


## Financial Action Learning System

Client-led financial planning and management for sustainability of financial service providers and empowerment of clients

Concept Note for discussion

Draft November 2011



Spearheaded by  
 Oxfam Novib



This Concept Note was written as part of Oxfam Novib's Women's Empowerment Mainstreaming And Networking (WEMAN) global programme for gender justice in economic development.

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## What is Financial Action Learning System? Overview

The Financial Action Learning System (FALS) is a client-led methodology which brings clients and financial service providers (FSPs) together as partners in developing empowering and financially sustainable products and services. FALS adapts simple proven tools from the generic Participatory Action Learning System (PALS)<sup>1</sup> and Gender Action Learning System (GALS)<sup>2</sup> to integrate:

- product design and market research
- client financial empowerment
- social performance management.

The underlying idea is that adaptations of the same simple diagram tools used by financial service provider (FSPs) and women and men clients can be a cost-effective and financially sustainable methodology for promoting communication, mutual understanding and maximising 'win-win' for client empowerment and FSP sustainability.

FALS is client-led and empowering in that it starts with the visions, aspirations and strategies of women and men clients in relation to their households and livelihoods. This includes mainstreaming analysis of intrahousehold relations and gender inequalities as an integral part of livelihood development and financial planning for both women and men. The tools can be used independently by people who cannot read and write as well as FSP staff and academic researchers. Clients keep their own individual diaries in ordinary A4 exercise books which they themselves buy, together with coloured pens. They use these diaries to analyse, implement and track strategies for livelihood development and empowerment.

The methodology is upscaled mainly through peer learning in client support networks and microfinance groups with minimal FSP facilitation beyond initial capacity-building in the methodology. Women and men clients design their own pictorial manuals to teach others the tools they themselves have found most useful. They share their strategies and the methodology with others in their households and communities whom they have a personal interest in helping. They also share what they have learned in group meetings, community, religious and local government meetings. The peer trainers with the best track record become community trainers paid from the FSP increased profits to train in new groups outside their own support networks.

Once established FALS becomes the basis for 'relational marketing' of products as a means of recruiting new reliable and financially empowered clients at minimal cost to the FSP. The finished diagrams are used as business plans and product contracts between clients with FSPs integrated into application processes for products. Clients are required to produce these on an ongoing basis as a condition of continuing access to products, but also as a financial learning process for their own empowerment and livelihood development. New clients are also required to provide these financial plans – learning from friends, relatives, other existing clients or simple pictorial pamphlets. The main ongoing costs are expansion to potentially excluded clients and communities through paid community trainers with a strong record of effective volunteer training.

FALS can be implemented in any type of FSP which has an interest in contributing to client empowerment and development as well as making profits. FALS can be a stand-alone process. Individual tools can be used on their own, although they are more effective and sustainable as an integrated methodology. The tools can be integrated in different ways, with different entry points, depending on an FSP's existing activities and the capacities and needs of existing and/or potential clients. The tools can be used as part of any organisation's market research

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<sup>1</sup> PALS was originally developed with funding from Hivos, Kabarole Research Centre Uganda, PASED-LEAP Sudan, ANANDI India, Aga Khan Foundation Canada and Pakistan and Trickle Up US. See materials and links on [www.genfinance.info](http://www.genfinance.info), [www.palsnetwork.info](http://www.palsnetwork.info) and [www.wemanconsulting.co.uk](http://www.wemanconsulting.co.uk)

<sup>2</sup> PALS was further adapted specifically as a gender empowerment process with women and men as part of Oxfam Novib's Women's Empowerment Mainstreaming and Networking (WEMAN) programme. From 2009 it was further adapted for gender mainstreaming in value chain development. See Annex 2 and materials and links on [www.wemanglobal.org](http://www.wemanglobal.org).

process and/or on an ongoing basis by clients themselves as a continual input to participatory product development. They can be used in different ways by staff (eg as part of application processes and/or group facilitation) and/or clients (eg as part of group meetings or self-study/user groups) as an input to Social Performance Management. They form a client-focused basis for gender mainstreaming linked to promotion of a Gender Protocol for financial services (See Annex 1)<sup>3</sup>.

#### **BOX 1: FALS: Vision, assumptions and objectives**

**Vision:** *A world where women and men are able to realise their full potential as economic, social and political actors, free from all forms of gender discrimination, for empowerment of themselves, their families, their communities and global humankind.*

#### **Undelying assumptions**

- Financial sustainability of FSPs requires sustainable client livelihoods and households.
- Sustainable livelihoods and households require changing gender inequalities which constrain women and men from achieving their full human and economic potential.
- Empowering women and men clients with effective financial products and services can be a significant contribution to wider economic development and hence further expanding the potential market for financial products.

#### **Objectives:**

- To adapt simple tools for financial planning as the basis for improving client financial management and service agreements with FSPs (eg loan applications)
- To use these tools in market research to co-develop with women and men clients financial products and services which contribute to empowerment, gender justice and the wider development process
- To develop skills and social networks of women and men clients to enable them to increase empowerment from financial products and services
- To integrate the methodology into existing FSP activities to make them more gender, equitable, cost-efficient and financially sustainable.
- To establish skills and structures with clients and organisational staff for financially sustainable upscaling and outreach of empowering products and services, including the methodology itself.
- To identify priorities and focus for any necessary 'smart subsidies' needed to increase contribution to empowerment, gender justice and wider development.
- To collect information and develop structures through FSP products and services which can strengthen rights-based advocacy and collective action to protect the interests of women and men clients in value chains and economic policy.

FALS is not a substitute for in-depth financial education or market research, but provides a solid basis on which to significantly reduce costs and increase effectiveness of these. The analytical action learning skills in FALS increase the ability of clients, including the very poor with no formal education, to better understand, document and benefit from more advanced livelihood and business skills development, and more in-depth training on gender and leadership. The participatory structures developed at all levels enable scarce funds and resources to be better targeted to services which are really needed and really need ongoing subsidy – for example targeting excluded groups and gender advocacy.

