Informal social security and its contributions towards meeting the needs of the poor. The case of stokvels in Soweto, Johannesburg

Nkosiyazi Dube

A thesis submitted to the

Department of Social Work

School of Human and Community Development

Faculty of Humanities

University of the Witwatersrand, Johannesburg

In fulfilment of the requirements for the Degree of Doctor of Philosophy

Supervisor: Professor Edwell Kaseke

Co-Supervisor: Dr. Edmarie Pretorius

February 2018

DECLARATION

I hereby declare that this thesis is my own original and unaided work and that I have correctly referenced all the sources utilised. This thesis has not been submitted previously for any degree or examination at any University.

Nkosiyazi Dube

University of the Witwatersrand

Johannesburg

N. Dube   Date

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DEDICATION

This study is dedicated to my mother and father for their love and support, together with the effort that they put in instilling perseverance and resilient values in me; this work is testimony to the fruits of your hard work. To my wife, Polite Nothabo Tshuma and my two beautiful daughters, Pearl N.J and Helen N.K Dube, for the support, joy, care and warmth that you bring to my life.

ACKNOWLEDGEMENTS

I would like to give Glory to God the Almighty for His guidance and for being my pillar of strength always.

I am most thankful, and especially indebted, to the Consortium for Advanced Research Training in Africa (CARTA); in truth, were it not for the support from CARTA, I could not have managed to complete this project.

My appreciation also goes to my supervisor, the late Professor Edwell Kaseke, for being so understanding and supportive throughout the duration of the study.

I also convey my gratitude to Dr. Edmarie Pretorius for your willingness to assist me in reaching the finishing line.

I would like to thank the authorities from Soweto and the different stokvel groups and participants who participated in the study. The research could not have been done if it were not for your willingness.

I also wish to thank the Mellon Mays Undergraduate Fellowship (MMUF), Social Science Research Council (SSRC) and the Mellon Mays Graduate Initiatives Programme for giving me the opportunity to show my capabilities.

Special thanks also go to my Mom and Dad, my wife Polite Nothabo Tshuma, our two daughters Pearl and Helen, together with my two dedicated research assistants Mthobisi Ndaba and Hlologelo Malatji and my colleague Lwakhe Faith Mhaga. Your support kept me strong and kept me going.

Finally, I also convey my gratitude to Robet Dube, Jabulani Dube, Gugulethu Dube, Brian Konson, Hloniphani Tshuma, Simingenkosi Dube, Mbongeni Dube, Prosper B. Tshuma, Loveness Siziba, Mehluli Sibasa, Sylvester Maphosa, Nandipha Matshanda, Susan Alexander, Muntuwenkosi Sibisi and Xoliswa Maumela for supporting this project in different ways.

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LIST OF ACRONYMS USED IN THE STUDY

AACU	Association of African Credit Unions
ADB	Asian Development Bank
AIDS	Acquired Immunodeficiency Syndrome
ASCRAs	Accumulating Savings and Credit Associations
BCEA	Basic Conditions of Employment Act
BCED	Brundtland Commission on Environmental Development
BEE	Black Economic Empowerment
CASE	Community Agency for Social Equity
CDG	Care Dependency Grant
CISM	State-Informal Collective Model
COIDA	Compensation for Occupational Injuries and Diseases Act
COIDF	Compensation for Occupational Injuries and Diseases Fund
CSG	Child Support Grant
DG	Disability Grant
DSD	Department of Social Development
DSS	Department of Social Services
EPL	Elizabethan Poor Laws
EPWP	Expanded Public Works Programme
FC	Financial Capital
FCG	Foster Care Grant
FGD	Focus Group Discussions
FSB	Financial Services Board
GDP	Gross Domestic Product
GIA	Grant-In-Aid
HC	Human Capital

HI	Health Insurance
HIV	Human Immunodeficiency Virus
HREC	Human Research Ethics Committee
ILO	International Labour Organisation
MVA	Motor Vehicle Accident
MWP	Minimum Wage Policy
NASASA	National Stokvel Association of South Africa
NC	Natural Capital
NDP	National Development Plan
NGOs	Non-governmental Organisations
OI	Occupational Injuries
OPG	Older Persons Grant
PC	Physical Capital
PWP	Public Works Programme
RAF	Road Accident Fund
RDP	Reconstruction and Development Programme
RESCAs	Regular Savings and Credit Associations
ROSCAs	Rotating Savings and Credit Associations
SA	Social Assistance
SAA	Social Assistance Act
SADC	Southern African Development Community
SANT	South African National Treasury
SASSA	South African Social Security Agency
SC	Social Capital
SES	Socio-economic Status
SFC	Soweto Funda Centre

SI	Social Insurance
SICM	State-Informal Collective Model
SLA	Sustainable Livelihood Approach
SLF	Sustainable Livelihood Framework
SMEs	Small and Medium scale Enterprises
SRD	Social Relief of Distress
SSA	Soweto Stokvel Association
UI	Unemployment Insurance
UIF	Unemployment Insurance Fund
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund (formerly United Nations International Children's Emergency Fund).
WB	World Bank
WDB	Women's Development Bank
WVG	War Veterans' Grant

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Introduction

This study explores the concept of stokvels as a form of informal social security provision. Within the Southern African context, South Africa included, informal social security arrangements are regarded as important and significant in contributing towards meeting the needs of the poor and those who work in the informal sector. Examples of informal social arrangements include stokvels, such as burial societies and rotating savings and credit associations. In South Africa, stokvels constitute an important part of the informal social security system and have become one of the indigenous mechanisms used to increase savings, improve social and economic well-being, especially for the poor and vulnerable groups. According to Patel (2015, p. 59) a stokvel is “an informal group saving scheme whereby the members agree to contribute a fixed amount of money to a common pool on a regular basis”. The study was informed by this definition. Empirical and anecdotal evidence indicates that there are different types of stokvels, with each geared to saving towards a particular purpose. For the purposes of this study, two types of stokvels were studied, and these were burial societies and rotating savings and credit association with a grocery component. It should be indicated that even though there are a number of different stokvel groups, the researcher focused mainly on those that had a potential to contribute to the social protection needs of the poor.

