

## TOOL 5 FINANCIAL MANAGEMENT CALENDAR

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### Contents

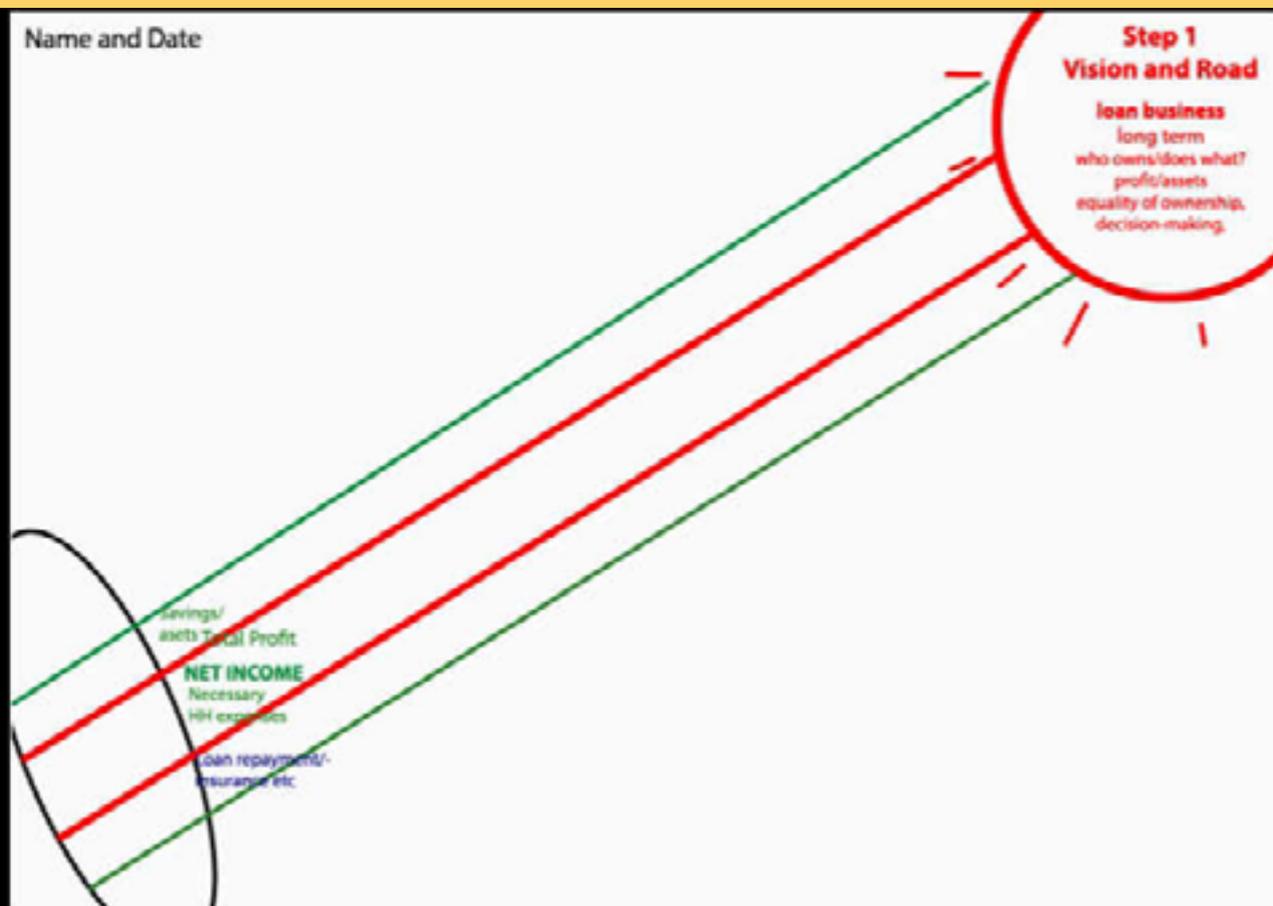
#### *Steps*

|                                   |   |
|-----------------------------------|---|
| 1 Vision and Central Framework    | 3 |
| 2 Activities, calendar and target | 4 |
| 3 Opportunities and Challenges    | 5 |
| 4 Cash Flow                       | 6 |
| 5 Financial Plan                  | 7 |
| 6 Assessment                      | 8 |
| 7 Client Monitoring               | 9 |

#### *MFI action learning*

|                         |    |
|-------------------------|----|
| Loan officer monitoring | 10 |
| SPM monitoring          | 10 |
| Product innovation      | 11 |
| GENDER ACTION LEARNING  | 11 |





# STEPS

***The financial management calendar is a financial plan to help the client to use a loan to increase their incomes as part of a household economic strategy that is fair for all household members.***

