

# CURRENT INFLUENCES IN SOUTH AFRICAN CONTEXT

- Black Economic Empowerment -“BEE” - in Policies, Charters, Scorecards, Timeframes
- Gender bias strengthening in last few years
- Affirmative Procurement by Government and State-Owned-Enterprises
- Promotion of Accelerated **Shared** Growth and Investment programme - “ASGI-SA” - to reach 6% growth

# Facing the Challenge of Access to Finance



## The WDB Group - A South African Case Study



*IFC Workshop,  
Nairobi, 29<sup>th</sup> May 2006*



# History of WDB

Since 1992, the WDB group has been committed to the economic empowerment of South African women, particularly the poorest women in rural South Africa

The WDB Group comprises:

- **WDB TRUST** (a Charitable Trust)
- **WDB MICRO FINANCE** (a Section 21 Not-For-Profit company)
- **WDB INVESTMENT HOLDINGS Pty Ltd** (a **for** profit company) founded in 1997

# WDB GROUP

## Beneficiary Programmes



**100% subsidiary**

**WDB Investment Holdings (Pty) Ltd.**  
(Est. 1997)



**WDBIH is 100% owned by the WDB Trust. It is the investment company that manages a portfolio of strategic investments and passive holdings on behalf of the WDB Trust. Proceeds generated from investments fund the operating costs of the Trust's programmes. Over R30 million has been repatriated from WDBIH to the WDB Trust to date.**