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<sup>3</sup> See [www.genfinance.info](http://www.genfinance.info) and [www.wemanglobal.org](http://www.wemanglobal.org)

## Why FALS? rationale and distinctive features

Innovations in financial services, particularly in microfinance, have enabled millions of women and men, formerly excluded from the financial sector, to gain access to financial services on an ongoing basis. There are currently a range of different organizational micro-finance models ranging from community-based self-managed savings and credit groups, cooperatives and federations, NGOs and specialist microfinance institutions (MFIs). Agricultural banks and commercial banks are also increasingly reaching out to poor people in rural as well as urban areas. Financial services offered include not only credit, but savings, leasing, insurance and remittances. Recently, rapid development of technology has offered new opportunities for commercial expansion and product development through mobile banking, and more sophisticated electronic information systems.

However it is now widely recognised that complacency about the benefits of access to financial services to women and men clients is misplaced. Although access to microfinance can initiate or strengthen 'virtuous spirals' of economic, social and political empowerment for poor and even very poor women as well as men, there is considerable evidence that microfinance *per se* does not necessarily empower clients and may simply trap them in a 'vicious poverty cycle'. Clients may not only fail to benefit, but may be seriously disempowered as they struggle to meet savings, loan repayment and insurance premiums at times when income is needed for their economic activities. In extreme cases multiple household indebtedness and ruined relationships may lead to significantly increased violence and suicide.

A particularly serious gap is the continual marginalisation of gender issues, beyond facilitating women's access to microcredit and micro-savings and insurance. Relationships within households which prevent women and men clients from best using and benefitting from products are generally seen as outside the responsibility of FSPs – even though they have important implications for product design. Gender blind products are not gender-neutral, but may significantly reinforce existing inequalities and introduce new inequalities. Women clients often experience significantly increased workloads, including time needed for group meetings, and often have little control over loans or incomes from their activities. In many cultures, even where women use services for their own activities and control income, women are expected to contribute this income to the household while men retain more of their own income for their own luxury expenditure. This means not only that women's businesses often fail to grow, but also total income for household wellbeing does not necessarily increase and may even decrease. Gender inequalities are also important in products for men. Assumptions in that men are the heads of household often undermines women's informal rights to property and role in household decision-making. Women's work may be increased as men expect them to intensify unpaid labour in men's enterprises. Men may spend the proceeds of their business on luxury expenditure rather than the household. Evidence suggests that in some cultures men may even take on new wives once their own income increases and/or their wives become more self-sufficient.<sup>4</sup> As well as harming women, this also has adverse effects on children and other dependents.

Client empowerment is important not only for clients and their families, but also for FSPs themselves. Poverty and lack of empowerment means that clients are unable to use and manage more profitable products. Irresponsible provision of loans, bad savings and insurance products are not only bad for clients but are also very inefficient for the FSP leading to high costs in chasing up bad debts and savings/insurance contributions. In some contexts like India, Bolivia and large urban centres elsewhere clients may become overindebted to different FSPs all seeking the same 'profitable' target client group. Increasing access of large numbers of clients in the same markets may lead to market saturation, increased prices for inputs and decreased prices for products. This disadvantages not only clients, but other poorer women and

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<sup>4</sup> In particular Mayoux, L. C. and M. Hartl (2009). [Gender and rural microfinance: Reaching and empowering women: Guide for Practitioners](#). Rome, IFAD. For the WEMAN programme see [www.wemanglobal.org](http://www.wemanglobal.org).

men dependent on these same markets. Recently 'the financial bubble' produced by irresponsible banking has burst leading to global economic recession.

#### **BOX 2: Rationale: the business case for a broader development vision in FSPs**

##### **Business case for client financial empowerment**

- *Better financial management:* Clients who understand their financial situation are less likely to take on products which they cannot manage, leading to fewer bad debts, higher levels of saving and more sustainable insurance and pension products.
- *Client loyalty:* clients who feel that FSPs are acting in their interests, contributing to their empowerment and wellbeing, are more likely to be loyal to particular providers and observe service conditions, even when these may cause temporary hardship for them. Loyal clients require less follow up, and hence take up fewer FSP resources, to recover bad debts.
- *Reducing household poverty:* clients who are able to manage their finances to reduce poverty are better able to effectively use more complex and profitable products.

##### **Business case for gender justice**

- *Large potential and underserved female market:* Women are statistically the majority population in most countries, particularly in the target group for microfinance. In many countries female entrepreneurship is growing faster than that of men and increasing numbers of women entrepreneurs need better and more diversified financial products.
- *Gender inequality leads to inefficient use of resources in the household.* Gender inequalities in property rights, division of labour and decision-making and resulting inefficiencies affect savings, loan repayment rates and insurance claims and entail excessive costs in managing clients and prevent women and men clients from progressing to use of more sophisticated and profitable products.
- *Gender inequalities constrain women* from having the resources, time and autonomy to make the most effective use of financial services to improve livelihoods.
- *Some norms of masculine behaviour make men less reliable clients:* Excessive luxury expenditure by men on eg alcohol and 'other women' limit resources for productive investment, increase household poverty and, as well as harming women and children.

##### **Business case for a broader ethical vision for wealth creation**

- *Brand image:* ethical business is good for brand image across the whole client base.
- *Value chain finance:* This is potentially a very effective means of increasing outreach to people at different levels in chains who need efficient services and who are able to repay. This can enable cross-subsiding more costly services to the very poor with more profitable services to those higher up in the chain.
- *Economic growth:* Dynamic local and national economies provide a larger supply of potentially profitable women and men clients.
- *Access to development funding:* FSPs with a broader development vision, and concrete strategies, are well placed to both access funds and enable outreach of nonfinancial services to many thousands or people.