Globally, *stokvels* are referred to as Rotating Savings and Credit Associations (ROSCAs). The term ‘stokvel’ is unique to the South African context and is commonly used when referring to different indigenous saving strategies that are used by black people to supplement their incomes, especially those who are unemployed and or work within the informal sector. According to Lukhele (1990, p. 1) and Matuku and Kaseke (2014, p. 505), a stokvel is “an informal group saving scheme in which members agree to voluntarily contribute a fixed amount of money to a common pool on a regular basis”. This can be on a weekly, monthly or fortnightly basis, and some South African households survive and, or make a living through this. Surprisingly, even though stokvels are common within the South African context, Verhoef (2001, p. 262) argues that “no official recognition is given to this vital saving mechanism in official statistics, which then contributes to an underestimation of the importance of these organisations, both as savings institutions and as mechanisms for poverty alleviation and social advancement". Despite the lack of official recognition, stokvels continue to operate in post-apartheid South Africa as they provide tremendous socio-economic benefits to their members. According to Statistics South Africa (2017), South Africa continues to face severe poverty and high rates of inequality, with almost half of the country's population surviving below the poverty line. The majority of South Africa's poor struggle to meet their basic needs – food, housing, health, shelter, clothing and education, due to unemployment. Even though the South African government introduced the Public Works Programme (PWP) as one of its employment creation strategies, 27.7% of the country's labour force remains unemployed (Statistics South Africa, 2017). Consequently, the poor are forced to engage in self-help initiatives as a way of combating poverty.

1.2 Statement of the Problem and Rationale for the Study

South Africa has a formal social security system incorporating both contributory and non-contributory forms of social security. The contributory system includes schemes such as the Unemployment Insurance Fund, the Compensation for Occupational Injuries and Diseases Fund and the Road Accident Fund. The non-contributory system includes social grants, namely the child support grant, the foster care grant, the old-age pension, the disability grant, the care dependency grant, war veterans' grant, grant in aid and the social relief of distress. However, the formal social security system does not reach everyone who has need for it, due to the shortcomings in the system, some potential beneficiaries end up not benefiting. The contributory system only extends coverage to persons employed in the formal sector. Because of the high levels of unemployment, the contributory system, therefore, excludes a huge number of people. South Africa's unemployment rate is currently 27.7% (Statistic South Africa, 2017), and is among the highest in middle income countries worldwide.

Consequently, the high unemployment rate in South Africa suggests that a significant percentage of the population is not covered by the contributory social security system. On the other hand, the non-contributory social security system (the social grants system), does not reach all needy categories of the population. The social grants only cover persons with disability, children and older persons, and persons who fall outside these groups are not covered. Thus, the formal social security system in South Africa is not inclusive in its coverage, leaving many to rely on the informal social security system. Stokvels constitute a greater part of this informal social security system.

Stokvels and other informal saving strategies have been in existence for many decades, and remain a source of social protection for many people in South Africa. The prospects for the realisation of a more inclusive social security system are slim. Thus, many of the country's poor people will remain dependent on informal social security at least in the short to medium term. Yet there is no clear appreciation of the contributions of stokvels in meeting the social protection needs of the poor. Anecdotal evidence suggests that informal social security systems have not received serious attention from the government despite the potential for strengthening them so that they offer meaningful social protection. Unfortunately, informal social security has not been considered an important policy area even though many people are dependent on it for their protection. It is hoped that insights gathered from the study may directly influence social policy development and programmatic interventions by Non-Governmental Organisations (NGOs) involved in development work. Given the importance of informal social security in South Africa, the study also sought to investigate the contributions of stokvels in meeting human needs, and how they can be strengthened to provide adequate social protection.

While there is extensive literature on social security systems, both formal and informal (Amdissa, 2013; Amdissa, Adanech, Kassa & Terefe 2015; Ardener 2014; Arko-Achemfuor, 2012; Chikadzi & Lusenga, 2013; Dekker & Olivier, 2003; Devereux & Sabates-Wheeler, 2004; Kaseke, 2010; Kaseke, 2013; Kaseke & Olivier, 2008), most of the literature focuses only on broader issues of social security and informal workers and does not highlight the social protection role played by stokvels. Thus, there seems to be a paucity of research focusing on the role of stokvels as a form of informal social security. Therefore, the study will contribute to the knowledge on stokvels as a form of informal social security in developmental social work. Additionally, apart from making a contribution to knowledge, this study endeavoured to deepen understanding of current developments and trends regarding stokvels in South Africa. It is against this backdrop that the study may thus also help stimulate further research into the phenomenon of stokvels as a form of social protection for the poor in the South African context.

1.3 Research Questions

The following two key questions and sub- questions guided the research study in exploring the contributions of stokvels in meeting the social security needs of their members.

- How do stokvels meet the social protection needs of their members?

- How can stokvels be strengthened in order for them to provide meaningful social protection?

1.3.1 Sub- questions

- What are the socio-economic profiles of persons who participate in stokvels?
- How do stokvels meet the social protection needs of their members?
- What are the linkages that exist between stokvels and the formal social security systems and how do these help to enhance the level of social protection?
- How can stokvels be strengthened in order for them to provide meaningful social protection?
- What policy proposals can be developed in order to enhance the capacity of stokvels in order for them to provide better social protection?

1.4 Primary Aim and Objectives of the Study

The primary aim of the study was to explore the contributions of stokvels in meeting the social security needs of their members.

The objectives of the study were:

- To establish the socio-economic profile of persons who participate in stokvels.
- To explore how members of stokvels address their social protection needs.
- To explore the linkages that exist between stokvels and the formal social security system and how these help to enhance the level of social protection.
- To elicit the views of members of stokvels on how stokvels can be strengthened in order to provide meaningful social protection.
- To develop policy proposals for enhancing the capacity of stokvels to provide better social protection.