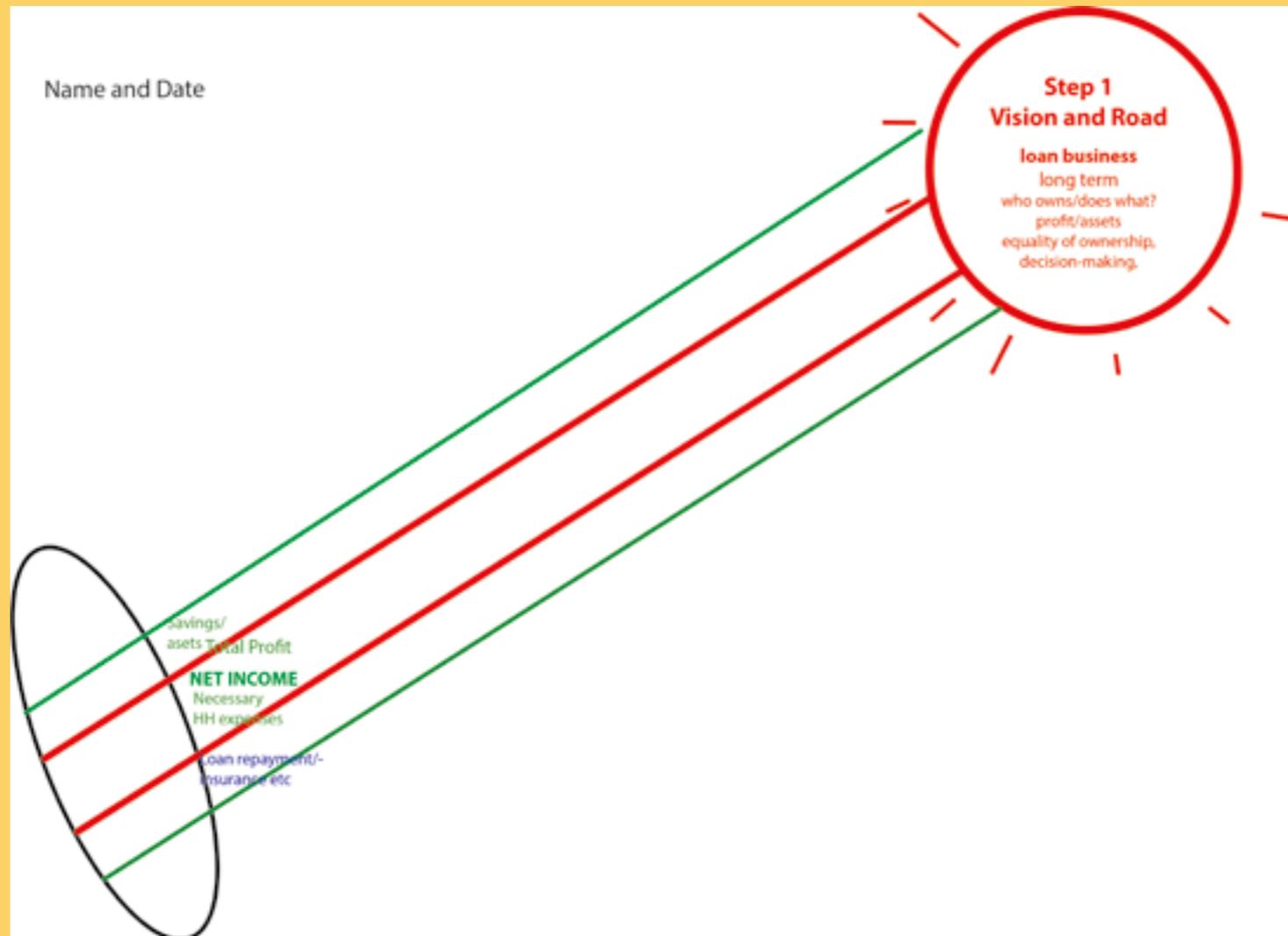
***It also forms a Responsible Finance contract between the MFI and the client. It enables the MFI loan officers to better assess risk, and learn how best to support maximum benefit to the client.***

***Data outputs form part of gender mainstreaming in SPM and product innovation.***

The Financial Management Calendar is drafted (first in pencil) on the next double page after your previous tool.

Once you have a good draft in your notebook you could transfer it to a flipchart to fill in more detail and track it to keep your family on track - and show off to your neighbours!

Remember to put your name and the date in the top left hand corner.



**Vision:** Draw a big red sun circle at the top right of the paper. Inside the circle draw the vision for the business or businesses for which you are taking the loan? Is it a temporary measure to a bigger different business? Or do you intend to grow that business? Who will be involved? Who will own it? Who will manage? Who will work?

