inflation because of low output by the small working population
  - Income inequality because of high rates of expenditure and dependence
  - Strains the existing services like med-care, education among others

- Fall in per capita income and the standard of living as one's income is used to sustain a number of dependants.
2. (i) Population problems facing Rwanda:
- Heavy dependence burden and therefore poor standards of living
  - Heavy government expenditure on social services
  - Increased pressure on land
  - Increased pressure on infrastructure like social services
  - Low saving and investment levels
  - High rates of brain drain in search for employment
  - Unemployment problems
  - High rates of income inequalities/ disparities
  - High rates of social evils like prostitution, witch craft among others
  - Low labour levels.
- (ii) Policies that should be taken to control population growth in Rwanda:
- Encouraging family planning which includes the use of contraceptives
  - Promoting more education since educated people produce few children because of different reasons
  - Discouraging early marriage by raising the age of consent and punishing those who break the law
  - Massive education about the dangers of a high population
  - Legalise abortion to prevent unwanted children
  - Encouraging international migrations so that people can move to different countries
  - Setting up institutions to encourage population control e.g. family planning clinics, hospitals
  - More campaigns to discourage polygamy
  - Improve health facilities to reduce infant mortality rates to assure parents that the few children produced will survive
  - Reducing the demand for children by reducing their incentives like free education and bursaries
  - Adopting a single child policy.

## Topic Area 3: Macroeconomics

### Sub-Topic Area 3.6: Population, Labour and Wages

## Unit 12: Labour and Wages

Refer to learner's book page. 401-449

**Unit competence:** Learners will be able to explain the impact of labour mobility on the economy.



**LESSON 1:** Labour, categories of labour (learner's book page 402-403).

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Teacher expositions
- Pair work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous unit.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review of the previous unit.</li></ul>
2 Body	<p>Asks learners in pairs to:</p> <ul style="list-style-type: none"><li>• Define labour.</li><li>• Describe the categories of labour basing on the activities in figure 1 on page 405-406.</li><li>• Selects a pair to present to the class and asks others to compare the findings.</li></ul>	<p>Learners attempt to</p> <ul style="list-style-type: none"><li>• describe the activities.</li><li>• give the purpose of the activities.</li><li>• Learners present and discuss their findings.</li></ul>



3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of different pairs, gives important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Learners take down teacher's comments and remarks.</li> </ul>
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***Additional information for the teacher***

The teacher should also relate labour to different activities in the country, different economic conditions in an economy i.e. inflation, and unemployment among others.

***Cross cutting issues***

Since it is labour's responsibility to conserve the environment, emphasises the role of environmental sustainability in an economy.



**LESSON 2: Meaning of labour force and its determinants (learner's book page 404-405)**

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Individual work

**Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Emphasise the meaning of labour and some concepts in the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in the review of previous lesson.</li> </ul>
2 Body	<p>Asks learners in a groups to,</p> <ul style="list-style-type: none"> <li>discuss the meaning of labour force and its determinants.</li> <li>Teacher selects different learners to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Discuss the meaning and determinants of labour force.</li> <li>Present their findings and compare them with the discussants.</li> </ul>

3 Conclusion	Harmonising findings of different learners and giving final remarks.	<ul style="list-style-type: none"> <li>• Take down teacher's comments and remarks.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also talk about other different concepts related to labour in different activities in the country for the learners to understand clearly the meaning of labour force to the economic activities.

### ***Cross cutting issues***

Emphasise environmental sustainability and gender in labour and wages in an economy.



## **LESSON 3: Meaning of labour demand (learner's book page 405)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Pair work

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Teacher briefly talks about the concepts of labour.</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in the review of the previous lesson.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in class to discuss the meaning of labour demand and its determinants.</li> <li>• Teacher selects different learners to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss the meaning and determinants of labour demand.</li> <li>• Present and compare their findings.</li> </ul>

4 Conclusion	<ul style="list-style-type: none"> <li>Teacher concludes the lesson by harmonising findings of different pairs and gives important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments.</li> </ul>
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### ***Additional information for the teacher***

The teacher should also emphasise why there is demand for labour in an economy basing on the current labour market in the economy.