1.5 Overview of the Research Design and Methodology

The study was informed by an interpretative paradigm, and a qualitative research approach that was exploratory-descriptive in nature, was adopted. Silverman (2013) and Smith (2015) argue that qualitative research primarily focuses on making sense of human experience within specific contexts rather than concentrating on predicting behaviours. Within the qualitative paradigm employed by the researcher, a multiple - case design was adopted and two different types of stokvels were studied. The goal of most case studies is to gain an in-depth understanding of a particular case (Stake, 2013); in this particular instance, the goal was to understand the contribution of informal social security systems in meeting the needs of the poor, with a specific focus on stokvels. Snowball sampling was utilised to sample the stokvels within Soweto which participated in the study. Purposive sampling, a type of non-probability sampling, was used to select participants for the interviews and focus group discussions, and the key informant who participated in the study. The key informant was the chairman of the National Stokvels Association of South Africa (NASASA). A semi-structured interview schedule and a focus group guide were used as research instruments. In-depth, individual, face-to-face interviews were used to gather data from the interviewed stokvel members and the key informant, while focus groups discussions were used to collect data from members of stokvels. Applied thematic analysis was then employed as a data analysis strategy. The methodology that underpinned the study is discussed in greater detail in chapter four of this report.

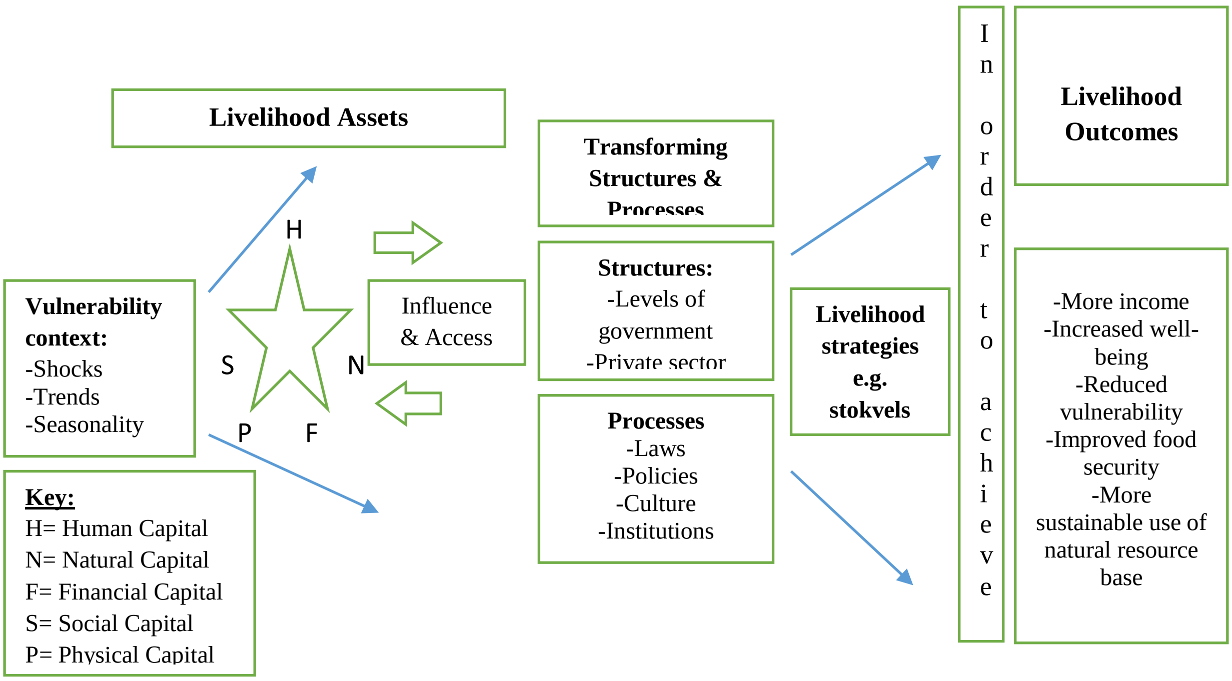
1.6 Theoretical Framework

The study was guided by the sustainable livelihoods approach. The concept of "sustainable livelihoods was first introduced by the Brundtland Commission on Environment and Development as a way of linking socioeconomic and ecological considerations in a cohesive, policy-relevant structure" (Krantz, 2001, p. 10). In 1992, the United Nations Conference on Environment and Development (UNCED) expanded the concept and advocated for the achievement of sustainable livelihoods as a broad goal for eradicating poverty (Krantz, 2001). According to Norton and Foster (2001, p. 7), "the sustainable livelihoods approach can be seen as one of a number of analytical frameworks which deal with the dynamic dimensions of poverty and well-being". This is done through the establishment of a typology of assets which poor individuals, households and communities organise to maintain their well-being under changing conditions. Krantz (2001) states that the sustainable livelihoods concept offers a more coherent and integrated approach to poverty eradication. Krantz (2001, p. 18) explains sustainable livelihoods as:

> ...capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base.

The sustainable livelihoods approach has "conceptual roots in various areas, including the applied social sciences, agro-eco systems/farming systems analysis and especially participatory approaches to rural development" (Norton and Foster, 2001, p. 23). The main distinguishing feature of the approach is the attempt to set the analysis of livelihoods within a comprehensive framework which encompasses policy and institutional processes at various levels, as well as micro-level conditions and determinants of livelihood (Carney, 1999). Ashley and Carney (1999) argued that sustainable livelihood approaches are underpinned by a commitment to people-centred poverty eradication mechanisms. The broad goal of poverty eradication is to develop individual, family and community capacities to improve their livelihood systems (Singh & Gilman, 1999). However, to understand these, a person's coping and adaptive strategies also need to be taken into consideration. For a livelihood to be sustainable, it must have stable human and financial resources, reduced vulnerability, improved food security and increased well-being (Carney, 1998).

Below is a pictorial illustration of the sustainable livelihood approach of stokvels which was adopted in the study.



Sustainable Livelihoods Framework
Modified illustration adapted from Krantz (2001, p. 19)

According to the Asian Development Bank (ADB) (2017), the sustainable livelihoods approach enhances the understanding of the poor's livelihoods as it organises factors are deemed to enhance and/or constrain livelihood opportunities. The ADB further argues that the sustainable livelihood approach also helps in the planning of development related activities and in assessing the contribution that such activities have made to the sustenance of livelihoods (Serrat, 2017). As much as the sustainable livelihoods approach does not replace other approaches such as integrated rural development, participatory development and sector-wide approaches, it helps in facilitating the identification of practical actions based on the views and interests of those concerned (ADB, 2017). Moreover, the ADB states that the sustainable livelihoods approach looks at the inherent potential of individuals with regard to their skills, access to physical and financial resources, social networks and their ability to influence core institutions.