Group lending programme to support rural Women



Linking rural Women to technology



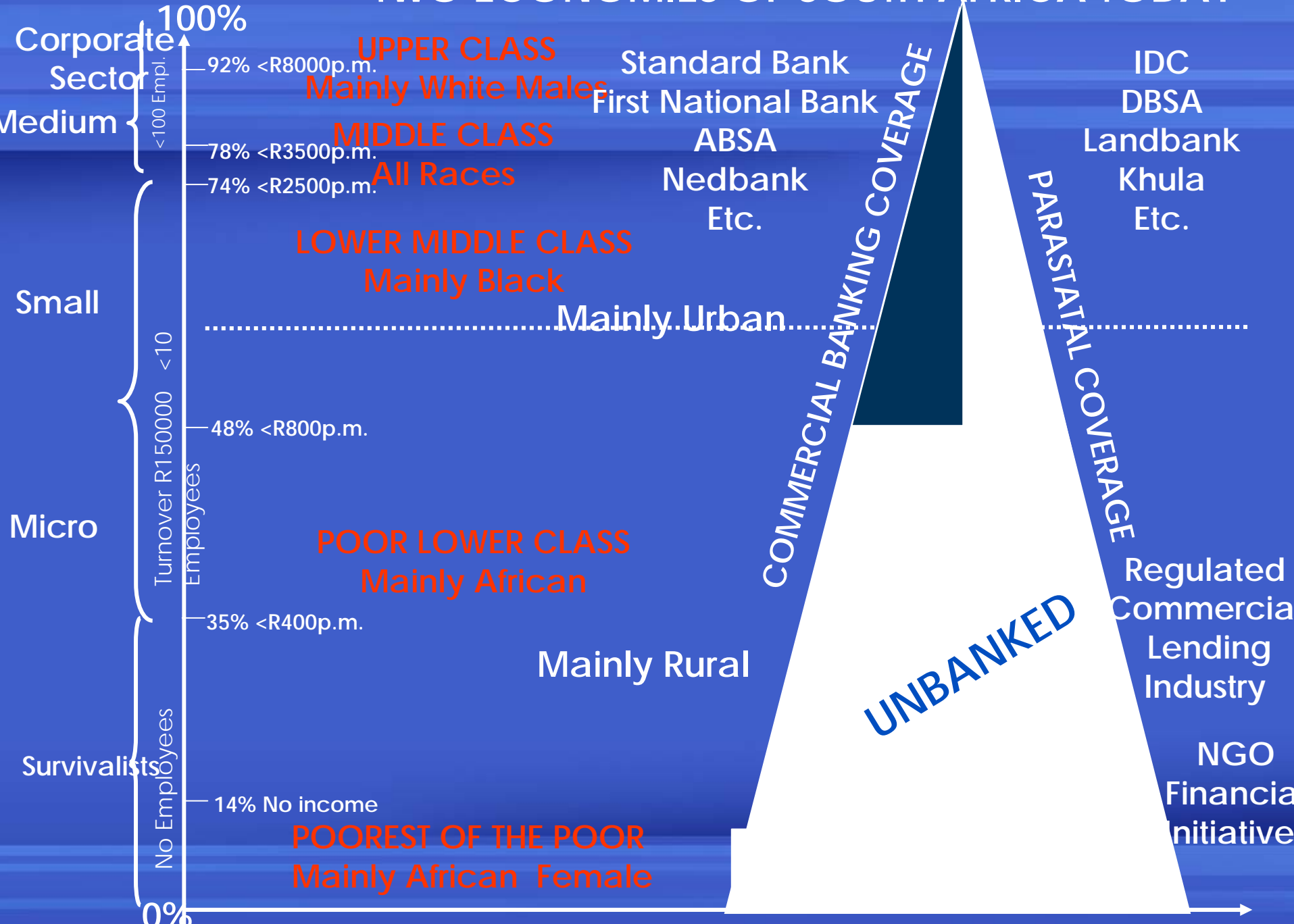
Targeted at rural Women entrepreneurs



Training programme for NGO's

**EXECUTIVES**  
Tania Slabbert  
Sonja Sebotsa  
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# TWO ECONOMIES OF SOUTH AFRICA TODAY



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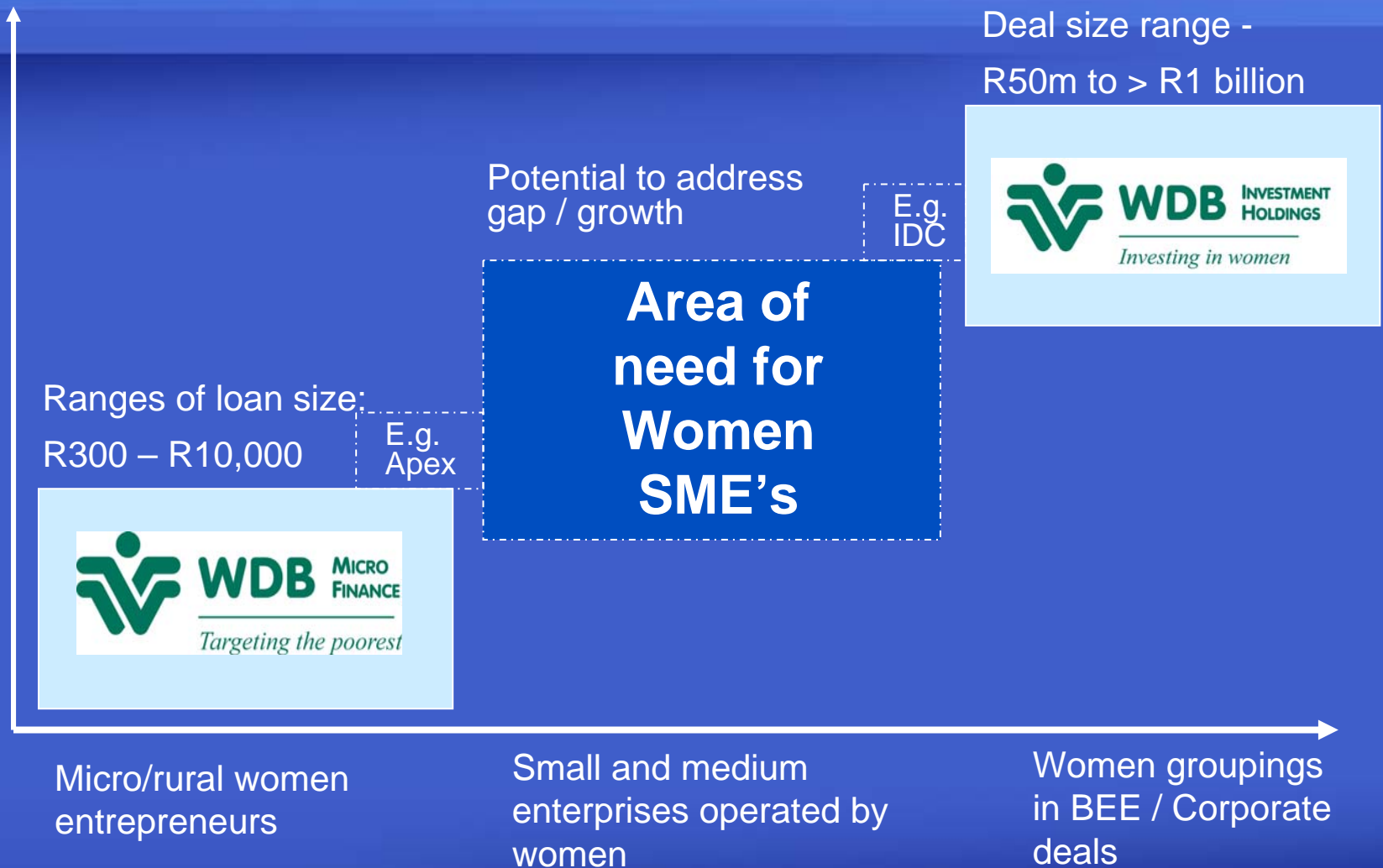
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# WDB's view of the market place