## **LESSON 4: Meaning of labour supply and its determinants (learner's book page 406-408)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## **Lesson development**

<b>Steps</b>	<b>Teacher's activity</b>	<b>Learner's activity</b>
1 Introduction	<ul style="list-style-type: none"> <li>Briefly reviews labour demand.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the review of labour demand.</li> </ul>
2 Body	Asks learners in groups to <ul style="list-style-type: none"> <li>define labour supply.</li> <li>discuss factors that influence labour supply.</li> <li>Selects a group to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Discuss the factors that influence labour supply.</li> <li>Present and compare their findings.</li> </ul>
3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"> <li>harmonising findings of different groups, giving important notes.</li> </ul>	<ul style="list-style-type: none"> <li>Take down teacher's comments and notes.</li> </ul>

### ***Additional information for the teacher***

The teacher should also relate the activities to the current factors that can determine labour demand and labour supply in Rwanda.



## **LESSON 5: Backward bending supply curve of labour (learner's book page 408)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about labour supply and its determinants.</li><li>• Introduces backward bending supply curve of labour.</li></ul>	Participates in the review.
2 Body	Instructs learners to research on backward bending supply curve of labour.	Learners research on backward bending supply curve of labour.
3 Conclusion	<ul style="list-style-type: none"><li>• Concludes the lesson by clarifying more about supply curve of labour.</li></ul>	Learners listen and take down teacher's comments.

### ***Additional information for the teacher***

The teacher should also relate a supply curve of labour to a normal labour supply curve so as to help learners understand their differences.



## LESSON 6: Labour efficiency (meaning, determining factors) (learner's book page 409)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about backward bending supply curve of labour.</li> <li>• Asks learners to read the text on activity 3 on page 418 in their groups.</li> <li>• Asks learners to identify the meaning and determining factors of labour efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners participates in the review.</li> <li>• Learners research on labour efficiency and the determinants.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Selects a group to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners present and compare their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Concludes the lesson by harmonising findings of different groups and explain more on labour efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen and take down teacher's comments and notes about labour efficiency.</li> </ul>

### ***Additional information for the teacher***

The teacher should also help learners to understand the exact meaning of labour efficiency and its determining factors by relating it to the situation in Rwanda

### ***Cross cutting issues***

Emphasise the role of standardisation.



## **LESSON 7: Geographical mobility of labour (learner's book page 411)**

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	Briefly talks about labour efficiency. Asks learners to make groups; <ul style="list-style-type: none"><li>• define labour mobility.</li><li>• analyse the types of mobility.</li><li>• identify the limitations of geographical labour mobility.</li></ul>	<ul style="list-style-type: none"><li>• Participates in the review of labour efficiency.</li><li>• Define labour mobility and analyse the types.</li><li>• Identify the limitations of geographical labour mobility.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks different groups to present their findings to the class.</li><li>• Moderates discussion.</li></ul>	<ul style="list-style-type: none"><li>• Present and discuss findings.</li></ul>
3 Conclusion	Concludes the lesson by harmonising findings of different learners and explains more on labour mobility: <ul style="list-style-type: none"><li>• Gives home work.</li></ul>	Learners <ul style="list-style-type: none"><li>• take down teacher's comments and notes.</li><li>• do home work.</li></ul>

### ***Additional information for the teacher***

The teacher should also have in mind limitations of labour mobility across the boundaries of the country.



## LESSON 8: Occupational mobility of labour (learner's book page 413)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talk about mobility of labour and connect it to occupational mobility of labour.</li> </ul> Ask learners to research and <ul style="list-style-type: none"> <li>• define occupational mobility of labour.</li> <li>• identify the limitations of occupational mobility of labour.</li> </ul>	<ul style="list-style-type: none"> <li>• Participates in the review.</li> <li>• Define occupational mobility of labour.</li> <li>• Identify the limitations of occupational mobility of labour.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks different groups to present their findings to the class.</li> <li>• Moderates the presentation.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected groups to present their findings.</li> <li>• Learners compare their findings.</li> </ul>
3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"> <li>• harmonising findings of different learners and give final remarks.</li> <li>• giving homework related to the discussion.</li> </ul>	Learners <ul style="list-style-type: none"> <li>• take down teacher's comments and remarks.</li> <li>• attempt to do homework.</li> </ul>

### ***Additional information for the teacher***

The teacher should also have in mind limitations of labour mobility across the boundaries of the country.