The sustainable livelihoods framework highlights five different categories of capital assets and these are: *human capital*, which includes education, nutrition, health, knowledge and skills and the capacity to work and adapt. Green and Haines (2008) state that most workers, especially those with a low income, confront difficulties in developing their human capital, and also in securing jobs that best reward them for their abilities and skills. The second asset is *social capital*, which, according to Putnam (2000), looks at formal and informal groups, networks and connections, common rules and sanctions, shared values and behaviours, collective representation, relations of trust and mutual understanding and support, mechanisms for participating in decision making, and leadership issues. *Natural capital* focuses on environmental services, land and produce, wildlife, trees and forest products, wild foods and fibres, water and aquatic resources and biodiversity. *Physical capital* is the fourth capital asset represented in the sustainable livelihoods framework, and it looks at things like tools and technology – which include seed, fertilizer, pesticides, tools and equipment for production, and includes traditional technology. Physical capital is also about infrastructure related issues such as secure shelter and buildings, communications, water supply and sanitation, vehicles, roads and transport (Green & Haines, 2008). Finally, *financial capital* includes credit and debt, savings – both formal and informal, wages, remittances and pensions (ADB, 2017). Some of these highlighted capital assets are related to social security and can be seen in stokvels.

The sustainable livelihoods approach highlights that when the poor are confronted with adversity, they become exposed to different kinds of vulnerability. Vulnerability is characterised by insecurities regarding the well-being of individuals, communities and households, which are caused by constant changes in the external environment (ADB, 2017). There are two facets to the risks that cause vulnerability, and these are the external risks of shocks, critical trends and seasonalities, together with internal risks characterised by defencelessness caused by an inability to cope with different vulnerabilities. Let it be noted that livelihood strategies and outcomes are not solely dependent on one's access to different capital assets or constrained by different vulnerability contexts, but are also influenced by structures and processes within different environments. Structures include both public and private sector institutions that set and implement legislations and policies, while processes embrace policies, laws and regulations, thereby determining the operation of structures. The ADB (2017) argues that structures that determine the implementation of certain policies can be ineffective due to an absence of appropriate institutions and processes that can effectively implement these policies. Processes play an integral part in all aspects of livelihoods and provide rewards that allow people to make informed choices. Interpersonal relations, which are part of social capital, are also influenced by different processes; thus, it is paramount for the government to adopt pro-poor policies so that they cannot restrict the poor and vulnerable in framing their livelihoods (ADB, 2017).

According to Krantz (2001), the sustainable livelihoods approach, like any other approach, has strengths and weaknesses. The strengths of this approach are that it produces a more holistic view on what resources, or combination of resources, are important to the poor, including not only physical and natural resources, but also their social and human capital. In addition, the ADB (2017) states that the sustainable livelihoods approach seeks to understand livelihoods in a historic and dynamic context. Moreover, the approach explicitly emphasises the importance of micro-macro system linkages, and acknowledges the need to move beyond narrow sectorial perspectives by recognising the linkages between these systems. The approach also facilitates a better understanding of the underlying causes of poverty by focusing on a variety of factors, at different levels, that directly or indirectly constrain poor people's access to resources of any kind (Krantz, 2001). Finally, it is argued that the sustainable livelihoods approach provides a more realistic framework for assessing the direct and indirect effects on people's living conditions than one-dimensional productivity or income criteria (Krantz, 2001). The above affordances help the poor recover their human dignity and stress the importance of understanding institutions by linking the formal to the informal, and the micro to the macro (ADB, 2017).

However, on the other hand, the approach is criticised for its failure to clearly indicate the criteria used to identify individuals or families regarded as poor (Krantz, 2001). In addition, the ADB (2017) highlights the point that the sustainable livelihoods approach ignores inequalities of power and assumes that different capital assets may be expanded in a generalised fashion. Another criticism of the approach is that it underplays the idea that when livelihoods of one group are enhanced, those of another group could be undermined. Lastly, it is argued that the sustainable livelihoods approach underplays the elements of the vulnerability context, such as conflict and macroeconomic trends (ADB, 2017).

The characteristics of the sustainable livelihoods approach are important in explaining the origins of stokvels in South Africa. Industrialisation in South Africa resulted in the introduction of neo-liberal policies that advocated for selective provision of means-tested social security benefits. Additionally, individuals were seen as capable of taking full responsibility for their own lives. This assumption led to the introduction of contributory forms of social security. However, not everyone was able to participate in contributory forms of social security and continued to depend on informal social security. In terms of this study, it is noted though that some people who are involved in contributory social security also participate in community-based networks and self-help activities such as stokvels in order to supplement their income and sustain their livelihoods.

The residual model of social welfare, which South Africa followed during the apartheid years, assume that people have the capacity to establish their own sources of assistance, and that the state should only intervene if individuals are unable to support themselves (Patel, 2012). Thus, people had to resort to other self-help activities such as stokvels. Stokvels then became a common self-help practice for most black people in different urban townships and became a form of informal social security and a poverty alleviation mechanism for most black people. According to Adelzadeh, Alvillar and Mather (2001), the low absorption capacity of the formal economy in South Africa has forced people to adopt diverse income-generating strategies, such as stokvels, aimed at ensuring sustainable livelihoods. These networks are not only regarded as survival mechanisms, but can also lead to a more secure livelihood and well-being of the participants (Adelzadeh et al., 2001).

The sustainable livelihoods approach emphasizes the need for people-centred poverty eradication mechanisms with the aim of improving livelihood systems for individuals, families and communities. Stokvels are also regarded as a poverty eradication mechanism initiated by individuals, and a way of sustaining households within the South African urban townships. Socially, stokvels “have become a critical vehicle through which members form long-lasting mutually beneficial ties with one another” (Chikadzi & Lusenga, 2013, p. 33). As a means of poverty eradication and improving livelihoods, the outcomes for participating in stokvels should mirror those of the sustainable livelihoods approach. These outcomes include more income, increased well-being and reduced vulnerability. These outcomes are also closely linked to social protection and social security objectives, and they create a social capital base that members tap into in times of adversity (Chikadzi & Lusenga, 2013). Therefore, as the study aimed at exploring how stokvels contribute to the well-being of the poor, the sustainable livelihood approach was thus a suitable theoretical framework for this study.