FALS integrates recent innovations addressing the 'micro-finance schism' between financial sustainability and poverty reduction and to improve poverty impact and financial inclusion. In taking a more integrated and participatory approach, mainstreaming gender equity it also addresses some of the gaps in existing practice:

- **Participatory market research:** It is now generally accepted that 'knowing your clients' is good business practice in developing and diversifying financial products.<sup>5</sup> However participatory market research in itself does not necessarily produce products which will benefit clients. It may only point to products which can be profitably sold to women and/or men - which cannot be assumed to be the same thing. FALS puts client needs, including women's empowerment and gender equity, at the centre of product development.
- **Financial education, 'credit plus' and 'smart subsidies':** Even in the commercial sector, there is now increasing acceptance of the idea of 'smart subsidies' and complementary services ("credit-plus," as it is often called) in relation to increasing poverty reach, improving health and education and/or reducing HIV/AIDS<sup>6</sup>. An important recent development has been financial education and literacy. However complementary services do not necessarily empower clients or change gender inequalities. Financial education can become yet one more means by which FSPs persuade people to buy their products and make poor women and men feel guilty for not being thrifty enough to use products from which they benefit little. Complementary services are often not well designed for people who cannot read and write, for women and may not be effective. Moreover they are generally costly and so underfunded, and limited to available project funds. FALS aims to be financially sustainable as a client-led methodology which promotes peer training and relational marketing integrated into existing application processes and activities.
- **Social Performance Management:** This makes social and environmental impacts an integral part of planning and management of financial services, linked to debates on Corporate Social Responsibility. However SPM only manages performance in relation to existing visions. It does not necessarily include gender, nor is it necessarily based on a participatory process with clients. FALS provides a participatory methodology for developing gender and other indicators, and structures on which at least some social monitoring can be based.
- **Consumer protection:** Since at least 2003 micro-finance networks, including ACCION, have been developing and implementing consumer protection guidelines covering both relations with clients and quality of products and services.<sup>7</sup> Consumer protection is limited in its scope - it is protective of clients rather than proactively seeking to benefit and empower. FALS provides structures for co-designing and also monitoring consumer protection guidelines.
- **Value chain finance:** FSPs are increasingly looking beyond individual lending to ways in which they can profitably contribute to development of value chains as a whole and reach different stakeholders at different levels. Value chain finance requires that FSPs

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<sup>5</sup> SEWA's services have always been based on consultation with clients. Grameen Bank undertook a four year reassessment and redesign based on extensive client research. This significantly increased outreach and sustainability. In the three years to December 2005, Grameen's deposit base tripled and its loans outstanding doubled. Profits have soared from around 60 million taka in 2001 to 442 million taka (about \$7 million) in 2004. Dropouts are returning, and even some old defaulters are repaying and re-joining. See also discussion in Reed 2011. For details of MicroSave tools see [www.microsave.org](http://www.microsave.org).

<sup>6</sup> For a discussion of the complementarities between microfinance and other development interventions see for example Magrner, M. (2007) and Watson, A. and C. Dunford (2006). From Microfinance to Macro Change: Integrating Health Education and Microfinance to Empower Women and Reduce Poverty, United Nations Population Fund and Microcredit Summit Campaign.

<sup>7</sup> See <http://www.smartcampaign.org>



have in-depth knowledge of the value chains in which their clients are involved. Value chain research can be costly and findings may be rapidly outdated as market situations change. FALS produces a wealth of useful information on financial service needs at different levels of value chains and structures for information exchange between stakeholders. It is a potential entry point for the more in-depth livelihood, market and value chain process in GALS Phase 2 (See Annex 2).

### **BOX 3: FALS: Distinctive Features**

#### **Underlying assumptions**

- Women clients are intelligent actors with considerable resourcefulness in the face of multiple constraints, not 'victims of subordination in need of consciousness-raising' or needing to be taught 'thrift'.
- Men clients have household as well as business responsibilities, but are frequently trapped into unproductive expenditures and discriminatory behaviour by peer pressure and social norms of masculinity
- Clients (women and men) have a self- as well as moral interest in developing and strengthening their social support networks. They can and should play an active role in promotion and training others for sustainability of well-designed products from FSPs.

#### **Dimension 1: Participatory Market Research**

- Puts client needs and empowerment at the centre of product development
- Examines gender and other social inequalities and identifies strategies for change at individual, household and community levels as an integral part of product development
- The market research process catalyses individual changes, develops communication skills between clients and providers
- Establishes the needs and capacities of different stakeholders in value chains and local economies to promote value chain upgrading and diversification of local economies

#### **Dimension 2: Client financial education and empowerment**

- Enables clients to accurately assess their financial needs
- Enables clients to successfully manage their finances so that they benefit from products and services and are able to move onto ever more profitable products
- Enables clients to build on economic empowerment for wider social and political empowerment at household, community and macro-levels
- Establishes skills and structures for clients to share what they have learned with others in their families and communities in order to provide an ever-expanding base of reliable clients for FSPs.

#### **Dimension 3: Organisational mainstreaming for mutual win-win: SPM, impact assessment and consumer protection**

- Integrates participatory market research and financial education into core organisational activities: organisational promotion, application processes and SPM
- Uses information outputs as basis for focused studies of particular value chains and gender impacts
- Ongoing staff development and capacity-building based on client needs and strategies
- Develop and monitor consumer protection policies, integrating gender concerns

FALS is particularly innovative in its integration of discussion of sensitive gender issues like inequalities in access to and control over resources. All FALS tools and processes are based on underlying gender justice principles and designed to promote gender equality between women and men clients, help them identify ways of seizing opportunities and addressing gender-based challenges which prevent women and men from achieving their visions. In WEMAN the related Gender Action Learning System (GALS) has now been used by thousands of women and men

in many countries<sup>8</sup>. These experiences indicate that, far from inevitably being a long-term and conflictual process imposed by a few middle class or Western feminists, gender justice is important for the vast majority of women and men in poor as well as better-off households:

- Many changes in gender relations which empower women (including equality in land ownership and decision-making and freedom from gender-based violence) can be achieved for a significant number of people in a relatively short time (1-6 months) as the basis for longer term widespread change.
- It is possible, and also beneficial, for men to consider gender inequalities in their personal lives, households and market relationships as an integral part of their own economic strategies to increase their wealth and that of their households.
- This leads to greater happiness at household level leading to more efficient livelihoods and greater well-being for children, men and women.
- The benefits of change in gender relations are enjoyed not only by poor households, but also households of the better off entrepreneurs and traders.
- These changes enable participatory and sustainable structures for involving poor women and men in local government, and ultimately national level decision-making.