## LESSON 9: Manpower problems (meaning, causes) (learner's book page 415-416)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly reviews the previous lesson.</li><li>• Asks learners to make groups of four and discuss the meaning and causes of manpower problem in LDCs.</li></ul>	<ul style="list-style-type: none"><li>• Learners participate in the review.</li><li>• Discuss the meaning and causes of manpower problems in LDCs.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks the group to present their findings from the discussions.</li><li>• Moderates the discussion.</li></ul>	<ul style="list-style-type: none"><li>• Selected group presents their findings.</li><li>• Other groups compare their findings.</li></ul>
3 Conclusion	<p>Concludes the lesson by</p> <ul style="list-style-type: none"><li>• harmonising findings of different learners. Gives final remark.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and remarks.</li></ul>

### ***Additional information for the teacher***

The teacher should also put into consideration the manpower problem which is affecting Rwanda and at the same time compare and have case studies about the neighbouring countries so as to make a comparison.





## LESSON 10: Solutions to manpower problems (learner's book page 417-418)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> <li>• Asks learners in groups of four to suggest solutions to the manpower problem in LDCs.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners participate in the review.</li> <li>• Learners suggest solutions to the manpower problems in LDCs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks a group to present their findings to the class.</li> <li>• Moderates the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected groups presents their findings.</li> <li>• Other learners compare with their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonises findings of different learners and gives important remarks.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners write down teacher's comments and remarks.</li> </ul>

### ***Additional information for the teacher***

The teacher should also put into consideration the problems of neighbouring countries and find out how they tried to solve them



## LESSON 11: Wages (meaning, forms of wages) (learner's book page 418-419)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Brainstorming
- Individual work

### **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the manpower problem.</li><li>• Asks learners in their pairs to visit the library to research on the meaning and forms of wages.</li></ul>	<ul style="list-style-type: none"><li>• Learners participate in the review.</li><li>• Learners research on the meaning and forms of wages.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the class.</li><li>• Moderates the discussion.</li></ul>	<ul style="list-style-type: none"><li>• Selected learners present their findings.</li><li>• Others compare their findings.</li></ul>
3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"><li>• harmonising findings of different groups, gives more meaning on wages.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments and notes about wages.</li></ul>

### ***Additional information for the teacher***

The teacher should make a clear distinction between a wage and salary and also payments to other factors of production.

### ***Cross cutting issues***

Emphasise the issue of standardisation of work.



## **LESSON 12: Methods of wage determination (learner's book page 419-421)**

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### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion

- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about wage and forms of wage.</li> <li>• Asks learners in pairs to visit the library or internet and make a research on the determinants of wage.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher's review.</li> <li>• Learners research on the determinants of wage.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners to present their findings to the class.</li> <li>• Moderates the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Selected learners present their findings.</li> <li>• Other learners ask questions to the presenters.</li> </ul>
3 Conclusion	<p>Concludes the lesson by</p> <ul style="list-style-type: none"> <li>• harmonising findings of different learners and talks more on the determinants of wage.</li> <li>• asking learners oral questions related to the above discussion.</li> </ul>	<p>Learners</p> <ul style="list-style-type: none"> <li>• take down teacher's comments.</li> <li>• attempt to answer the questions asked.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the determinants of payments to other factors of production to how a wage is determined.

### *Cross cutting issues*

Emphasise the issue of standardisation of work.



## LESSON 13: Methods of wage determination (learner's book page 419-421)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer

- Discussion
- Brainstorming
- Individual work

### Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>• Briefly talks about the previous lesson.</li><li>• Asks learners to visit the library or internet and make a research on the methods of wage determination.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen attentively to the teacher's review.</li><li>• Learners research on the methods of wage determination.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Asks some of the learners to present their findings to the class.</li><li>• Moderates the discussion.</li></ul>	<ul style="list-style-type: none"><li>• Presentations and comparisons of findings.</li></ul>
3 Conclusion	<p>Concludes the lesson by</p> <ul style="list-style-type: none"><li>• harmonising findings of different learners and talks more about the deflationary gap.</li></ul>	<ul style="list-style-type: none"><li>• Learners take down teacher's comments.</li></ul>

#### *Additional information for the teacher*

The teacher should relate the determinants of payments to other factors of production to how a wage is determined.

#### *Cross cutting issues*

Emphasise the issue of standardisation of work.