1.7 Relevance of the Study to Social Development

Social work, as a profession, has been concerned with the promotion of the well-being of people and the enhancement of people’s social functioning. According to Potgieter (1998, p. 35), social work is:

> a professional activity that utilises values, knowledge, skills and processes on issues, needs and problems that arise from the interaction between individuals, families, groups, organisations and communities. It is a service sanctioned by society to improve the functioning of people, to empower them, to promote a mutually beneficial interaction between individuals and society in order to improve the quality of life for everyone.

From this definition, it is evident that social work is concerned with the promotion of people's well-being by engaging in a variety of activities. However, since its inception, social work has been concerned with the curative way of dealing with people's issues, and the practice has been framed around the concept of poverty, with poor people's issues being dominant in its practice (Chikadzi & Lusenga, 2013). According to Midgley (2013), while services are also rendered to middle class clients in present day societies, especially in the developed world, in third world countries, including South Africa, social work mainly focuses on the poor and the marginalised. This trend can be traced back to the work of philanthropists whose main focus was to help the poor to improve their social functioning. This idea was then the defining norm of social work practice when the profession was brought to the developing world; however, there was a need and/or a call for the profession to have relevance within the developing countries where there were diverse issues to be attended to, including issues of development.

Due to this need, arguments were developed advocating for the profession to abandon its curative approach in favour of a developmental approach. Midgley (1981, p. 156), reports that many authors within the field of social welfare started to urge

> the profession to abandon its curative conception of social welfare in favour of a developmental approach through which social workers will contribute to the amelioration of the social problems of underdevelopment and help people to meet basic needs.

Many countries, South Africa included, then adopted a developmental approach to social welfare. According to Lombard (1996), in South Africa, within the developmental model of social welfare, social development is the dominant approach. According to Patel (2015), social development endeavours to partner social change with economic progress. This notion is viewed as similar to what stokvels within the South African context strive for. According to Verhoef (2001), from what is known of the history of stokvels in South Africa, their social purposes are clearly as important as their economic purposes. Kuper and Kaplan (1944) also argue that despite the opportunities opened up for Africans by urbanisation, African men and women in the cities experienced social displacement in an unknown, artificial and constrained urban environment. Therefore, “membership in stokvels helped to establish relations of trust with people of the same ethnic group or religious affiliation” (Kuper & Kaplan, 1944, p. 8). Moreover, stokvels provide moral support, resembling the closely knit tribal support structures typical of African rural areas. They also “generated a strong sense of solidarity among members, taking on the functions of a provident society for those in need – not only for the member, but also for the family” (Verhoef, 2001, p. 34). In addition, Verhoef (2001) also asserts that the African spirit of *ubuntu* – which means caring for one another’s well-being in a spirit of mutual support – is at work here.

Thus it can be seen that these components of a stokvel are embedded within the field of social work, where mutuality and the spirit of *ubuntu* are emphasised, which therefore make this study relevant to the discipline of social work and social development.

1.8 Organisation of the Thesis

This thesis comprises ten chapters. **Chapter One** provides an overview, as well as the aim and objectives of the study. It also discusses the theoretical framework that guided the study and examines the study’s relevance to the discipline of social work and social development. **Chapter Two** focuses on a review of the literature and also examines research relating to the contribution of informal social security towards meeting the needs of the poor. The chapter further discusses social protection and the different forms it takes, and also discusses a conceptual framework for social protection. **Chapter Three** continues with the discussion of informal social security systems with an in-depth discussion of stokvels, including their typology and role in the South African context. The research design and methodology are described in **Chapter Four** of the thesis, while **Chapters Five**, **Six**, **Seven**, **Eight** and **Nine** present and discuss the findings of the study per research objective. **Chapter Ten** presents the main findings, conclusions and recommendations that emanated from the study.

CHAPTER TWO

LITERATURE REVIEW: INFORMAL SOCIAL SECURITY AND SOCIAL PROTECTION

2.1 Introduction

Informal social security remains a major form of social protection for the poor in Southern Africa. Its continued existence is a reflection of the absence of comprehensive formal social security systems. This chapter focusses on a review of the literature in relation to informal social security and how it fits into the broader concept of social protection. In order to understand the concept of informal social security, the chapter begins with a brief definitional review of social protection and the different forms it takes. This will be followed by a discussion of social security (formal and informal), three forms of social security and, finally, the contributions of informal social security to social protection. In addition, this chapter foregrounds the understanding of stokvels as a form of informal social security.

2.2 Defining Social Protection

Although social protection has been mainstreamed in development discourse, it carries a range of definitions, and remains a term that is unfamiliar to many, including policy makers responsible for implementing social protection programmes. Patel (2015, p. 162), states that there is no standardised definition of social protection, hence the term is “widely used as an umbrella term for a wider range of programmes of both state and non-state actors and includes income security and access to social services”. In addition, Devereux and Sabates-Wheeler, (2004), state that the core components and boundaries of social protection are far from agreed upon, and that different stakeholders perceive social protection in different ways. For instance, according to Ortiz (2000, p. 13), social protection is defined as the “set of policies and programmes designed to reduce poverty and vulnerability by promoting sufficient labour markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and interruptions or loss of income”.

On the other hand, the World Bank (2004, p. 21), defines social protection as:

> a collection of measures to improve or protect human capital, ranging from labour market interventions, publicly mandated unemployment or old-age insurance to targeted income support. Social protection interventions assist individuals, households, and communities to better manage the income risks that leave people vulnerable.

Van Ginneken (2003, p. 33) defines social protection as "the provision of benefits to households and individuals through public or collective arrangements to protest against low or declining living standards".

Social protection is referred to by Norton, Conway and Foster (2000, p. 26) as "public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society".