# Rural South Africa

- Poverty in SA is concentrated in rural areas
- 45% of South Africa's population live in rural areas
- 22% of the rural population live in abject poverty
- Poor local economies with limited employment opportunities
- Farm workers are among the poorest and most vulnerable households in rural areas

## Rural South Africa (cont'd)

- Households headed by women are particularly disadvantaged
- Inadequate social and physical infrastructure – only 11% of rural households have access to adequate housing, piped water and sanitation
- Poor levels of literacy and skills

# Government's Response

Since 1994, SA Government has created a policy and legal framework known as the Integrated Sustainable Rural Development Strategy (ISRDS):

- Land Care Programme
- Municipal Infrastructure Investment Programme
- Adult Basic Education & Training Programme
- Local Economic Development Programme
- In line with the ISRDS a range of development programmes have been implemented

# ISRDS Achievements

- 1.1 million electrical connections in rural areas
- 350 000 households got access to 6.5. Million hectares of land
- Electrification of 3 891 rural schools
- Housing
- Healthcare
- Education
- Other ongoing

# Objectives of WDB Programmes

- **To target poorest women for our development efforts**
- **To create family livelihoods through promotion of entrepreneurship**
- **To increase average family incomes and improve quality of life for families**
- **To enhance position of women in the household and in society**
- **To enhance managerial skills in poor communities**

## WDB Development Products

- **Group based lending for micro businesses**
- **Individual Enterprise loan**
- **Maximising Credit – Basic Business Skills Development Program**
- **Bridging the Gap through ICT - Computer Based First Language Literacy Programme**
- **MFI Capacity Building Programme**
- **Research and Development**
- **Generating income from private sector by promoting orders for products e.g. crafts, from WDB IH private sector partners**

# WDB Achievements 1992-2000

- **12 000 women reached and trained**
- **8 000 borrowers retained**
- **20 575 loans issued worth R15 million with an average loan size of R750**
- **R2 million accumulated in savings by borrowers**
- **8 000 (plus) micro-enterprises supported.**
- **16 000 (plus) jobs created**

# WDB Achievements 2001-June 2004 (post restructuring)

- **29 609 households identified (Total number of poorest families in area of operations - Housing Index )**
- **3 043 Households reached and qualified for lending**
- **2 155 active loans**
- **862 Dropouts**
- **26 Deceased clients**

# 2004 DTI Gender and Women's Empowerment Unit Study - Barriers to Entrepreneurship

- **Lower capital**
  - 42% of women earn between R750 -1000
  - 58% responsible for 5 or more household members
- **Lack of proof of ownership of property**
- **FICA requirements:**
  - 90% can produce ID documents
  - 30% can produce Eskom account
  - 10% any other proof of ID
- **Only 22% have passed matric**
- **29% of self employed have never had a bank account**

# 2004 DTI Gender and Women's Empowerment Unit Study findings

- Race, gender, location
- Poverty, landlessness, vulnerability
- Education, family
- Health, HIV AIDS

## Key needs

- Access to information
- Access to capital
- Access to Markets
- Access to networks
- Validation