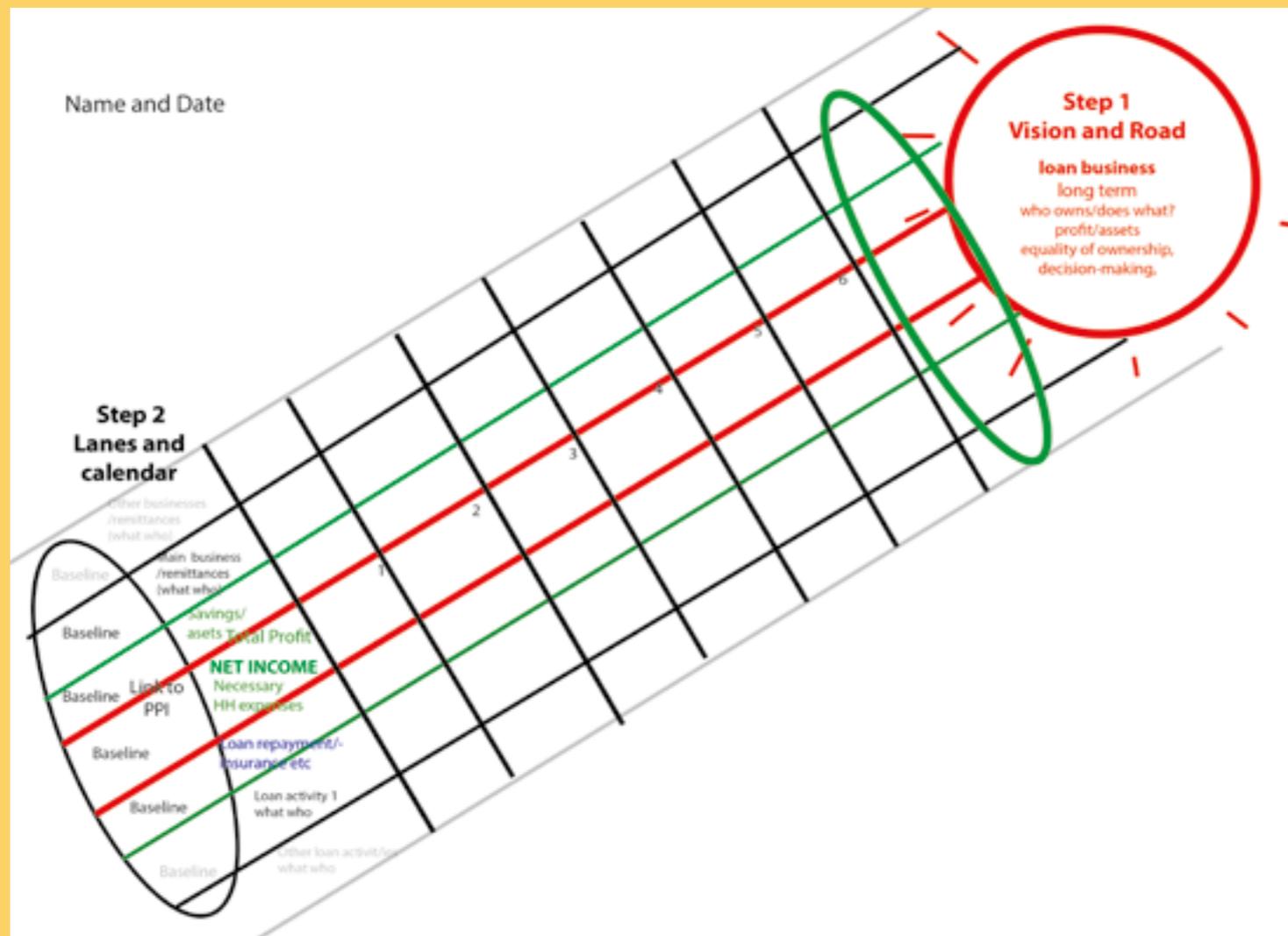
**Baseline:** Draw a black circle bottom left. Here you put your current starting point.

**Spine and backbone:** Join the two circles with:

- Central Lane vision 'spine' with two red lines. In this lane, just outside the baseline circle, write in green 'net income = total profits minus household expenses'. In this lane you will calculate your monthly net profit and family expenditure as progress to the vision.
- One green line on top - here write in green 'savings, investment and assets'. In this lane you will put your planned savings and assets.
- One green line below - here write in blue 'loan repayment and insurance premiums'. This is in blue, because although these can help to achieve your vision, they are payments to outside.

This completes the backbone of the calendar that keep it strong.