### LESSON 14: Wage theories (marginal productivity theory) (learner's book page 421-424)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> <li>• Introduces wage theory.</li> <li>• Asks learners to research on;</li> <li>• What the marginal productive theory states on wage.</li> <li>• Its assumptions and weaknesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Listens to the teacher's review.</li> <li>• Research on marginal productive theory, its assumptions and weaknesses.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Asks some of the learners to present their findings to the class.</li> <li>• Moderates the discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Presentations and comparisons of findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>• Harmonising findings of different learners and talks more about the marginal productive theory as well as elaborating more on its weakness.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments and teachings.</li> </ul>

### *Additional information for the teacher*

The teacher should relate the meaning of marginal cost, revenue and product among others to enable the learners correlate the same word with different meanings when used differently.



## LESSON 15: Wage fund and bargaining theories (learner's book page 421)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly reviews marginal productivity theory of the previous lesson. <ul style="list-style-type: none"><li>• He/she then asks learners in pairs to carry out research on;</li><li>• wage fund and bargaining theory and their weaknesses.</li></ul>	<ul style="list-style-type: none"><li>• Listens attentively to the teacher.</li><li>• Do research on wage fund, bargaining theory and their weaknesses.</li></ul>
2 Body	<ul style="list-style-type: none"><li>• Teacher selects a pair to present to the class and asks others to compare their findings.</li></ul>	<ul style="list-style-type: none"><li>• Presentations and comparisons of findings.</li></ul>
3 Conclusion	Teacher Concludes the lesson by <ul style="list-style-type: none"><li>• harmonising findings of different pairs.</li><li>• asking learners oral questions related to the above discussion.</li></ul>	Learners <ul style="list-style-type: none"><li>• take down teacher's comments.</li><li>• attempts to answer the questions asked.</li></ul>

### *Additional information for the teacher*

The teacher should relate the theory looked at in the previous lesson and make a comparison with bargaining theory and wage fund



### LESSON 16: Iron law of wages and the claimant theory) (learner's book page 423-424)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Pair work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	Teacher briefly talks about the <ul style="list-style-type: none"> <li>• previous lesson theories.</li> <li>• Instructs learners to carry out research on;</li> <li>• meaning of Iron law of wages, Claimant theory and their weaknesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Listen attentively to the teacher.</li> <li>• Carry out research on Iron law of wages, Claimant theory and their weaknesses.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>• Teacher selects a pair to present to the class and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners present and discuss their findings.</li> </ul>
3 Body	Teacher concludes the lesson by harmonising findings of different pairs and giving remarks.	<ul style="list-style-type: none"> <li>• Learners take down teacher's comments and remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should also have in mind the effects of these theories to the citizens in the society and its implication to their standards of living.



### LESSON 17: Wage differentials (meaning and causes (learner's book page 424-425))

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"><li>Briefly talks about the previous lesson.</li></ul>	<ul style="list-style-type: none"><li>Learners listen and then make groups.</li></ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"><li>study activity 7 on page 426 and discuss the causes of wage differentials.</li><li>Selects a group to present to the class and asks others to compare their findings with the discussants.</li></ul>	<ul style="list-style-type: none"><li>Learners study the Activity 7 and discuss the causes of wage differentials.</li><li>Learners respond and do as told.</li></ul>
3 Conclusion	<p>Concludes the lesson by</p> <ul style="list-style-type: none"><li>harmonising findings of different groups.</li><li>demonstrating to learners how the theory works.</li></ul>	<ul style="list-style-type: none"><li>Learner's take down teacher's comments.</li></ul>

### *Additional information for the teacher*

The teacher should also relate the causes of wage differentials to the causes of income inequality for clarity and comparison by learners.

### *Cross cutting issues*

Emphasise finance education and gender balance.



## LESSON 18: Wage differentials (effects and measures) (learner's book page 426-427)

### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Individual work



## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen and then form groups.</li> </ul>
2 Body	<p>Asks learners in groups to</p> <ul style="list-style-type: none"> <li>study activity 7 on page 433 and discuss the effects and solutions of wage differentials.</li> <li>Selects a group to present to the class and asks others to compare their findings with the discussants.</li> </ul>	<ul style="list-style-type: none"> <li>Learners attempt to discuss the effects and solutions of wage differentials.</li> <li>Learners present and discuss their findings.</li> </ul>
3 Conclusion	<p>Concludes the lesson by harmonising findings of different groups and demonstrates to learners how the theory works.</p>	<ul style="list-style-type: none"> <li>Learner's take down the teacher's comments.</li> </ul>

### *Additional information for the teacher*

The teacher should also relate the effects and solutions of wage differentials to those of income inequality.

