



GRAÇA MACHEL TRUST

FINANCIAL INCLUSION AND ECONOMIC RECOVERY

REPORT SUMMARY
JUNE 2023

With Support From:



NATIONAL FINANCIAL
LITERACY ASSOCIATION

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A significant number of women are financially underserved and do not have access to financial products. This is in a context of pre-existing entrenched structural barriers, social and economic inequalities that disproportionately affect women, worsening due to the pandemic. Inability by women owned business to accumulate savings is a matter that requires intervention.”

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One of the core focus areas for the Graça Machel Trust (the Trust) is financial inclusion and support for women at different levels of the economy. With support from CARE International programme.

The Trust worked with National Financial Literacy Association (NFLA) to pilot a financial inclusion project for in Gauteng and KwaZulu-Natal (KZN), South Africa in 2022. The project was given impetus mainly by two calamities in the form of the devastating floods in KwaZulu-Natal (KZN) and the Covid-19 pandemic where women were particularly affected. This summary of the project report highlights key aspects and impact of the project.

Targeted Group



Women entrepreneurs
in the micro to small
business space

Total Reach



60 Women

Areas



Carltonville, Gauteng and
uMgababa, KwaZulu-Natal,
South Africa

PROJECT OBJECTIVES

- To provide financial and digital financial literacy information to the underserved communities so that they can access financial products to grow their businesses and actively participate in the economy.
- To raise awareness about the importance of financial literacy and promoting a financially literate nation.
- To provide women with practical knowledge and skills and of how to use simple technology to enhance their businesses.

This project forms part of the Trust's broader agenda of women inclusion in finance, which has other projects that develop entrepreneurs with well established businesses, access to finance through Afrishela, a gender lens investment vehicle and the Expert Leaders Group, to influence policy direction and actions that advance inclusive recovery through financial inclusion.

ABOUT THE PARTICIPANTS

Carltonville



Business sectors: Primarily mining and agriculture and others.



Level of business: Micro to small businesses.



Organisation / group: Womandla

uMgababa



Business sectors: Tourism and agricultural sectors.



Level of business: Micro to small businesses (hawkers and crafters)



Organisation / group: TACCWO, a church group of women in business.

The project intentionally targeted a group of business women with lower education levels, who are based in the economically challenged parts of the country. This meant that albeit limited, they have some cashflow and will see the value of using different tools to make when it comes to managing their money. Majority of them, even though they generate some income from their informal hustles, do not have bank accounts.

Carltonville



Economically distressed mining town where a lot of people lost their jobs after the big mining houses closed their operations in the area.



Main economic activities: Agriculture and agri-processing.

uMgababa



Rural village close to the Indian ocean.



Main economic activities: Tourism and agriculture.

THE PROCESS

The project adopted two important components, viz. diagnosis and capacity building sessions. In terms of the former, a diagnostic tool was developed and shared with the participants who completed a questionnaire during the sessions. The goal of the diagnostic sessions was to identify and evaluate gaps in financial and digital inclusion and also to inform the capacity building content as well as the pitch of the workshops.

The diagnostic tool was designed to firstly measure level of understanding of the concepts and tools that the women were going to be trained on. The second objective was to measure information recall and knowledge transfer at the end of the training. These included:



Broadening knowledge on financial concepts such as budgeting, savings, financial service providers, different financial products and their relevance that affect financial well-being of individuals.



Understanding what causes limitations on accessing financial products.

CAPACITY BUILDING SESSIONS

Capacity building sessions were carefully structured to respond to the diagnostic report. The training sessions looked at all six areas of personal finance management to accommodate those who have not started businesses. There was also a session that focused on business literacy to accommodate the entrepreneurs.

OUTCOMES

What was clear in the end was that most women involved in business lack access to financial ecosystems and other financial products. Majority of them use traditional instead of digital marketing strategies, this makes it difficult to access, identify and explore new markets and trading opportunities.

The Gender Gap



The project also highlighted the growing gender gap in digital literacy skewed in favour of men.



Most of the women confirmed that they had always thought that digital and financial literacy was the preserve of men. As such they never took interest or tried to understand how technology can help grow their businesses.”



The inability of women owned businesses to access and sell products using digital methods resulted in them losing business opportunities like selling their products and wares online to other enterprises. The Covid-19 pandemic not only disrupted the economic activities but it also exposed their vulnerabilities.

Access to finance and financial tools



Most participants had no idea about where to go or who to approach to receive funding or how to do basic budgeting for their businesses.



This highlighted the significance of disseminating more information to both township and rural based business communities.

IMPACT

Participants showed better understanding and were better informed about how to manage their financial resources to ensure financial security. Most started to adopt basic financial practices which will lead to sound financial management and decision-making.

OPPORTUNITIES

The project helped identify opportunities:

The strong need for longer, multi-iteration financial literacy sessions in underserved communities to be able to:



Reach more women in need



Have more time for training, so that the participants can fully understand and implement what they have learned in their lives

- An opportunity to provide a mentorship programme to the emerging local business women who needed further and constant guidance on how to run and turn their business into financially sustainable operations.

- Another vital opportunity was in relation to placing more trained unemployed youth and placing them with these businesses focusing specifically on financial management and digitalisation.



CONCLUSION

The results of this pilot project all but indicate that a lot of work still needs to be done to provide structured support in financial and digital literacy for women in business including those who are in the labour market. Based on this project it has been clear that women are resourceful and have agency and drive to achieve an inclusive economy and gender parity.

Genuine economic transformation would not be complete without deliberately integrating township and rural communities, particularly women, into the mainstream of the country's economy. One of the effective ways of achieving this goal is through the provision of sustained financial and digital literacy to underserved communities.

Further engagement with the participants revealed that they require more financial support and digital literacy to successfully run their businesses, and they also need access to new markets and procurement opportunities. The project set a tone and provided a firm basis from which to launch longitudinal and deep dive studies in future.



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