# 1 Vision and Central Framework



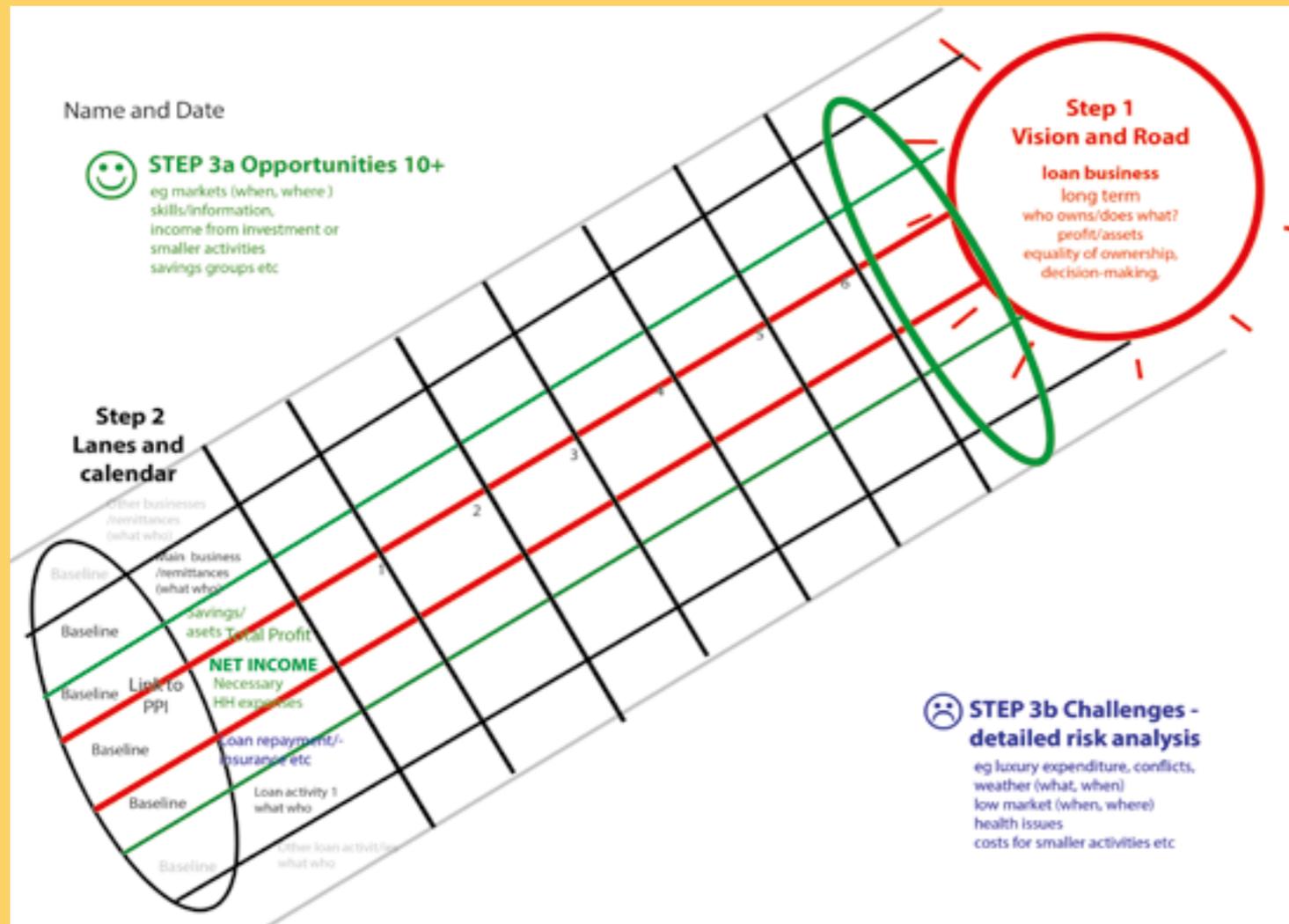
**Loan business/ess:** What is the business or businesses in which you intend to invest the loan, and/or from which you expect to repay the loan? These could be your own or with other household members. Put one black lane for each underneath the backbone, with a symbol for the activity and the person/s involved.

**Safety net activities:** Are there any other businesses or income sources which can act as a safety net? or into which you intend to invest the income from the business (not the loan)? Put one black lane for each activities above the backbone, with a symbol for the activity and the person/s involved.

**Target:** Put a large green target circle next to the vision and crossing over all the lanes. Put in that circle at the top of the red lane a number for the number of months of the loan.

**Calendar framework:** Looking at the length of the loan period put vertical lines to make cells for each month. Label the month with a small number or short name at the top of the red middle Net Income lane.