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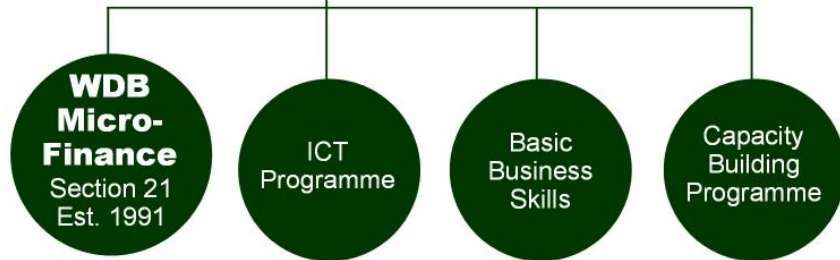


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# WDB Investment Holdings

**Since 1997 fulfilment of commercial mandate of the WDB Group in two ways:**

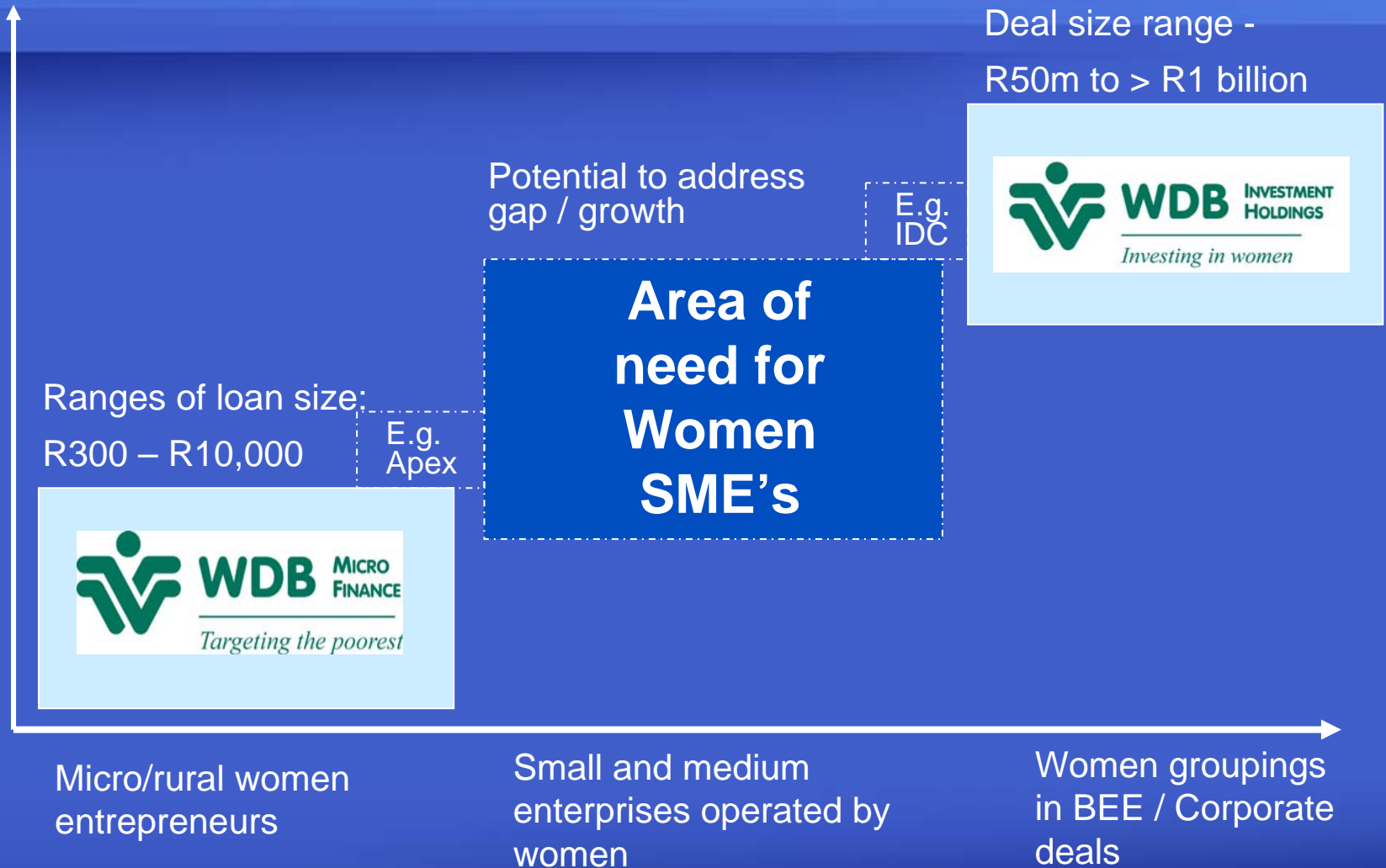
- By realising value through our investments to repatriate to the WDB Trust and
- By ensuring that strategic partnerships undertaken also result in the empowerment of women within those business sectors through their participation at board level, operationally and supply chain

