

DiMTEC Conference

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**Survival Mitigation Strategies –
Challenges and Opportunities: A case
of women in Stokvels in Botshabelo**

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Presentation Overview

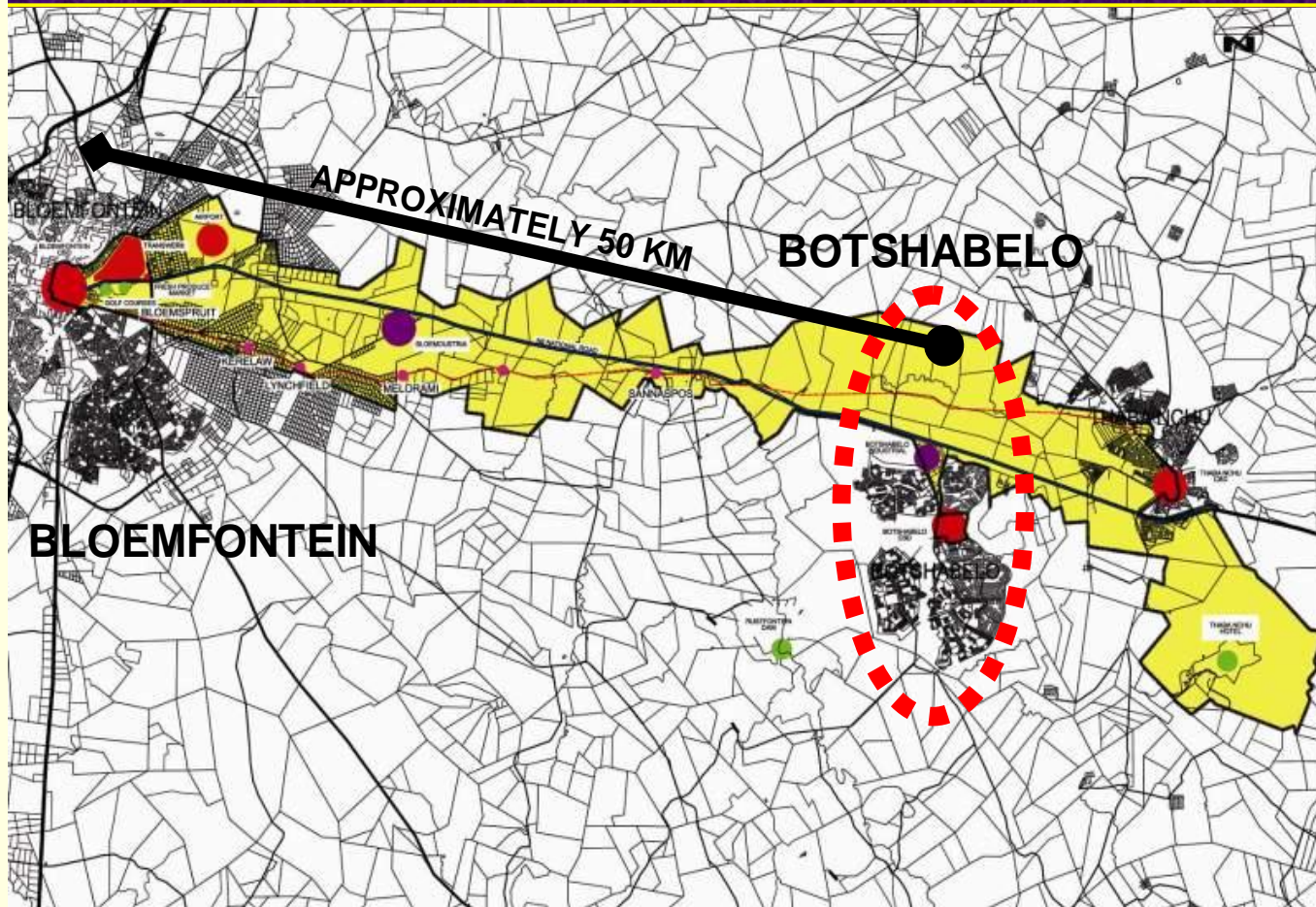
- **Introduction**
- **Background information**
- **Survey methodology**
- **Findings- Opportunities**
- **Recommendations**
- **Gaps**