## 2 Activities, calendar and target

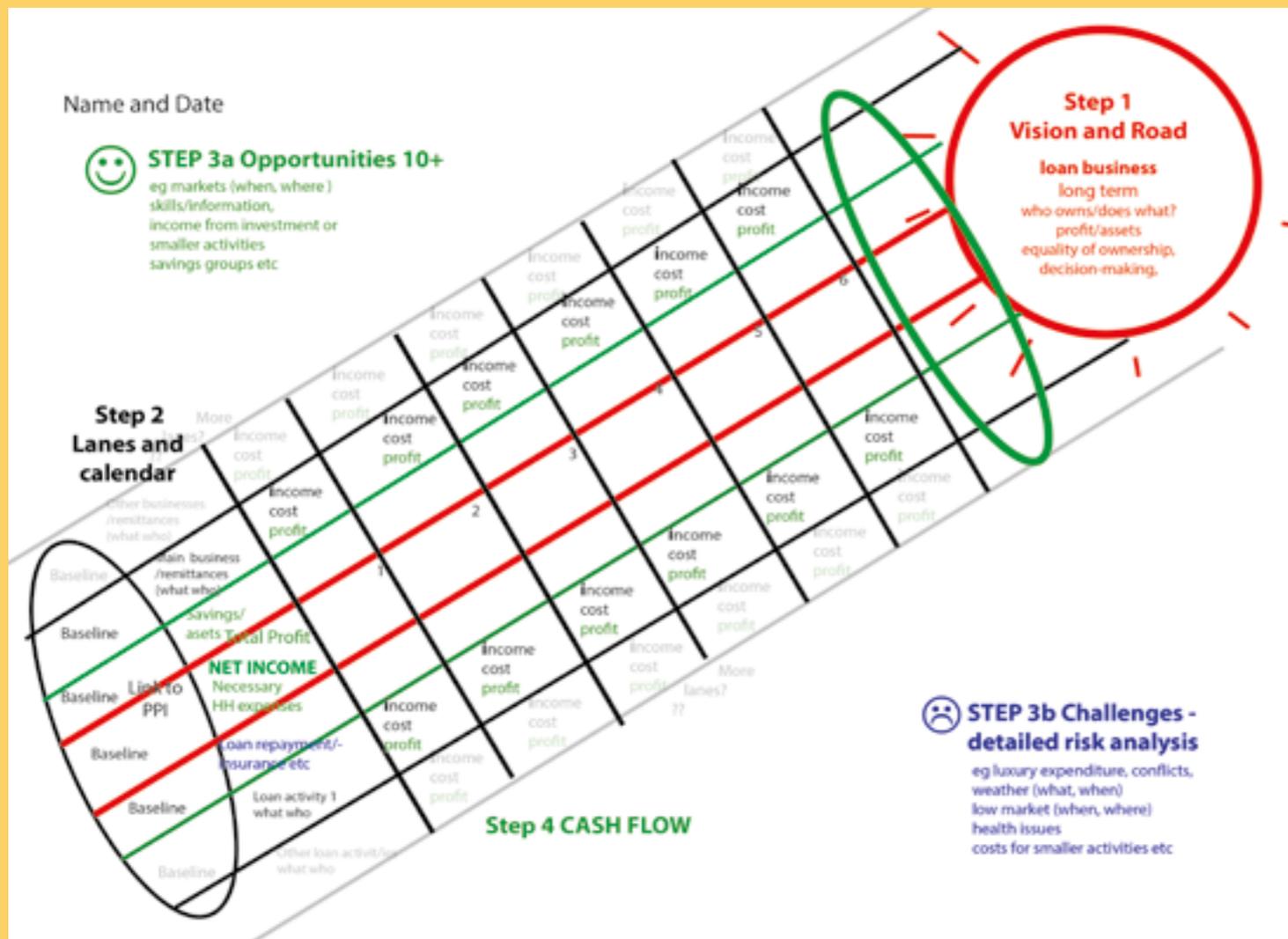


**Opportunities:** Opportunities are very important because they are the things that help you and can keep you feeling positive when things get difficult. Brainstorm as many opportunities as possible - **at least 10** - eg from the Challenge Action Tree and Happy Family Tree. Put symbols above the road by the appropriate month - in green because you plan to access them. These could include more income earning activities that can complement the main activities. Particularly activities that give a short-term return to make money for reinvestment and/or fill in spare time. These could have their own lane if they are regular.

**Challenges:** Now do a thorough risk analysis. Again consulting the Happy Family Tree and Challenge Action Tree. Identify luxury expenditures that consume income and can be cut. Also