Where possible we endeavour to establish small BEE businesses that are women owned and women managed on the back of larger investments

## WDB Investment portfolio

- WDBIH's investment portfolio consists of three main areas:
  - strategic investments e.g. BP South Africa, Bidvest Group (Fedex, Rennies Travel), Discovery Health, First National Bank
  - incubator investments – small and medium women owned and operated companies
  - passive holdings e.g. cash, shares and bonds to manage short term liquidity

# WDB's view of the market place



# Examples of WDB Value-Add

Company:

Uthingo: WDB owns 5% stake

Entrepreneur:

Tsakane Mudau / Mintbrooke

Maintains Uthingo's Lottery Terminals on East Rand



Company:

Bidvest: WDB and Dinatla Consortium owns 15%

Entrepreneur:

(1) Mathabo Kunene / Nandi Heritage

Procurement supply to McCarthy Motor Holdings

(2) Gerry Engelmann / GE&Associates

Bidvest Dinatla Trust operations outsourced to GE&A



Company:

BP: WDB owns 7.5% (with MIC 25%)

Entrepreneur:

Enterprises Women Franchise owners as part of BP

BEE franchise promotion initiative co-funded by IDC



# Conclusion

The WDB offers a **model** that assists with challenge of women and access to finance whilst aiding the development of rural communities and SME's.

HOW?

1. Ensuring that the poorest rural women share in Black Economic Empowerment by channelling WDB Investment profits to fund their businesses
2. Promote women's participation in the business sector both through board/ management input and through accessing opportunities for their small businesses
3. Formulation of a dedicated financing facility for small women owned businesses e.g. with corporate contracts

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**WDB Micro-Finance**  
Section 21  
Est. 1991

Group lending programme to support rural Women

ICT Programme

Linking rural Women to technology

Basic Business Skills

Targeted at rural Women entrepreneurs

Capacity Building Programme

Training programme for NGO's

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Questions?

# Recent findings : South African SMME's\*

- In previous years, Education and Training was thought to be highest limiting factor affecting South African entrepreneurs
- In most recent study data (2003) lack of **financial support** has risen to the **number 1** limiting factor in South Africa
- Other limiting factors (of equal weighting listed as 2<sup>nd</sup> amongst limiting factors) in the study were Education, Culture and Entrepreneurial Capacity
- Findings regarding major limiting factor of lack of Financial Support follow

\* South African Executive Report, Global Entrepreneurship Monitor Report 2003 Edition.

## Recent findings : South African SMME's\*

<b>Limiting factor disaggregated analysis : Financial support</b>	<b>% experts mentioning this problem</b>
Availability, accessibility structure of debt capital, loans and credit	48%
General access to finance	24%
Funding discrimination: gender, ethnicity, age	12%
Availability and access to second level finance	12%

# Group Based Loan

4 loan cycles with flexible amounts

- 1<sup>st</sup> R300-R500 (repayment 3 months)
- 2<sup>nd</sup> R750- R1 000 (repayment 3/6/9 months)
- 3<sup>rd</sup> R1 500-R2 000 (repayment 3/6/9 months)
- 4<sup>th</sup> R3 000-R4 000 (repayment 3/6/9 months)

# Basic Business Skills

- Basic accounting
- Accessing Markets
- Business Linkages
- Technical assistance linkages

# ICT Programme

## Computer Based First Language Literacy

- Based on an Indian Literacy Program
- 12 week literacy programme
- Introducing computers to rural women for practical use
- Developed basic computer program course manuals –standard Microsoft programs for unemployed young rural women

# MFI Capacity Building Programme

- Strengthening pro poor Micro Finance sector by organising not for profit Micro Finance Institutions (MFIs)
- Lobbying and advocacy for State support for micro credit programmes – APEX FUND
- Institutional Capacity Building for MFIs

# Research and Documentation

- Conduct basic research to enhance implementation of development programmes
- Profiles of rural women written assisted by WDB