### *Cross cutting issues*

Emphasise finance education and gender balance.



## LESSON 19: Wage control (Minimum wage and maximum) (learner's book page 428-429)

### *Lesson materials*

Recommended text books, economics journals, internet access.

### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Listen and make pairs.</li> </ul>
2 Body	<ul style="list-style-type: none"> <li>Asks learners in pairs to visit the library and research about the minimum and maximum wage legislation and its effects.</li> <li>Selects a pair to present to the class and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>Learners research on minimum and maximum wage legislation and its effects.</li> <li>Presentations and discussions of their findings.</li> </ul>
3 Conclusion	<ul style="list-style-type: none"> <li>Concludes the lesson by harmonising findings of different pairs.</li> </ul>	<ul style="list-style-type: none"> <li>Takes down teacher's comments and remarks.</li> </ul>

### *Additional information for the teacher*

The teacher should also help learners in knowing key elements in minimum wage.



### LESSON 20: Trade unions (meaning, objectives and types) (learner's book page 431-433)

#### *Lesson materials*

Recommended text books, economics journals, internet access, newspaper articles.

#### *Teaching/Learning methods*

- Question and answer
- Discussion
- Demonstration
- Brainstorming
- Pair work

## Lesson development

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>Learners listen to the teacher and then make pairs.</li> </ul>

<p>2 Body</p>	<ul style="list-style-type: none"> <li>• Asks learners in pairs to read and understand the text in activity 9 on page 440.</li> <li>• Relates activities to the meaning of trade unions, objectives and types of trade unions.</li> <li>• Selects a pair to present to the class and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research work on trade unions, types and objectives.</li> <li>• Learners present findings and discussions.</li> </ul>
<p>3 Conclusion</p>	<p>Concludes the lesson by harmonising findings of different pairs.</p>	<p>Learners listen and take down teacher's comments.</p>

***Additional information for the teacher***

The teacher should also help learners to relate trade unions to cooperatives and how the two differ from each other.

***Cross cutting issues***

Emphasise the role of gender balance to development.



**LESSON 21: Tools used by trade unions  
(learner's book page 433)**

***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

**Lesson development**

Steps	Teacher's activity	Learner's activity
<p>1 Introduction</p>	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> </ul>	<ul style="list-style-type: none"> <li>• Listen to the teacher and then make pairs.</li> </ul>

2 Body	Asks learners in pairs to visit the library or internet to identify the types and tools of trade unions <ul style="list-style-type: none"> <li>• Selects a pair to present to the class and asks others to compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Identify the types and tools of trade unions.</li> <li>• Present and compare their findings.</li> </ul>
3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"> <li>• harmonising findings of different pairs.</li> <li>• asking learners oral questions related to the above discussion.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners listen to the teacher and take down teacher's comments.</li> </ul>

### ***Cross cutting issues***

Emphasise gender balance as an important issue to development.



## LESSON 22: Trade unions benefits and weakness (learner's book page 435-436)

### ***Lesson materials***

Recommended text books, economics journals, internet access, newspaper articles.

### ***Teaching/Learning methods***

- Question and answer
- Discussion
- Demonstration
- Brainstorming

## **Lesson development**

Steps	Teacher's activity	Learner's activity
1 Introduction	<ul style="list-style-type: none"> <li>• Briefly talks about the previous lesson.</li> </ul>	Learners listen and then make pairs.
2 Body	<ul style="list-style-type: none"> <li>• Asks learners in pairs to visit the library or internet to identify the benefits of trade unions and their weaknesses.</li> <li>• Guide learners to present and compare their findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Learners do research in the library or internet.</li> <li>• Learners present and compare their findings.</li> </ul>

3 Conclusion	Concludes the lesson by <ul style="list-style-type: none"><li>• harmonising findings of different pairs.</li><li>• asking learners oral questions related to the above discussion.</li></ul>	<ul style="list-style-type: none"><li>• Learners listen and take down teacher's comments.</li></ul>
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## Answers to Unit 12 Activities



### Activity 1: Page 402 in the learner's book

1. Labour can be used to define any human effort both mental and physical directed towards the process of production of goods and services.  
Categories of labour
  - Unskilled labour.
  - Semi-skilled labour
  - Skilled labour
  - Professionals
2. Labour can also be grouped under
  - (a) Productive labour
  - (b) Unproductive labour



### Activity 2: Page 405 in the learner's book

1. Demand for labour refers to the number of labourers needed by an employer at a given wage in a given period of time  
While  
This refers to the number of hours an individual is willing to offer for work per day, week, month, or year.
2. Factors for demand for labour:
  - Demand for products which labour produces
  - Cost of labour
  - The ease of substitution of labour
  - Degree of competition

- Elasticity of demand for the final product
- Economic situation
- The objective of the firms
- Level of skills and experience of labour.