climatic and disease risks at particular times of the year that need to be planned for. Potential household issues and conflicts that may hold you back like inequality in ownership, decision-making and work.

**Try to balance:** Then look again at opportunities and see how challenges can be overcome. You need to do a thorough risk analysis, but try to identify more opportunities than challenges. You need to keep adding opportunities.

# 3 Opportunities and Challenges



In each cell along the lanes for your loan and safety net activities you will calculate your profits each month: total income minus costs.

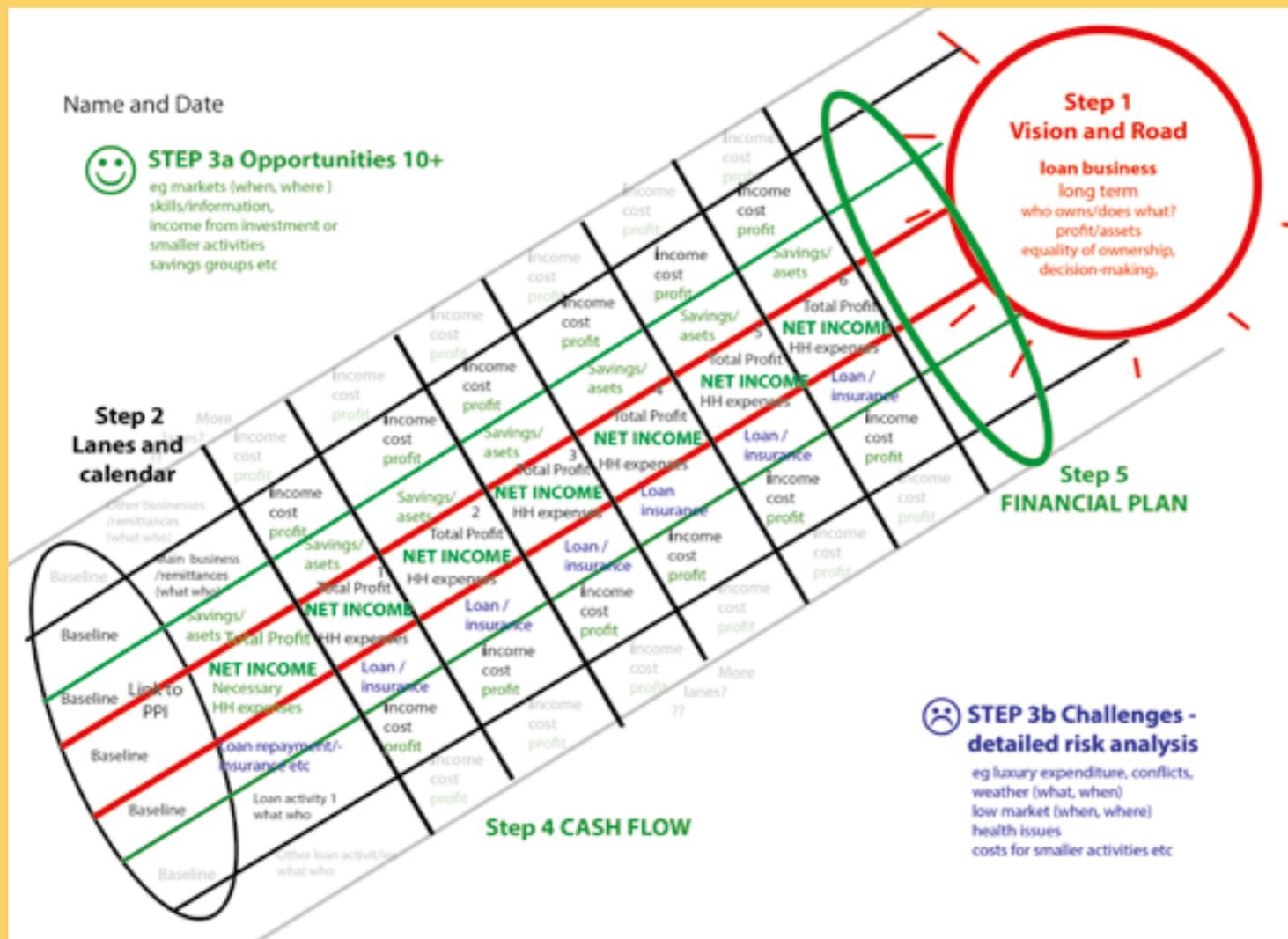
**Income:** Looking at your opportunities and challenges and how they may be different each month, together with past earnings, how much income do you expect to earn from each activity in each month. Write the amount in each cell in pencil.

