

Economic Empowerment in Marginalized Populations of Botswana:

An examination of what two NGOs are doing to help provide sustainable income-generating projects in rural and urban communities.



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Introduction

Botswana has experienced an average GDP per capita growth rate of over 7% since its independence in 1966 making it one of the fastest growing countries not only in Sub-Saharan Africa but also in the world. With the discovery of diamonds and the establishment of good economic institutions, Botswana has achieved significant economic wealth. The problem is that this wealth has been concentrated in the hands of the political elite with only 12 percent of the population owning 60 percent of the country's wealth. This has left many marginalized groups in the country. Many economic empowerment initiatives have been developed and undertaken by organizations in Botswana. My research will outline two of these organizations and the steps they are currently undertaking to eradicate poverty in marginalized areas of Botswana specifically in women and rural communities.

Contributors to rural poverty in Botswana:

- Land reform policies that marginalized small farmers
- Institutions built on the income from migrant laborers
- Capital-intensive industrialization that creates limited job opportunities in rural areas

Contributors to women's poverty in Botswana:

- Socialized institutions of gender roles
- Lack of access to productive resources which limits economic opportunities
- HIV/AIDs epidemic which disproportionately affects women



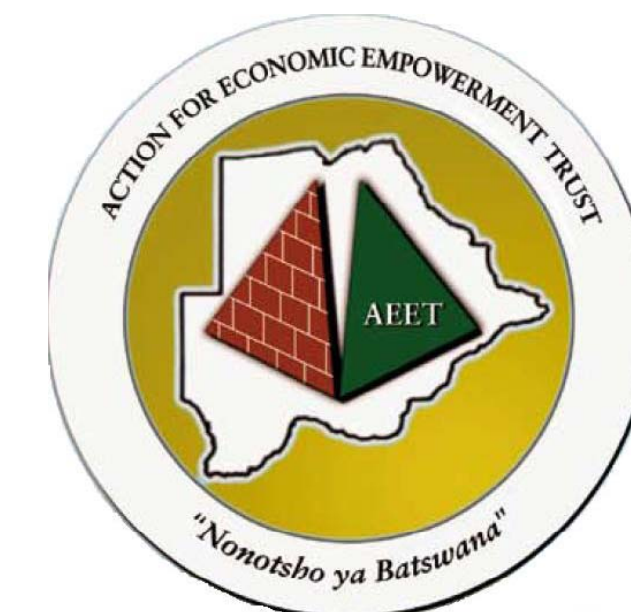
Above: (Palmer & Parsons, 1977); (<http://www.womenscoalition.org.bw>)

Methods

My research process consisted of a series of repeated informal conversations with various members of each organization regarding the nature of the organization and its processes. I spent several afternoons with each of the organizations sorting through publications and project profiles as well as conducting informal interviews. Some of the questions I sought to answer through my research included: *How did your organization get started? How do you determine where to direct your funds? How do you contribute to poverty eradication in Botswana? How do you create awareness of your organization? Where do you get your funding? What makes a project/loan successful? What is your methodology? What contributes to your projects/loans failing? What services do you offer? Where do most of your expenses go? What are the demographics of your typical clientele? What are the biggest challenges/limitations you face?*

Action for Economic Empowerment Trust (AEET)

Mission: enhance poverty reduction by supporting projects that will contribute to the sustainable socio-economic empowerment of communities and households in rural areas
"AEET is a registered Botswana-focused development trust whose aim is to contribute to socio-economic development of Botswana through initiating, implementing, and managing sustainable socio-economic income generating projects in rural areas."



The Action for Economic Empowerment Trust is an NGO located in Gaborone that was implemented by US African Development Foundation (USADF) and the Government of Botswana to perform the day to day functions of facilitating economically sustainable projects in Botswana. AEET operates according to the Participatory Development Methodology (PDM) which requires community mobilization and discussions to determine the development needs of a community and potential solutions to perceived problems from the perspective of community sub-groups. PDMs have been identified for their potential to facilitate strengthening of local capacity for poverty reduction, self-reliance, and sustainable development at the grassroots level. The PDM framework helps to enhance the integration of local knowledge systems in project design, a two-way learning process between the project and local people, and commitment and support to the project.