Factors for labour supply:

- Size of the population
  - Structure of the population
  - Incentives offered
  - Level of education
  - Health conditions of workers
  - Retirement age
  - Political situation
  - Job security
  - Job esteem
  - Period of training.
- 3.
- The worker in effect prefers leisure at higher wages.
  - It is also the case with target workers. After achieving the target, the worker either reduces effort or stops to work despite an increase in the wage.
  - Desire to live on accumulated wealth.
  - Old age where even if the wages are high, labour may not increase supply etc.



### Activity 3: Page 409 in the learner's book

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1. Efficiency
2.
  - Physical condition of labour
  - Level of technology
  - Working conditions of labour
  - Degree of specialisation
  - Quality and quantity of other factors of production
  - Political atmosphere
  - Climatic conditions
  - Job security
  - Level of experience of the worker.
3.
  - Poor condition of labour
  - Low level of technology
  - Poor working conditions of labour

- Low degree of specialisation
- Poor quality and quantity of other factors of production
- Unfavourable political atmosphere
- Unfavourable climatic conditions
- Lack of job security
- Level of experience of the worker.



### **Activity 4: Page 410 in the learner's book**

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1. Mobility
2. Factors influencing geographical mobility:
  - Transport and communication
  - Degree of ignorance
  - Nature of climate
  - Level of wages
  - Cost of living
  - Degree of advertising
  - Institutional barriers
  - Political situation.

Factors limiting geographical mobility:

- High level of ignorance about the existing jobs in other areas
- High wages got at the current job and place
- Poor transport and communication
- Good climate at the current place
- Low cost of living at the current place
- Low level of advertising about the existence of jobs in other areas
- High level of attachment to family members
- Inadequate Institutions like banks in other areas
- Political instability and insecurity in other areas
- Language barrier
- Old age limits movement.

Factors influencing occupational mobility:

- Level of education
- Degree of advertising
- Cost and length of training
- Skills required

- Age of the workers
- Government policy on retrenchment.

Factors limiting occupational mobility:

- Low Level of education
- Better working conditions in the current job
- Limited information about other jobs somewhere else
- Better wages at the current job
- High prospects of promotion in the current job
- High discrimination
- High degree of specialisation
- Low status of the alternative
- High cost of training for the alternative jobs
- Old age of the worker.



### Activity 5: Page 415 in the learner's book

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1. Inappropriate education system
  - Poor planning by government
  - Structural changes within the economy
  - Technological development which creates technological unemployment
  - High population growth rates which leads to excessive supply of labour
  - Low wages paid to the professionals
  - Low levels of education due to high rates of poverty in LDCs
  - Political instability and insecurity in some regions
  - Cultural and social ties / beliefs.
2.
  - Appropriate manpower planning necessary to minimise such irregularities
  - Redeployment of the workforce should be undertaken to reduce shortage of manpower in some sectors of the national economy
  - The education system should be revised to avoid the production of more job seekers instead more job makers should be produced



- Retrenchment i.e. the old, the sick, and the very disabled workers should be terminated to create an effective labour force
- Official exchange of manpower should be enhanced between governments
- Promotion of science and technology in all the needy fields e.g. medical, engineering etc.
- Encourage the indigenous manpower to return home to serve in fields where there are apparent shortages
- There is need to improve working conditions and increase workers' morale so as to reduce brain drain
- Encouragement of local entrepreneurs by enabling them to acquire loans so as to increase the supply of local entrepreneurs.



### Activity 6: Page 418 in the learner's book

1. A wage is a reward to labour as a factor of production for services rendered.
2.
  - Living Wages. Living wage is a wage sufficient to ensure the workman food, shelter, clothing, comfort, provision for evil days etc. Thus living wages means the provision for the bare necessities plus certain amenities considered necessary for the wellbeing of the workers in terms of his/her social status
  - Minimum Wages. The minimum wage may be defined as the lowest wage necessary to maintain a worker and his family at the minimum level of subsistence, which includes food, clothing and shelter
  - Fair Wages—A fair wage is something more than the minimum wages. Fair wage is a mean between the living wage and the minimum wage.