It is observed that there is no universally agreed upon definition of social protection. However, it is noted that the above definitions of social protection address three common elements. According to Devereux and Sabates-Wheeler (2004), these three elements are *problem identification*, whereby social protection is required to address a specific set of economic problems and livelihood shocks. This is in response to unacceptable levels of vulnerability, deprivation and risks and to protect against declining living standards. The second element inherent in the definitions of social protection is the issue of *problem prioritisation*. Each definition "prioritises slightly different sets of problems, for example, either low levels of income or living standards; or downward fluctuations in incomes and declining living standards" (Devereux & Sabates-Wheeler, 2004, p. 11). Finally, the other element embedded in the definitions of social protection is the notion of *social protection providers*, whereby each definition refers to public actions, public or collective arrangements, and a set of policies and programmes. It might be assumed that social protection is delivered mainly through public or government agencies and through collective provision, which in this case might refer to community-based and private sector institutions, including formal (public and private) and informal (collective and community-based) sources (Devereux & Sabates-Wheeler, 2004).

Also, of particular importance is the notion that different agencies use different frameworks when implementing their social protection policies. For instance, the International Labour Organisation (ILO) developed a framework that is derived from the work of Guhan (1994), which asserts that in poor countries, social protection must be viewed "as part of, and fully integrated with anti-poverty policies, with such policies being broadly conceived in view of the complex, multi-dimensional nature of poverty and deprivation" (p. 38). In addition, the ILO World Social Protection Report 2014/15 states that more than 70 percent of the global population is not adequately covered by social protection, as only 27 percent of the world population enjoys access to comprehensive social security (ILO, 2014). Australia is one of the countries with the best-designed social protection systems in the world (Patel, 2005). In 1948, "the global community agreed that social protection and health care for children, working age people who face unemployment or injury, and older persons are a universal human right" (ILO, 2014, p. 21). However, the promise on universal social protection is not yet fulfilled and the majority of the world population lives in abject poverty (ILO, 2014). It is further argued by ILO (2014) that social protection is a key policy tool for reducing poverty and inequality while stimulating inclusive growth by boosting the health and capacity of vulnerable groups in society. Patel (2005) noted that there is general agreement in both developed and developing countries about the importance of social protection systems as poverty reduction initiatives, strategies for ensuring that the basic minimum standards of living for the people are met and as ways of addressing and achieving a more equitable income distribution in different societies. Given that social protection aims to reduce the vulnerability of the poor, the ILO framework looks at *protective, preventative, promotional* and *transformative* measures as a means of achieving this aim, as will be discussed in the next section.

2.3 Different Forms of Social Protection

According to Devereux, Ntale and Sabates-Wheeler (2002), four categories of interventions are identified in order to adequately address the social protection needs of people who are chronically poor, economically at risk and socially marginalised. Oduro (2010) also proposes that social protection is conceptualised as having protective, preventive, promotive and transformative dimensions.

2.3.1 Protective social protection

This measure involves the "provision of assistance to those who are unable to work, and the provision of services to targeted groups", including orphans and abandoned children (Oduro, 2010, p. 6). In this category, social assistance is one of the categories of intervention, and it covers programmes such as social pensions, food aid, food-for-work, single-parent allowances and disability benefits (Devereux et al., 2002). In South Africa, social assistance is a constitutional right and is fully publicly funded; however, access to it is based on eligibility criteria (means testing), and this varies for different types of social assistance programmes – i.e. grants (Patel 2015). According to Bhorat and Cassim (2014), social assistance programmes reduce poverty and inequality, especially amongst the chronically poor of the population. This is further supported by the World Bank (2012); Van der Berg and Moses (2012); Van der Berg, Louw and Du Toit (2007), who stipulate that without social assistance programmes, poverty and inequality will be much greater. Patel (2015, p. 181), also states that "social assistance programmes, especially social grants, are shown to reduce poverty irrespective of which poverty lines are used". Protective social protection is also viewed as a measure to keep families together. Moller (2011), as cited by Patel (2015, p. 181), argues that pensions allow older persons to remain within their families and in their communities, as "they empower older people; improve their self-esteem and result in improvements in their material conditions and levels of life satisfaction".

2.3.2 Preventive social protection

Social insurance is the main component under this pillar. Muhanguzi (2016, p. 5) argues that preventive social protection "averts deprivation through social insurance interventions such as pension and maternity benefits, health insurance, unemployment benefits, informal savings arrangements, funeral support and services such as advice on crop or income diversification". Devereux et al., (2002), also observe that social insurance includes formalised pensions, unemployment and maternity benefits, health insurance and burial societies. According to Mchomvu, Tungaraza and Maghimbi (2002), preventive social protection is a western style or formal social security which is contributory in nature and excludes a huge number of people, especially those who are not employed and live on irregular incomes. A very small number of people are covered within this form of social security, especially on the African continent. One African example is the case of Tanzania, where it is argued that only about 6% of Tanzanians were covered in 2002 due to high levels of unemployment (Devereux & Sabates-Wheeler, 2004). In addition, in Uganda, only the less vulnerable groups are covered within the formal social security system, and these include private sector workers and government employees (Devereux & Sabates-Wheeler, 2004).

Furthermore, Ouma (1995) argues that the narrow tax base and the low ratio of taxpayers to non-taxpayers also put a strain on the capacity of African countries to afford a comprehensive social insurance system. Therefore, there is a need to broaden the modern social protection arrangements to also cover those living in the countryside and the periphery of the economy. However, there is no clear answer as to how this could be implemented. According to the ILO/UNDP (1996, p. 11) report, there is an acknowledgement of the "problem of large uncovered sections of the population with substantial unmet needs"; however, very few suggestions and recommendations have been brought forward on how to extend coverage to these sections of the population. This therefore leaves a number of poor people excluded from the benefits of preventive social protection because of its contributory nature.

2.3.3 Promotive social protection

Promotive social protection contributes to longer term poverty reduction strategies. According to Muhanguzi (2016, p. 5), promotive social protection "raises incomes and capabilities to create opportunities for fighting poverty through microfinance and school feeding programmes". In addition, Devereux and Sabates-Wheeler (2004) state that one of the tested interventions for this type of social protection has been the provision of meals to learners in schools through school feeding schemes. Although school feeding is considered controversial, Bennett (2003) states that this mechanism has worked and yielded positive outcomes amongst poorer families. For example, it has safety nets effects, because in difficult times, such as during droughts, school feeding encourages parents and caregivers to leave children in school rather than withdrawing them to help in the search for food. This, therefore, is seen as a promotional strategy that can be employed as a poverty alleviation strategy for the poor and as a means of encouraging poorer families to continue sending their children to school.