AEET currently monitors 25 projects in Botswana. The majority of projects that AEET mobilizes are funded in the Serowe-Palpye and Mmadinare districts. The majority of the projects implemented are agriculturally related since farming and breeding small stock is considered a familiar activity for most rural families in Botswana. Some of the other projects that AEET supports include piggeries and dairy cooperatives, arts and crafts, horticulture, beekeeping, basketry, sorghum milling, and lodging and tourism. AEET places an emphasis on continual and cumulative communication and education to ensure viability of the projects. 5-day intensive training sessions place an emphasis on empowerment and individual members potential benefit. AEET advocates an emphasis on managing incomes and sales revenues and making business decisions based on financial position.

The biggest challenge that AEET faces is lack of commitment to the project. "People get excited and want to see instant rewards. They soon neglect the project because of the time it takes to see consistent revenue." Another challenge AEET often faces is what they coin a 'capacitation gap.' Low literacy rates among members leads to difficulty in articulating business issues so often they do not see value in the complications of running a business. Due to isolation and transport costs and insufficient demand, the communities also often face problems of access to quality raw materials for their projects often resulting in sub-par end products that are not competitive on the market.

Women's Finance House of Botswana (WFHB)

Mission: to alleviate poverty by improving the lives of economically active, low-income women in Botswana by providing access to micro-loans and other business supportive services.

"We contend to reduce poverty through the provision of financial services and the promotion of low-income active women entrepreneurs, particularly those who do not have access to the services of conventional financial banking."

The Women's Finance House of Botswana (WFHB) is non-governmental organization organized in 1989 by a group of women in Gaborone to provide cost effective and sustainable micro finance loans to poor women in Botswana. WFHB is a member of the Women's NGO Coalition (WNGOC) of Botswana which is a network of non-governmental organizations that are concerned with the empowerment of women through coordination and collaboration of its members. The services that WFHB offer include micro-credit and micro-loans, savings bonds, and hires private consultants to provide basic business training.

The dynamic of women employing WFHB's services most often includes a mixture of married and unmarried women mostly in rural areas, the majority of which are middle aged or older. Only about 10% of Botswana's youth take advantage of WFHBs services, a surprisingly low amount. An example of the businesses that WFHB typically finance include mostly small enterprise operations such as candy and airtime vendors, souvenir vendors, and food stands as well as tuck shops, or small tailoring shops. WFHB mainly operates within 14 villages ranging within the Central district. To become a member a person must a) be a woman aged 21 to 65 years b) Must be a citizen and c) Have a business in operation for at least 6 months which make sat most P1000 per month.

WFHB operates under the Grameen Development Model where women are given loans in groups. The group model requires prospective borrowers to form or join 5-member groups. Groups are then organized into Centers located throughout the district that have up to 8 groups. Center meetings take place on a weekly basis and are facilitated by Center Managers who are employed by WFHB. The group meetings and WFHB's lending standards promote successful repayment and also provide a valuable forum for best-practice sharing and training on financial issues. Because of the structure of the model, this creates an element of peer pressure among the women to make their payments. This model works especially well in the Botswana context taking into consideration the social factors and attitude toward business culture. Under this model WFHB has achieved a 95% repayment success rate on average.

When asked where the majority of the organizations expenses go to, administration costs were targeted as the number one answer. Micro-finance organizations such as WFHB operate based on scale and a lot of administration staff is needed to cover costs in Botswana because of its low population density.



Conclusion

Historically, schemes to extend marketing facilities, to provide rural credit, to mechanize agriculture, and to build co-operatives have done little to alter the fact that a vast majority of rural Botswana still struggle to survive on the threshold of hunger. Traditional Western economic theory has argued that economic growth should serve as an engine of development, stimulating the spread of modern productive activities to the countryside through the 'multiplier' effect. The cause of the obvious failure of this approach in independent Africa is to be found in the characteristics of the rural population: their attitudes and traditional institutions hinder the emergence of the necessary entrepreneurial behavior required to take advantage of the new opportunities created by the expansion of the export sector. (Palmer & Parsons, 1977) It is generally not the type of model employed that matters but lack of commitment and participation and program resources. It is essential to continue to employ economic empowerment programs to tap into human economic potential in these marginalized areas to reduce poverty and build better communities.

Below: (<http://www.womenscoalition.org.bw>)



Policy Recommendations:

- change in gender biased laws, to include women in economic power and social security programs
- increase infrastructure in rural areas to allow access to markets and better education and training opportunities
- Increased support from corporations and government agencies to expand outreach operations
- push for structural change in social and gender dynamics

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