#### **Methods of wage determination**

- **Piece-rate earning:** Here a wage is given to the worker basing on how much work he or she has done. The wage very much depends on the effort of the worker — the greater the effort, the higher the wage and vice versa.

- **Time-rate earning:** This is a situation where a fixed sum of money is paid to a worker for a certain period of time say an hour or a month. The period is agreed upon by both parties — the employer and the worker.
- **Sliding Scale:** This is a method of wage payment, which is related to the cost of living. Workers are paid more if the cost of living increases, and they are paid less if the cost of living decreases
- **Minimum wage legislation:** This is the setting of a wage by the government above the equilibrium/ ruling market wage below which it is illegal to pay the workers. The wage set is known as a minimum wage
- Through Trade unions. A trade union is a legally accepted association comprised of workers who come together in order to achieve specific objectives. These trade unions through their representatives hold round table discussions (collective bargaining) with the employers in an attempt to achieve their objectives. Some of these may be increase in wages.



### Activity 7: Page 424 in the learner's book

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1. Wage differentials
2.
  - Differences in skills will make the skilled earn more than the unskilled.
  - Differences in bargaining skills. A worker with good skills will earn more than one with poor skills.
  - Differences in cost of living. Workers in areas where the cost of living is high, will get higher wages than those where the cost of living is low.
  - Differences in responsibilities. Workers with many responsibilities earn more than those with few responsibilities.
  - Difference in the rate of substitution of labour. If labour can easily be substituted, it will earn low wage but labour which is hard to replace will earn high wage.
  - Difference in experience. Normally experienced labour earns more than newly recruited labour.

- Differences in the nature of jobs. White collar jobs tend to pay more than blue collar jobs.
  - Differences in worker's ability. Workers, who are able to produce good quality and quantity, tend to be given high wages than those who produce low output. etc.
  - Differences in elasticity of labour supply
  - Differences in strength of trade unions.
- 3.
- Minimum economic welfare of some group of people
  - Reduction in aggregate demand
  - Misallocation of resources
  - Capital outflow especially when the high income earners are non-citizens
  - It leads to reduction in government revenue
  - It leads to social disharmony
  - It leads to failure of government programs
  - Regional imbalances come up.
- 4.
- Education reforms have been undertaken
  - Land tenure reforms
  - Kick start funds like the one cow per family
  - Progressive taxation
  - Improving infrastructure
  - Liberalisation of the economy
  - Controlling population growth
  - Modernising agriculture
  - Improvement of the investment climate
  - Improvement of the political climate
  - Encouraging development of small scale enterprises
  - Actively participating in trade unions
  - Setting a minimum wage.

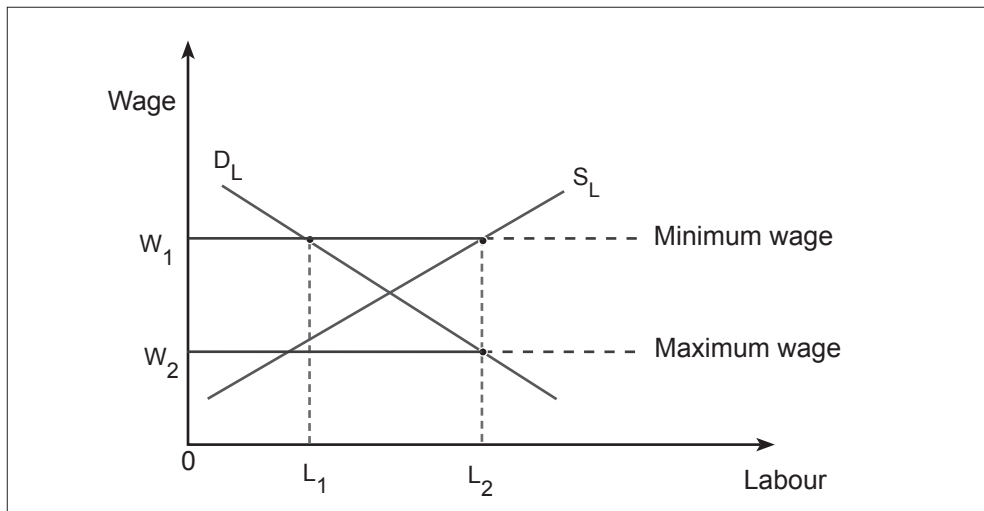


### Activity 8: Page 428 in the learner's book

1. Wage controls refer to the setting of a wage by the government above or below the equilibrium/ ruling market wage below or above which is illegal to pay the workers.
2. Minimum wage is a wage that is set by the government above the equilibrium wage below which is illegal to pay the workers

### While

Maximum wage as a wage that can be set below the equilibrium wage above which is illegal to pay the workers. However this kind of wage legislation is not common in low developing countries.