Hall (2010) also states that children's support programmes result in reduced child poverty rates and that they also have a significant developmental impact, such as improved health, school enrolment and nutrition and reduced child hunger. Empowerment programmes are also included in this form of social protection, and these include the Expanded Public Works Programme (EPWP), that creates job opportunities for the unemployed in South Africa. At its inception in South Africa, the EPWP was supposed to "have a training component to enhance the employability of the participants" and thus help them secure permanent employment;

however, this did not happen, leaving a significant number of youth still jobless and without skills (National Planning Commission, 2013, p. 37).

2.3.4 Transformative social protection

Transformative social protection addresses issues related to social exclusion and equity, through social empowerment. According to Devereux and Sabates-Wheeler (2004), within this measure of social protection, a minimum wage is seen as a labour market intervention that is aimed at reducing poverty by raising wages for the poorest categories of the workers towards, or above, the poverty line. Increasing wages for workers who are poorly paid can be an attractive policy option for social protection, and it has both direct and indirect poverty-reducing impacts. However, Alatas and Cameron (2003) argue that a pragmatic argument against a minimum wage is that the poorest workers in developing countries fall outside wage employment altogether, as they are in sectors that are in most cases uncovered, for example, subsistence agriculture and informal (self) employment. This therefore makes enforcement extremely difficult in these sectors, with the poorest segments of the working populations rarely covered although empirical evidence suggests that minimum wages and poverty are conversely related. According to Saget (2001), significant evidence suggests that minimum wage legislation can indeed contribute to poverty reduction. Moreover, Lustig and McLeod (1996, p. 12) state that “an increase in real minimum wages can be accompanied by a fall in poverty, while a decline in real minimum wages can be accompanied by a rise in poverty levels” amongst the economically poor.

Sesinyi (1998) asserts that case study evidence in Africa presents a mixed picture regarding minimum wage legislation. For example, in 1974, Botswana introduced a Minimum Wage Policy (MWP) in order to protect workers against exploitative employers who might take advantage of high rates of urban unemployment and exploit workers by pushing wages to excessively low levels.

Koehler (2011) states that transformative social protection is, moreover, concerned with changing laws that create social exclusion and with enhancing access to social services, thereby removing obstacles to human well-being. Muhanguzi (2016, p. 5) further notes that interventions through transformative social protection foster collective action for workers' rights, creating voice and authority in decision making for women, upholding of human rights for disadvantaged groups, changes to the regulatory frameworks to protect socially vulnerable groups against discrimination and abuse, and sensitization to transform societal attitudes and behaviours to enhance social equity.

This shows that transformative social protection is not just about wages, but also incorporates broader rights and policy issues. Below is a diagrammatic illustration of the conceptual framework for social protection.

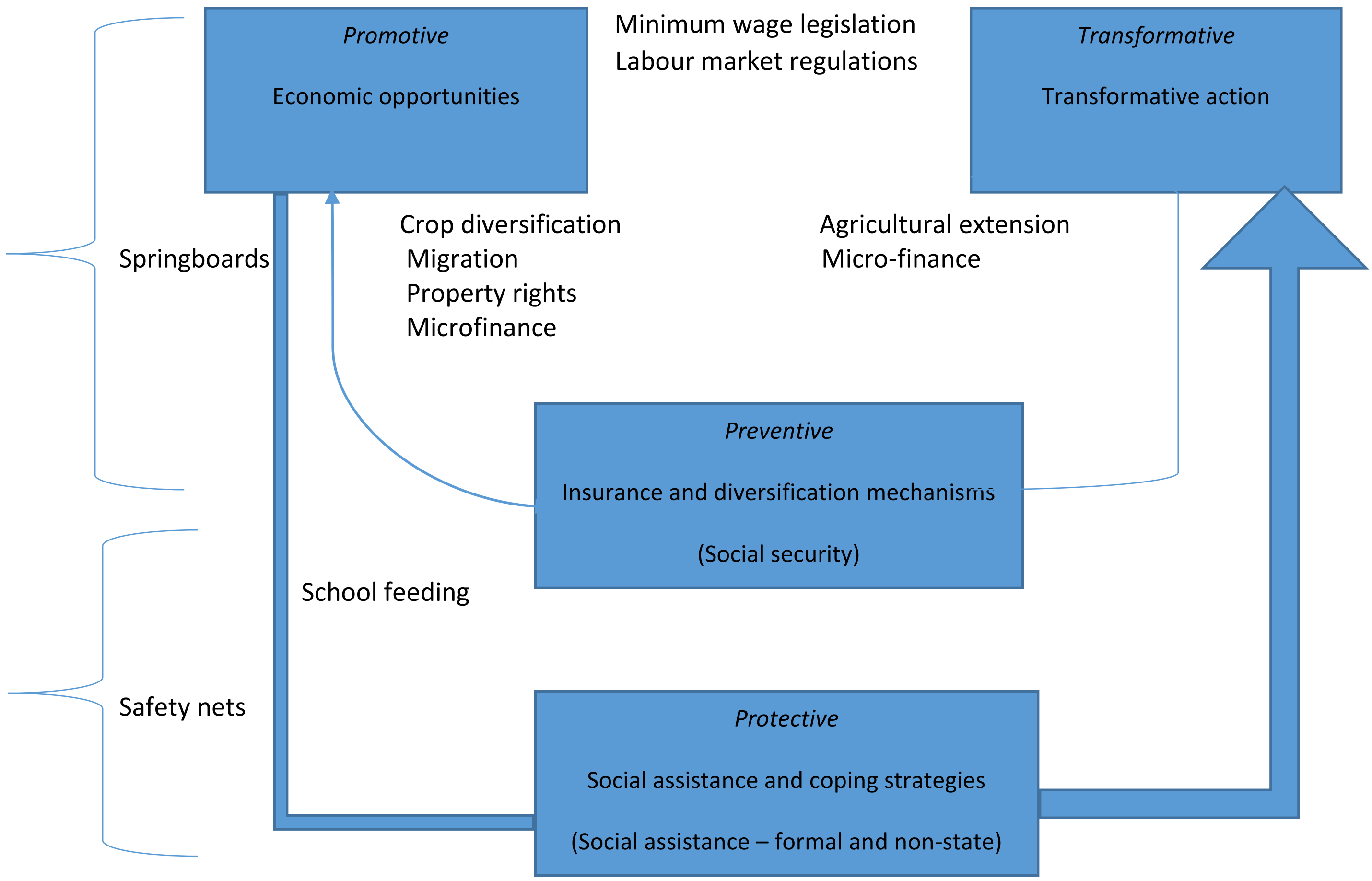


Figure 2.1: A Conceptual Framework for Social Protection

Modified illustration adapted from Devereux and Sabates-Wheeler (2004, p. 11).