Gender justice is not therefore seen as only 'for women', but a mainstream concern for women and men which can be integrated in different ways into any wealth creation intervention to make it more effective for men as well as women.

**Figure 1 Pictorial version of CEDAW drawn by women farmers in Uganda based on GALS visioning exercise.**



<sup>8</sup> See Manuals, Reports and videos on Oxfam Novib's WEMAN website: [www.wemanglobal.org](http://www.wemanglobal.org)

## Implementing FALS: key tools, stages and sustainability

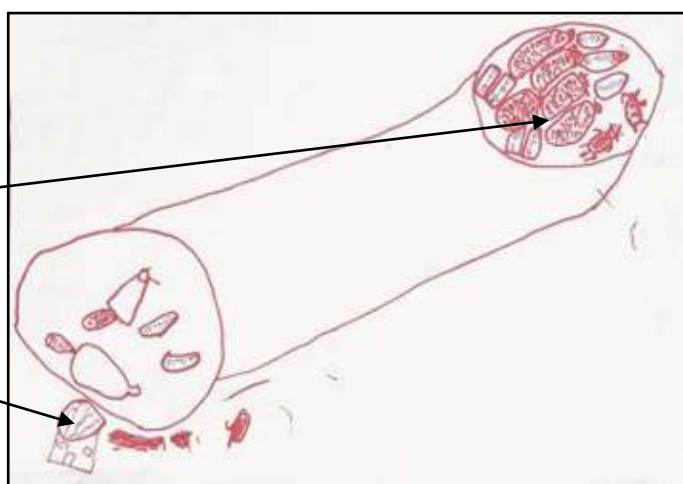
The core of the FALS methodology is the Financial Planning Road Journey which, on its own or together with the other tools, can be used as the basis for a service contract between FSPs and clients. The Road Journey focuses first on clarifying dreams and visions, then progressively develops SMART objectives based on an analysis of past achievements, opportunities and challenges. The Road Journey tool is based on the common concept of 'Road Map' for planning<sup>9</sup>, but uses this in a much more structured way to link inputs from other tools in the process. FALS Road Journeys can be of many different levels of complexity, depending on the purpose – from very simple inspirational diagrams to in-depth accounts of past actions and extremely complex strategic plans based on a SWOT analysis showing multiple inter-linkages on one page.

The Financial Planning Road Journey is progressively developed from a simple Road Journey Tool: the Wealth Creation Road Journey into a sophisticated 'multilane financial planning Road Journey integrating outputs from other tools. This is done through using variants of three other intuitively simple tools: Circle Maps, Trees and Diamonds which promote more in-depth analysis and information to put on the Road Journey. The sequencing of the 6 core tools is indicated in Figure 3:

- Tool 1: Wealth Creation and Empowerment Road Journey: vision and achievement journey
- Tool 2: Financial Opportunities and Challenges Circle Maps
- Tool 3: Financial Management Challenge Action Tree
- Tool 4: Financial Flow Trees
- Tool 5: Financial Planning 'Multilane Highway'
- Tool 6: Financial Sustainability 'win-win' diamond

Over time clients can use these same tools with increasing degrees of creativity and complexity as a cumulative reflexive process of client action learning, planning implementation and tracking. The Road Journey and other tools are used and tracked at individual level, then aggregated and monitored at collective levels – single and/or multistakeholder groups and organisations. The same tools can be used in different ways at different levels, tracked by FSPs over time for product development and value chain development, SPM, monitoring of consumer protection and policy advocacy.

**Figure 2: Example of Road Journey by an elderly woman cassava trader from Green Home Women's Development Association in Uganda.** This was drawn in 2 hours though she had never held a pen before. Note the number marks in the savings circles.



<sup>9</sup> The Road Journey is based on principles of 'empowering enquiry' - a further development of Appreciative Enquiry, but has a more incisive analysis of power relations and inequalities. See Mayoux Mayoux, L. (2003). "Empowering Enquiry: A New Approach to Investigation." from <http://www.enterprise-impact.org.uk/informationresources/toolbox/empoweringenquiry.shtml>.

#### **BOX 4: Key steps and integration of tools**

##### **Tool Step 1: Where do we want to go? How did we get this far? The empowerment vision and achievement Road journey**

Financial planning is a means to wealth creation and development, not an end in itself. Wealth creation is in turn a means to empowerment, happiness and well-being and not an end in itself. The Vision Journey includes visions for business, family and personal development as the main motivation for financial planning drawing on the 'soulmate' visioning exercise. The achievement journey plots out the journey to the current situation focusing on financial strategies and showing opportunities and challenges which may also affect us in future.

##### **Tool Step 2: What can help or hinder us in our progress? The financial opportunities and challenges circle map.**

FSP products and services should be designed to strengthen, rather than undermine existing access to other informal and private sector financial resources and need to take into account financial responsibilities. Having inspired people, and clarified their visions and appreciated their past achievements, they examine in more detail the range of financial opportunities and constraints – both family and informal resources as well as institutional. This tool also starts to identify poverty and gender issues in access to different types of financial services and implications for products design.

##### **Tool Step 3: Sharing strategies and accelerating change: financial management challenge action trees**

Challenge Action Trees are used to discuss the range of challenges financial management at individual, household, livelihood and institutional levels and to share ideas on how these can be addressed at each level. The aim is to promote individual client responsibility for resolving their personal and household challenges before making demands from FSPs and/or NGOs.