**Costs:** Looking at your opportunities and challenges and how they may be different each month, together with your past experience and inputs on the Business Challenge Action Tree, what do you expect to be the total costs for each activity in each month. Write the amount in each cell in pencil.

**Profits:** Now in each cell, subtract the costs from the income and put this in green as your plan. Use a calculator if you have one.

**Revisit opportunities and challenges:** As you do your calculations keep looking again at your opportunities and challenges, taking these into account in your estimate and adding more opportunities of challenges if you want.

# 4 Cash Flow



Now in each month cell of the **central red lane** calculate:

**total profits:** add up all the profits from the other lanes. Put the figure in pencil.

**+ household expenses:** estimate total necessary monthly household expenditure you pay (see Happy Family Tree). Keeping the family healthy, happy and well is an important achievement, so this figure goes in green as a plan.

**= net disposable income:** calculate profits minus household expenses. This is the spare money available after all business costs and necessary household expenses are covered. Again this figure goes in green as a plan.

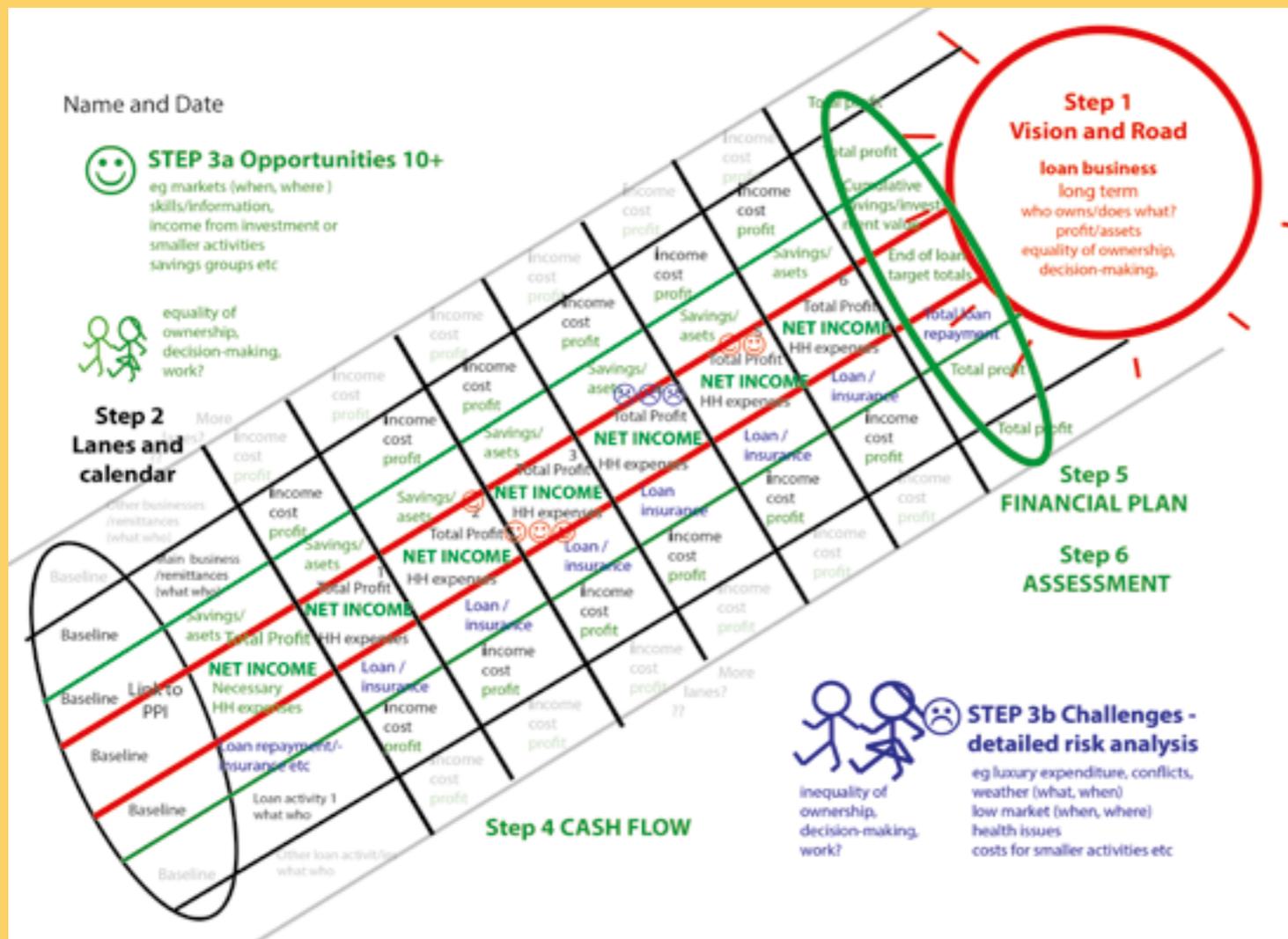
Then in the **bottom blue lane:**

**loan repayment and insurance premiums:** in blue as an expense.

Then in the **top green lane:**

**savings and investment:** here you may decide to save and invest instead of buying luxuries (see Happy Family Tree) It is green because it is a planned achievement to help towards your vision.

# 5 Financial Plan



## Do your sums for net income add up each month?

- Are there months when you have **good surplus** after loan repayment? Put 1-3 smiley faces in green.
- Are there months when you have **negative net income**? after loan/insurance payment? Put 1-3 sad faces in blue.
- Can you **cover these bad months** through increasing savings from the good months? Doing more income earning activities? Adjust your figures or add more activity lanes accordingly.

## Is the the division of work, income and investment fair?

- Is anyone getting less income in relation to their work input (include unpaid work)?
- Are there inequalities in the household in ownership, decision-making or work that can be reduced?
- Can profits be used for investment in other activities or assets to address this situation?

Revisit your Happy Family Tree and add any new green change action fruits that can help to balance things. Add extra lanes for new activities that can help balance things.

# 6 Assessment



It is very important, if you want to progress towards your vision, to keep learning from what you achieve - this will give you confidence. Also what does not work, so you can avoid it in future. Do not expect anyone else to be able to do this learning for you - listen to advice, but make your own decision.

When you get to each month:

**Compare** what was planned and what actually happens

**Things achieved** should be ringed as red fruits.

**Things that are not possible** at all are ringed in blue as withered fruits.

**Things postponed** as green fruits carried forward to next cell.

**Add more opportunities and challenges** as they arise. This learning will help you in future.

# 7 Client monitoring to track, review and adjust

# MFI : FINANCIAL ACTION LEARNING SYSTEM

## Loan officer monitoring

The Loan Officer inputs the following indicators (some of these are already in the application form but are put into the client FALS database):

- 1) Is the loan to a **woman or a man**?
- 2) What is their **PPI status**?
- 3) Can the client **confidently explain** their plan? Do the figures add up?
- 4) What is the **activity and loan size requested** (to identify new activities/business/economic diversification and for gender disaggregation to identify gender differences in loan choice)
- 5) What is the **activity and size of loan approved?** (to assess perceptions of risk in particular activities/loan size and gender disaggregation to identify any possible areas of gender discrimination)

## SPM monitoring

Either by the loan officer on repeat loan, or by SPM staff:

**Gender equity of loan decisions:** What was the **loan performance** for particular activities, loan sizes and by gender? Was any gender difference between the loan requested and the loan received justified by different performance?

**Income benefit to client:** Is the total profit from the loan business/es greater or less than the total loan repayment (including interest) (to assess benefit to client)

**Financial empowerment:** Can the client confidently explain reasons for progress,/shortcomings including opportunities and challenges, and implications for future loan, savings and other financial strategies?

## Product innovation

Information from the LMC can be analysed separately by product development staff as part of participatory focus groups collecting information on:

- **Repayment performance for different activities and loan sizes**, including identification of problem months to assess the need for better timing of disbursement for particular activities and/or loan rescheduling, and whether the loan amounts are appropriate for the activities involved.
- Incidence of particular **opportunities and challenges** and potential implications for changing/new loan products and potential savings, remittance and insurance products.
- Identification of possible **new loan products for new activities** to diversify women's businesses and spread risk.

## GENDER ACTION LEARNING

All information should be gender disaggregated - allowing for PPI differences.