Introduction

- Purpose of the survey
- ✓ To explore how marginalised communities in South Africa particularly in Botshabelo, maintain credit and savings associations called “stokvels”
- Time – survey was done between February to October 2009 in Botshabelo, Motheo district of Free State Province

Botshabelo

N8 DEVELOPMENT CORRIDOR



Background information

- **Stokvels are mainly done by women**
- **Some form of local banking – related to successful Grameen Bank in Bangladesh**
- **Some form of informal employment**
- **Participants cut across all social groupings**

Background information (cont.)

- **Based on self regulatory mechanisms – voluntary recruitment of known members**
- **Group size is a factor – group dynamics (average 10 people)**
- **Demographic data about Botshabelo community (**

Number of people living in poverty (2003) (RICON, 2005)

	Black	White	Coloured	Asian	Total
RSA	22,059,252	203,400	840,440	89,646	23,192,738
	1,607,236	20,419	22,383	110	1,650,149
MLM	267,915	3,214	4,200	6	275,335
Botshabelo	134,027	0	230	0	134,257
	102,243	3,214	3,971	6	109,434
Thaba Nchu	31,644	1	0	0	31,645

Percentage of people living in poverty (2003) (RICON, 2005)

	Black	White	Coloured	Asian	Total
RSA	60.6%	4.0%	20.8%	7.8%	49.7%
	63.6%	5.8%	25.8%	3.1%	55.6%
MLM					38.4%
Botshabelo	66.3%	0%	48.3%	0%	66.1%
	39.8%	2.9%	11.5%	0.5%	27.0%
Thaba Nchu	36.1%	0.2%	0%	0%	35.8%

How the survey was conducted

- **Literature review**
- **Purposeful sampling of existing groups-
(use of local informants)**
- **In-dept interviews with members from 12
groups**
- **Coupled with Focus Group Discussions
(verification of information)**

Challenges

- **Low illiteracy rates - heavy dependent on a few educated.**
- **Poor record keeping – inconsistency calculations.**
- **Complete reliance on social contract – unwritten rules.**

Challenges cont.

- **Swindling of funds by a few**
- **Rather too low loan fund – limiting borrowing thresholds**
- **Debt is taken over by surviving family members.**

Opportunities

- **Local re-investment (housing & other assets)**
- **Meetings demands for basic needs – paying bills, education, purchase of household effects**
- **Financial savings – for future use.**

Opportunities cont.

- **Informal employment – source of income & financial independence.**
- **Strengthening social capital – networking, solidarity & sharing.**
- **Low overheads costs – able to reach to more people.**

Opportunities cont.

- **Concept relevant to local context – addressing real needs of members**
- **Window for promoting Small to Medium Enterprises (SMEs) – members graduating into small businesses.**
- **Preparing creditworthy members for formal borrowing.**

Findings

- **Loan sizes range from R500 to R1000.**
- **Loan period is about one month**
- **Interests rates are as high as 30% per month.**
- **High repayment rates of about 80%.**

Findings (cont)

- **Members see stokvels as part of their life and reliable fall back in times of emergencies**
- **Group formation is based on known people.**

Findings (cont)

- **Some of the stokvel money find its way into the formal banking system**
- **Peer monitoring ensures enforcement of social contract.**

Recommendations

- **Government support – e.g. subsidized match up funds**
- **Capacity building – i.e.**
 - ✓ **Group dynamics (roles, responsibilities, conflict resolution & management)**
 - ✓ **Leadership skills**
 - ✓ **Basic business skills – record keeping, financial management.**
 - ✓ **Civic education -**

Gaps – possible research areas

- **Impact of stokvels – contribution to livelihoods, urban economy & poverty reduction.**
- **Gender dimensions – access to, control over & decision making regarding benefits.**
- **Impact of HIV/AIDS on local micro lending – feasibility of factoring insurance in the package aimed at reducing burden on surviving family members.**



The End

Thank You