##### **Tool Step 4: Establishment of individual SMART objectives for combining products: Financial Flow Trees**

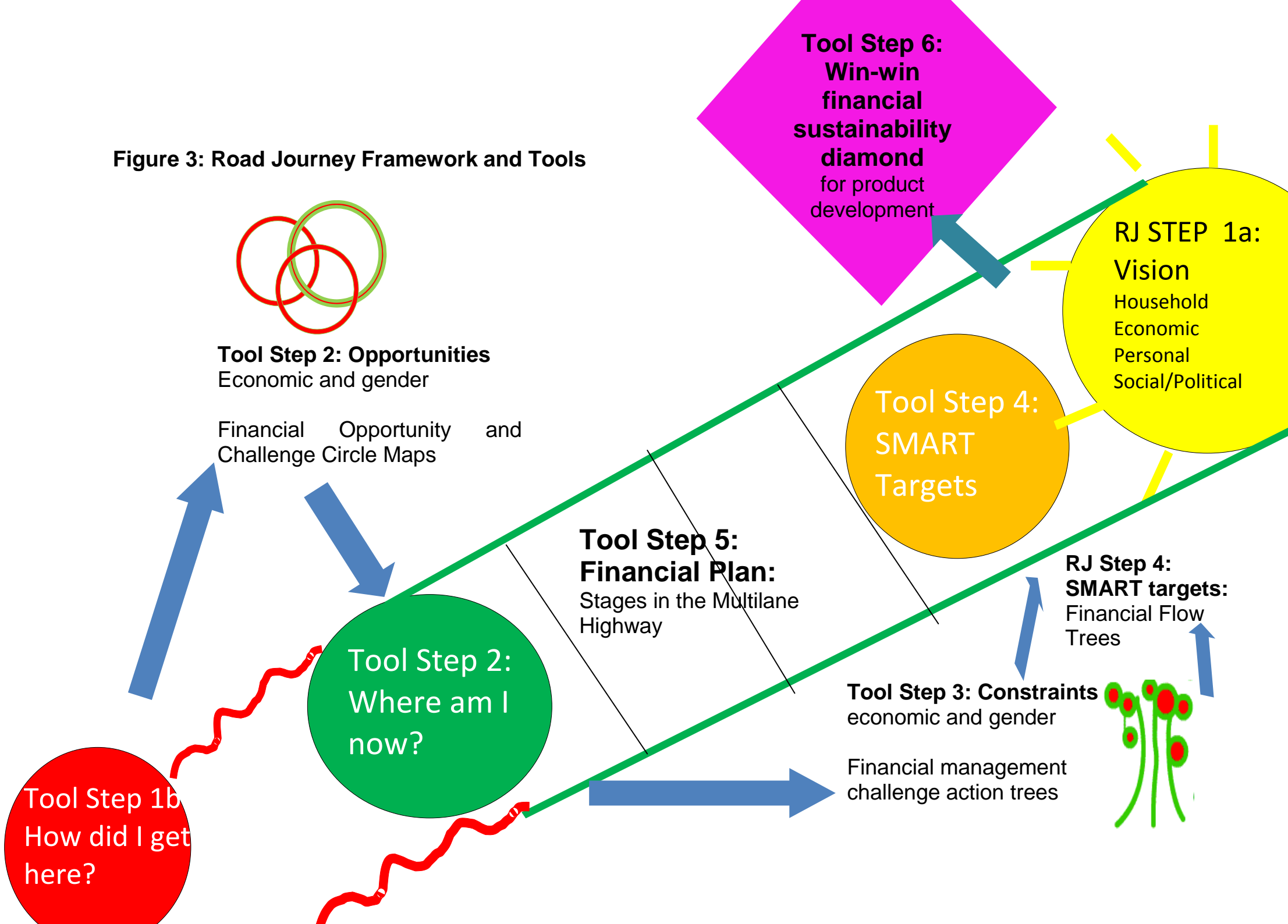
Financial input/output trees are used to examine incomes and expenditures to enable much more precise identification of exactly how credit, savings and other products like insurance, remittances etc can improve the input output balance. Trees are either individual and/or household - whichever makes most sense to the client and also enables examination of gender issues in access and control. The trees also enable identification of SMART short-term business and financial objectives on the way to the empowerment and wealth creation vision. Financial flow trees can be used as part of service agreements with FSPs, and actual use of services are tracked over time against projections as part of a client learning process.

**Tool Step 5: Financial Planning 'multilane highway'** The wealth creation and is now revisited and transformed into a 'multilane highway' showing SMART timebound steps and objectives, financial services needed and opportunities and constraints from the analysis using the other tools. Progress is then tracked over time, comparing actual achievements with what was anticipated. This also forms part of a service agreement with FSPs.

##### **Tool Step 6: Sustainability 'win-win' Diamond**

This tool brings together client (women and men) and FSP perspectives on financial products to identify a range of win-win empowering and financially sustainable possibilities.

Figure 3: Road Journey Framework and Tools



FALS is implemented in three overlapping and ultimately parallel processes corresponding to the three dimensions as indicated in Box 5. The time taken to establish the methodology to Stage 3 will depend on whether or not FALS is the first GALS process in which the FSP is involved, size and geographical/economic/social diversity of clients, context and organisational capacities in regard to participatory methods and gender mainstreaming. FALS may also be an entry point for other GALS processes which can be progressively integrated as indicated in Figure 4. Empowerment, gender and sustainability issues are considered at each stage, with tailored checklists for monitoring.

#### **BOX 5: Implementing FALS: Key stages**

##### **Stage 1: Preliminary market research and development of champions**

(6 half day sessions) with 50-100 clients and 10-20 FSP staff conducted for a representative sample of client backgrounds and contexts over about 3-6 months. This stage:

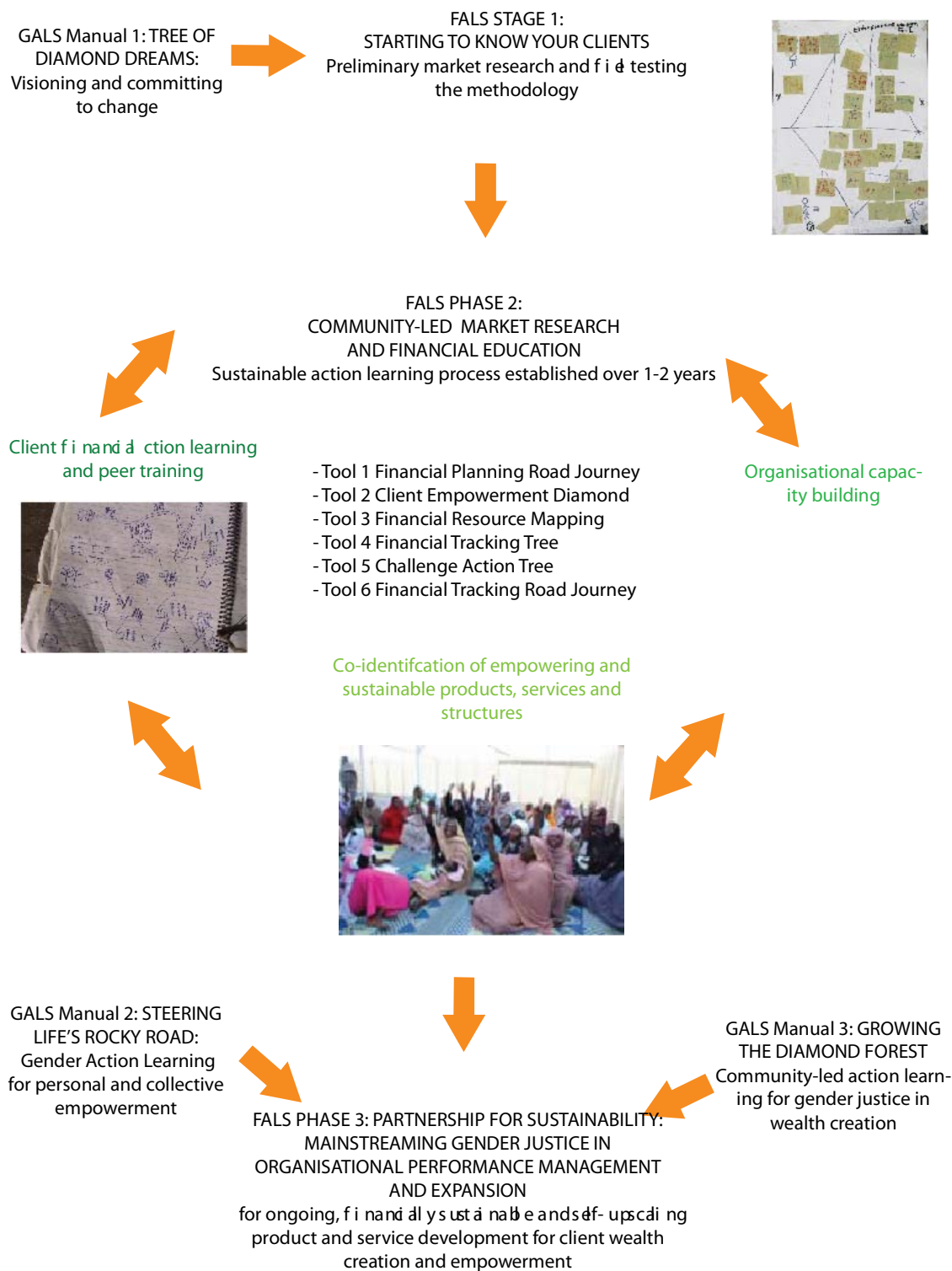
- starts to identify client aspirations and strategies in relation to financial services and links to empowerment, gender justice and development
- starts to examine a range of possible products and services which could contribute to empowerment, gender justice and wider development
- establishes the best ways of adapting the methodology to the needs of different client groups, contexts and organisational activities and capacities so it can be as empowering and financially sustainable as possible, as soon as possible
- develops the skills of a small core of clients and FSP staff as the basis for subsequent upscaling
- develops a client-designed pictorial manual and identifies potential networks and mechanisms which can be used for upscaling
- develops a staff-designed manual in local language based on the client manual and this current manual.

**Stage 2: Establishing the Financial Action Learning System:** ongoing client financial action learning and participatory product development (6 months – 1 year). In this stage:

- clients involved in Stage 1 continue to plan and track using the tools for their own financial management and empowerment using A4 diaries and/or flipcharts
- these clients also teach the skills to other people in their families, communities and/or groups
- FSP staff monitor the process and outputs as part of extending the product market research
- Economic and social impacts are monitored and information outputs start to be fed into FSP MIS
- Methodology is fully adapted and client-designed materials and FSP capacity building materials are finalised (though will always be updated as issues and contexts change)

**Stage 3: Sustainability and upscaling:** integration into core financial services, SPM, organisational consumer protection and gender policies (ongoing). In this stage:

- Client use and upscaling of the tools continues as an empowerment process
- Participatory market research continues
- The methodology is integrated into core FSP activities and services
- The information outputs become an integral part of the MIS
- The learnings form the basis of a client-led consumer protection and gender policy
- Key priorities for 'smart subsidies' to further strengthen empowerment and gender justice and/or increase inclusion of any excluded groups are established.



**Figure 4: Stages in FALS and possible points of integration with GALS**

### **Stage 1: Preliminary market research and development of champions**

FALS aims ultimately to be financially sustainable as a means for cost-efficient recruitment of reliable and sustainable clients and fully integrated into existing FSP activities, particularly application processes and any capacity-building and/or group mobilisation. This will often require a change in attitude and relationship between clients and FSP staff towards mutual respect, mutual learning and 'win-win' partnership rather than credit officers teaching, policing and penalising clients. Stage 1:

- establishes client ownership of the methodology from the start through developing a core of 'champions' from different target client groups who adapt the methodology to their own needs. They then use the methodology in A4 diaries to plan, implement and track their own empowerment and changing gender relations in the family. These should include very poor women and men who are able to change their own lives, rather than existing leaders who have many other things to do, and also do not make such credible role models for others if they have not faced the same challenges.
- establishes a culture and community-led process of peer training to accelerate change. Clients not only start their own A4 diaries to plan and track progress which they can show to others, but also develop their own A4 pictorial manual of the methodology in the diaries, based on the training they receive. These pictorial manuals are then used to help yet more clients to plan and track progress in their own A4 diaries and develop their own manuals to train others in their own support networks.
- develops the participatory and communication skills of a core of staff who will take the process forward – enabling community ownership and openness to learning from clients often requires personal attitude and behaviour changes even for staff trained in other participatory methods. Stage 1 starts a process of preliminary market research to raise staff awareness and establish a respect for the often very impressive coping strategies of clients in very difficult circumstances. Staff learn directly from clients, including the poorest clients. They combine what they learn from clients with their own notes to make a staff manual in their own local language/s.
- establishes the most manageable ways of integrating the methodology into their work, including market research, SPM and value chain development.