### 3. Advantages of legislation

- To encourage employers to use labour intensive methods, thereby providing employment to more employees.
- To discourage labour mobility especially from rural to urban areas. Paying the same wage to rural and urban dwellers discourages rural-urban migration.
- To reduce wage differentials and as a consequence, the gap between the poor and the rich is reduced.
- To satisfy the workers' needs and raise standard of living.
- To protect the workers from employers' exploitation.
- To increase the purchasing power of the workers.
- Minimum wages prove beneficial to the employers. This is because labour efficiency increases.
- Minimum wages tend to reduce labour unrest and maintain industrial peace. Workers are now more satisfied.
- It reduces relative geographical and industrial wage differentials.

Disadvantages of wage legislation:

- Cost of production increases leading to high prices
- A minimum wage makes employers to have preference for high wage
- Unemployment results. As wages increase, employers demand less workers but supply increases and hence unemployment
- Employers may now prefer to use capital-intensive techniques of production because machines may not demand for wages
- The purchasing power may decrease due to unemployment and consequently this discourages producers
- Leads to rural-urban migration since they are normally set and adopted in urban areas.



### **Activity 9: Page 431 in the learner's book**

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1. Trade union
2.
  - To advocate for high wages
  - To advocate for good employer-employee relationships
  - To advocate for good working conditions
  - To advocate for social benefits like medicine, transport among others
  - To advocate for respect between employers and employees
  - To advocate for job security
  - To advocate for representation in the company's decision making.
3.
  - Trade unions demand higher wages because of an increase in the cost of living
  - Comparative wage rates argument
  - The increased profit argument
  - The productivity argument
  - Trade unions have also played a big role in improving the standards and working conditions of the people

- through advocating for fair treatment at their areas of work
- Trade unions have also helped in creating and advocating for job security for the people they represent.
- 4.
- Workers have no keen interest in the trade union
  - Leadership problem
  - Unemployment
  - Financial difficulties
  - Government interference
  - Tribal, religious, political and racial differences cause disunity in the trade union
  - A high proportion of migrants within the work force
  - Trade unions are normally used as a springboard to the achievement of a big position in the government.

**Unit 12 assessment answers: Learner's book page 438**

1. How wages are determined in Rwanda:
  - Wage legislation
  - Through trade unions
  - Employer's ability to pay
  - Level of skills and education
  - Experience
  - Nature of work
  - Work done
  - Rate of bargaining
  - Demand and supply for labour
  - Time spent on work.
2. Reasons why some people are paid highly than others"
  - Differences in skills will make the skilled earn more than the unskilled.
  - Differences in bargaining skills. A worker with good skills will earn more than one with poor skills.

- Differences in the cost of living. Workers in areas where the cost of living is high, will get higher wages than those where the cost of living is low.
  - Differences in responsibilities. Workers with many responsibilities earn more than those with few responsibilities.
  - Difference in the rate of substitution of labour. If labour can easily be substituted, it will earn a low wage but labour which is hard to replace will earn a high wage.
  - Difference in experience. Normally experienced labour earns more than newly recruited labour.
  - Differences in the nature of jobs. White collar jobs tend to pay more than blue collar jobs.
  - Differences in workers ability. Workers, who are able to produce good quality and quantity, tend to be given high wages than those who produce low output. etc.
  - Differences in elasticity of labour supply.
  - Differences in strength of trade unions.
3. Justification for trade union's demand for high wages:
- When higher wages are given to other workers of a similar industry
  - When the cost of living increases
  - When there has been increased productivity
  - In case employers fail to put in place agreed periodical wage increases
  - When the wages being offered by the government set minimum wage
  - When there has been increase in the prices of goods produced by the workers
  - In case there are high abnormal profits earned by the firm
  - If there has been increased work load or time of work
  - When labour has acquired high skills
  - In case the marginal productivity of the workers increase
  - In case of increased risks at the job
  - When there are inflationary tendencies where prices keep on increasing.