Key 'success' indicators for benefit to women would include:

### **For clients:**

- **women diversifying businesses** to non-traditional high-profit activities
- **increased incomes under women's control:** profits from loan businesses significantly greater than loan repayment and controlled by women.
- **increase in savings and assets** for women as a result of the loan
- **men taking equal responsibility** for household expenses and household chores and/or equal responsibility for investment in labour-saving technology
- **profitable investment of remittances** from other family members
- **financial empowerment** women confident in explaining plans and learning from past plans in repeat loan applications

### **For MFIs:**

- **gender equity of client access** to ALL products (including large loans)
- **product innovation** (loan products, savings products, insurance and/or remittance services) that contribute to the above
- **loan officers** take account of specific gender challenges in decision-making
- **gender-disaggregated information** available and integrated into SPM and product development.

Name and Date



### STEP 3a Opportunities 10+

eg markets (when, where) skills/information, income from investment or smaller activities savings groups etc



equality of ownership, decision-making, work?

### Step 2 Lanes and calendar

Other businesses /remittances (what who)

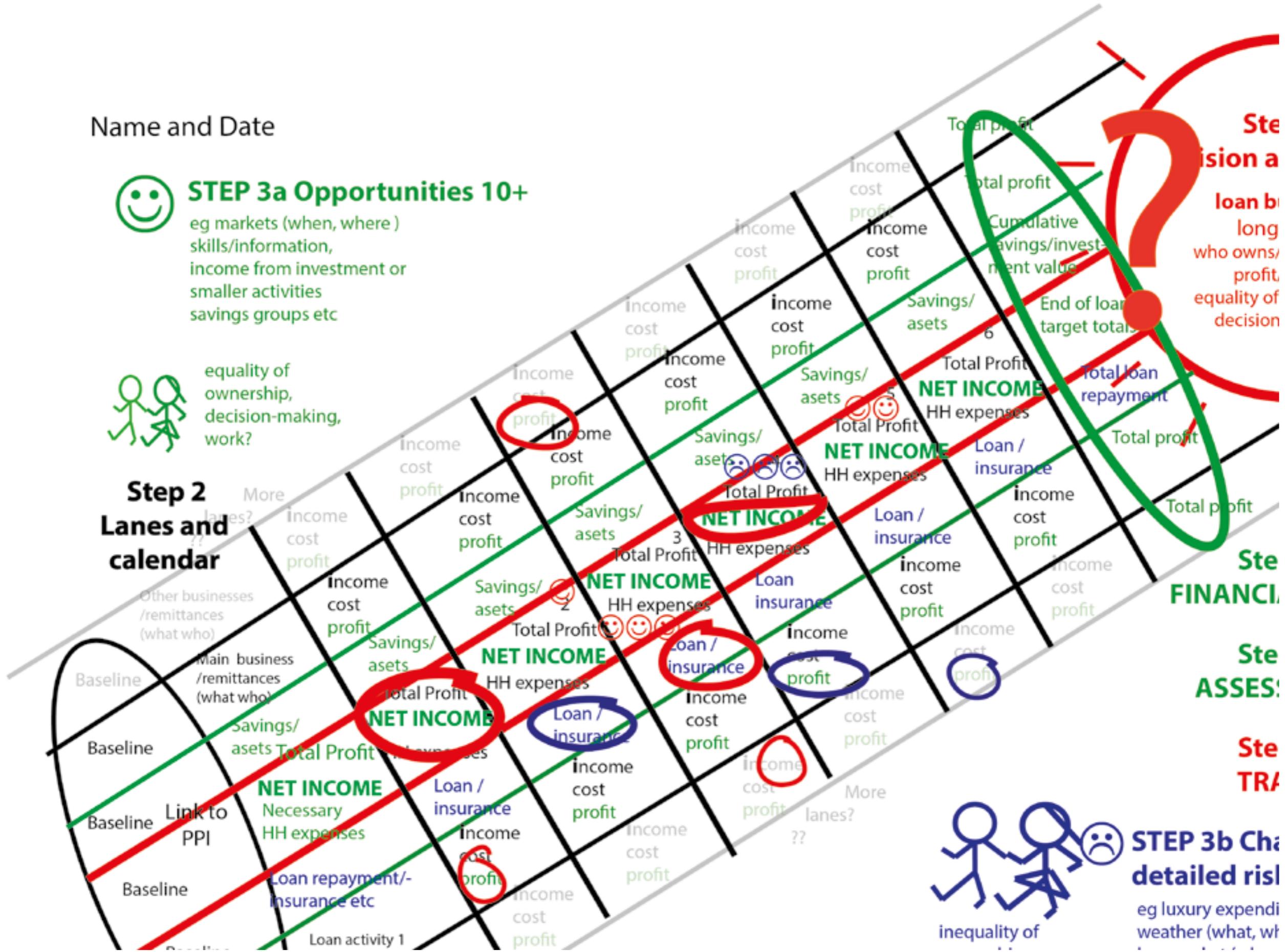
Main business /remittances (what who)

Link to PPI

Necessary HH expenses

Loan repayment/-insurance etc

Loan activity 1



Step 1 Decision a

loan b long who owns/ profit equality of decision

Step FINANCIAL

Step ASSES

Step TRA



### STEP 3b Cha detailed risk

eg luxury expendi weather (what, wh

inequality of