Once a solid core of demonstrated champions are there, a culture of client peer training exists and best ways of integration into existing activities is established, then the process develops its own momentum.

**Stage 2: Ongoing Financial Action Learning as a client empowerment process and input to product development** is a 1 year consolidation process of capacity building and upscaling through direct and peer capacity building using the pictorial and staff Manuals, client peer training mechanisms and interactions between staff and clients. The aim is to continue to demonstrate the benefits to clients of understanding and tracking their business strategies, achievements and financial flows. The focus on changing gender relations as an integral part of wealth creation and empowerment continues. Clients and staff continue to collect more information as an input to development of empowering products and services and SPM. The methodology is continually reviewed and refined to make it as empowering and sustainable as possible.

The pace and scale of implementation and expansion will depend very much on the nature of the implementing organisation. In small organisations implementation and upscaling may depend largely on community peer training and be limited to a small membership and outreach to their communities and support networks in a limited geographical area. In very large organisations it may be possible to roll out over one year through staff training to national coverage – but here it is extremely important not to lose the culture of peer training and community ownership. Precious staff time, skills and energies are best spent on seeking ways



of addressing the needs which are identified at community level, catalysing the upscaling and documenting the quantitative and qualitative information for learning and advocacy, rather than routine basic training at community-level.

### Stage 3: Partnership for empowering and sustainable product and service development

This third stage is about integrating FALS across all organisational activities to make it fully financially sustainable as a relational marketing and product development strategy. FALS is not ultimately a separate 'project' or additional cost, but the methodology, empowerment and gender messages are progressively integrated into existing activities. Empowerment and gender justice continue to be mainstreamed in the content and facilitation of all the diagram tools and participatory processes.

Ultimately the Financial Action Learning System produces rich quantitative and qualitative information on livelihoods and gender relations for thousands of people, and also develops participatory structures which become a sustainable input to local economic development, national economic policy, ethical supply chain management and international certification standards. Linked to other civil society and women's organisations it starts to develop a solid and informed basis for collective action to address the multiple constraints faced by poor women and men. These macro-level linkages are a key focus of the final Stage 4 of the GALS process and discussed in more detail in GALS Manual 5.



Figure 5 Quantified gender impact tree for women's land ownership with information collected by clients through their group mechanisms for over 3,000 households.

## Annex 1: WEMAN Gender Justice Protocol for financial services

The WEMAN Gender Justice Protocol for FSPs builds on innovation and discussions at workshops facilitated by the author in Asia, Africa and Latin America since 1998 with over 150 MFIs. It was then subsequently consolidated by members of Oxfam Novib's WEMAN network, including a 2007 Declaration from over 20 MFIs in Latin America. The protocol was presented at the Asia Regional MicroCredit Summit in Bali July 2008 and signed by over 400 participants worldwide<sup>10</sup>.

### BOX 6: Gender Justice Framework Protocol for Financial Services

**Gender justice vision: A world where women and men are able to realise their full potential as economic, social and political actors, free from all forms of gender discrimination, for empowerment of themselves, their families, their communities and global humankind.**

**Gender justice objectives** for the purpose of this Protocol means:

- removing the all-pervasive institutional gender inequalities and discrimination which constrain both women and men at every level, enabling both to realise their full human potential
- affirmative action to empower women (currently the most disadvantaged sex) to access and benefit from these changes
- working with men to change attitudes and behaviours which not only harm women, but also children and often men themselves

#### **Strategic Framework**

- mandates, vision and objectives of all financial service providers have explicit commitment to gender equality of opportunity and women's empowerment.
- removal of all forms of gender discrimination as a human right in access to all financial products and nonfinancial services as an integral part of product and service development, including technological innovation.
- financial services for women and men contribute to gender justice through design of products and client participation.
- non-financial services for women and men promote gender justice, facilitated through an appropriate (depending on organisational mission, capacities and context) combination of mainstreaming women's empowerment in core services, interorganisational collaboration, establishment of peer training systems and 'smart subsidy' for empowerment projects from micro-finance profits, government or private sector linkage or donor funding
- gender indicators are an integral part of social performance management and market research.
- consumer protection and regulatory policies integrate gender equality of opportunity and empowerment.
- gender advocacy in areas like women's property rights and combating gender-based violence essential to removing gender discrimination and empowerment are an integral part of the advocacy strategy.
- the specific needs and interests of very poor and vulnerable women are included in all the above
- organisational gender policies support these strategies, developed through a participatory process with staff and clients, integrated into all staff training for women and men and including gender equitable recruitment, employment and promotion.

<sup>10</sup> Signatories include prominent figures in the microfinance movement including Mohammad Yunus and Lamiya Morshed of Grameen Bank and Sam Daley Harris and Michele Gomperts of the Summit Campaign, Nirmal Fernando of Asian Development Bank, and NABARD.

This Protocol does not aim to be a blueprint, but to act as a catalyst for serious debate about ways forward for women's empowerment across the range of issues currently affecting the financial, and particularly micro-finance, sector. The framework assumes a commitment to a diversified financial sector, where different players from commercial banks and MFIs to women's organisations may have different focuses and roles, but where each would make a firm commitment to gender equality of opportunity and women's empowerment and adapt and integrate these principles into their organisational structure, product and service delivery and role at macro- and policy levels.

If you would like to comment or make suggestions on its further development and promotion, please contact Oxfam Novib through the WEMAN website: [www.wemanglobal.org](http://www.wemanglobal.org) and/or Linda Mayoux at [l.mayoux@ntlworld.com](mailto:l.mayoux@ntlworld.com).

## Annex 2: Overview of GALS: Approach, Phases and Future Developments

The GALS process is a community-led approach working with women and men to promote gender justice, particularly women's human rights as established in the 1979 United Nations Convention on Elimination of All Forms of Discrimination Against Women (CEDAW). GALS is not a separate 'add-on' project, but a way of thinking and acting which is integrated through an organisation's activities and culture. There is no explicit 'gender training' as such. Principles of equity, inclusion and gender justice and women's human rights underlie the way in which the process is facilitated, and the types of actions which are supported by development agencies. Although the main focus is on promoting constructive communication between women and men, the ultimate aim is removal of all forms of gender discrimination and empowerment of women and men to realise their full human potential. In some cases this requires strategic negotiation of conflicts of interest in favour of women's rights.

### BOX 7: Internationally agreed women's rights framework (CEDAW) and underlying gender principles

#### Convention on Elimination of Discrimination Against Women (CEDAW)

Adopted by the UN General Assembly in 1979 CEDAW clarifies the fact that the 1948 Declaration of Human Rights also includes women. By 2005 this had been signed by 179 countries.

Women's rights include:

- Right 1: rights to life, liberty, security of person and freedom from violence and degrading treatment and freedom of movement
- Right 2: legal equality and protection by the law including women's equal rights to make decisions in their family regarding marriage and children, property and resources.
- Right 3: right to own property and freedom from deprivation of property
- Right 4: freedom of thought, opinion and association
- Right 5: right to work, freedom from exploitation and right to rest and leisure
- Right 6: right to a standard of living adequate for health and right to education

GALS is conceived in terms of 3 key phases over a period of 2-3 years to establish a sustainable, dynamic and self-upscaling change process at individual, community, private sector and policy levels.

**GALS Phase 1: Visioning and Committing to Gender Justice:** Manual 1 'Tree of Diamond Dreams'. A 1-3 day Gender Justice event using:

- **Gender Justice Diamond** with both women and men develops an awareness of women's human rights, the advantages of change in gender relations
- **Challenge Action Trees** identify some immediate strategies through which change can be achieved.

The event also develops analytical, participation and drawing skills and establishes principles of peer training. By the end of this process participants have a clear idea of what gender justice means for women and men in relation to CEDAW and most have a commitment to change. The ways in which these events are conducted will vary depending on the particular goals and organisational capacities of those involved in the process. It could be one very large event, or many smaller ones integrated into other organisational activities. These events are conducted at both community and organisational levels. Implementing this phase alone should bring about

changes, but these changes are likely to be more profound and sustainable if Phase 1 is seen as the entry point to Phase 2.

**GALS Phase 2: Community-led action learning for gender justice and wealth creation:** a 6 to 12 month process of developing skills and structures for community-led action learning at both individual and collective levels, integrating the tools into other individual and organisational activities.

Phase 2 focuses on the underlying idea of the '*Life Road Journey*' where people develop a vision with SMART<sup>11</sup> 'milestones', analyse opportunities and constraints and track progress over time as an action learning and change process. The organisation develops individual capacities and peer learning structures for subsequent scaling up and subsequent GALS phases for mainstreaming gender justice.

There are three Manuals for this Phase adapted to the needs of particular organisations and interventions. Tools from these manuals can be used sequentially and/or combined in different ways depending on local needs and context:

**Manual 2: *Steering Life's Rocky Road*** (2010) which focuses specifically on personal development and collective action for gender justice. This is used where the entry point is a gender strategy and/or where the organisation already has other methodologies for livelihood development which are working well.

**Manual 3: *Growing the Diamond Forest*** (this manual 2011) which focuses on wealth creation (market and value chain-led livelihood development) within which gender justice is mainstreamed. This is used where a specific gender focus as entry point might be too sensitive and/or would not be attractive to women and/or men and/or where the organisation already has a gender methodology which is working well.

**Manual 4: *Financial Action Learning System*** for client empowerment and FSP sustainability (2011 this current manual) uses the same tools for an integrated process whereby simple financial analysis and tracking tools by clients are introduced and aggregated as an input to market research for financial product development. This methodology integrates gender justice into the financial analysis at all levels. It aims to be fully financially sustainable as an effective methodology for ongoing peer-led outreach and expansion to ever more reliable clients.

**GALS Phase 3 *Equal and Together: mainstreaming gender justice in development institutions and policy*** ongoing strengthening empowerment and collective action, upscaling of the change process and integration into macrolevel development institutions and policies

GALS Phases 1 and 2 establish:

- Participatory leadership and equitable participatory processes for bringing about sustainable changes in gender relations at individual, community and organisational levels.
- Participatory structures for ongoing monitoring, tracking and research as an input to planning further changes
- The basis for developing/deepening organisational gender policies in the implementing development and private sector organisations
- They also produce rich quantitative and qualitative information on livelihoods and gender relations for thousands of people which can be a valuable input to gender advocacy, ethical supply chain management and international certification standards, financial product development local economic development.

However it is likely that many challenges still remain which require sustained leadership and advocacy and policy changes at national and even international levels.

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<sup>11</sup> SMART means Specific, Measurable, Achievable, Relevant and Timebound.

Developing these macro-level linkages are a key focus of the final Phase 3 of the GALS process. At the time of writing manuals adapting the same GALS tools and processes for this phase are still in planning, but are expected to include:

- **Manual 5: Leadership, organisation and advocacy for women's economic rights** which looks at more advanced capacity building for participatory leadership and network/organisation building. This includes capacity building to develop the leadership of very poor and vulnerable women and men as well as development workers on the GALS premise that 'everyone can be a leader of change'. It includes experiential learning tools which people can use to bring about change in their communities and organisations.
- **Manual 6: Community-led gender mainstreaming in organisations** which looks in more detail at how the outputs from Phases 1 and 2 can be used to develop organisational gender policies in public and private sector organisations. It is envisaged that tailored versions would be available for private sector supply chain management and certification processes, financial service providers and banks and local government as well as development NGOs.
- **Manual 7: Community-led participatory action and advocacy research** which looks at how the same tools can be used for more in-depth quantitative and qualitative investigation by community organisations, development agencies and research institutes. This includes ways of using 'extractive' external research as an empowering process which can catalyse change where GALS processes do not already exist.





WOMEN'S EMPOWERMENT  
MAINSTREAMING  
AND NETWORKING

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