In view of the above conceptual framework of social protection, microfinance schemes provide both social insurance and economic opportunities, and they empower individuals within their households and households within their communities (Devereux & Sabates-Wheeler, 2004). Additionally, social protection instruments such as the regulation of minimum wages can enhance the income and capabilities of workers, and thereby improve their social protection needs (Devereux & Sabates-Wheeler, 2007). The transformative nature of social protection combines both safety nets and springboards, and people in need receive help immediately through social assistance (Kumitz, 2013). In addition, safety nets also enable people to take up opportunities that they would otherwise not have taken, to enhance their economic opportunities. However, Devereux and Sabates-Wheeler (2004) argue that some targeting mechanisms that are applied in feeding schemes can have stigmatising effects that can further exacerbate the vulnerability of these groups. Therefore, there is a need to have progressive thinking on social protection that can move beyond equating social protection with safety nets. This will mean the development of tools that can be used to combat poverty and enhance the wellbeing of people.

The next section discusses the concept of social security.

2.4 Understanding the Concept of Social Security

Social security systems are powerful tools for combating poverty and income insecurity, and for achieving greater levels of income equality. There are varied definitions of social security, and different authors define the concept of social security differently. Deva (2016, p. 316) defines social security as:

> The protection which society provides for its members through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children.

The definition considers the provision of social security as a mechanism to protect individuals who have been exposed to unavoidable contingencies and those who do not have the means to take care of themselves (Patel, 2005). However, van Ginneken (2003, p. 279) defines social security as follows:

> benefits that society provides to individuals and households – through public and collective measures – to guarantee them a minimum standard of living and to protect them against low or declining living standards arising out of a number of basic risks and needs.

There are four elements embedded in this definition: the first being the issue that, through social security, people derive individual rights and entitlements, and the second being the presence of an element of social cohesion within social security due to the fact that it is provided within the context of public or collective good, with the emphasis on volunteerism and not-for-profit arrangements (van Ginneken, 2003). The third element of the definition makes it clear that social security aims to provide protection; therefore, its role must not be confused with policies promoting employment and the economy. Lastly, it highlights the fact that social security is not only concerned with a limited range of contingencies, but also with reducing the impact of household budgets on basic needs such as food, shelter, medical care and education (van Ginneken, 2003). According to van Ginneken (1999), more than half of the world's population is excluded from any type of formal social security protection. The problem of social exclusion is a major problem in social security in developing countries. Within the sub-Saharan Africa region, formal social security coverage is estimated at 5 to 10% of the working population (ILO, 2001). Due to the exclusion of the vast majority of the population, informal social security has become an important source of social protection (van Ginneken, 1999).

In addition, according to Atkinson (1989, p. 99), "social security is a term which may be used either to denote an objective of government policy or describe a set of policies". It is in the former sense that it has been applied in the context of third world countries by Dreze and Sen (1989a), who point out that the lives of billions are not only short, but also full of uncertain horrors. "An epidemic can wipe out a community, a famine can decimate a nation, unemployment can plunge masses into extreme deprivation, and insecurity, in general, plagues a large part of mankind with savage persistence" (Dreze & Sen (1989a p, 9). It is this general fragility, "on top of chronic and predictable deprivations, that makes the need for social security so strong and palpable" (Dreze & Sen., 1989b, p. 11). In addition, Pieters and Schoukens (2012) indicate that there are many strategies that can be employed to improve the degree of social security, including labour market interventions, agricultural reform, food programmes, asset redistribution and public works programmes.

In developed countries, social security takes three different forms; the first form is the income-tested social assistance for the alleviation of poverty, the second form is social insurance which is concerned with the spreading of income and the provision of security over a life cycle, and finally, the categorical transfers which are concerned with redistribution between specific groups (Amdissa, Adanech, Kassa, & Terefe, 2015; Atkinson, 1988). The first category is common in Britain through its income support, which traces a direct line of descent from the Elizabethan Poor Laws, and also in France and in the United States of America's welfare system (Atkinson, 1989). The second category is also common in Britain, France and the United States of America, and is provided through the national insurance pensions, unemployment benefit, and invalidity benefit based on contributions and the Health Insurance (HI) (Atkinson, 1989). Finally, the third category is exemplified by the child benefit in Britain, and the *allocation familiale* in France, which is paid to the second and subsequent children for the general upkeep of these children (Atkinson, 1989).

Social assistance grants are one way in which governments give people access to social security, especially those who cannot support themselves and/or their families. Social assistance is non-contributory in nature and is means-tested (Patel, 2005). Unlike social assistance, social insurance is a public insurance programme "that provides protection against various economic risks, such as loss of income due to sickness, old age, or unemployment, and participation is compulsory" (Tostensen, 2008, p. 7). According to Viard, (2001, p. 1):

> to alleviate the equity-efficiency trade-off posed by income taxation, most countries' tax transfer systems include transfer payments to categories or groups of individuals defined by (nearly) exogenous characteristics correlated with earnings ability, such as date of birth or disability.

It should be noted that due to the conditions through which social security is provided, most people are excluded from the formal social security system.

The Southern African Development Community's (SADC) Charter of Fundamental Social Rights of 2003 outlines the need for all its member states to be provided for social protection. Article 10.1 of the charter states that "member states shall create an enabling environment so that every worker in the region shall have a right to adequate social protection and shall, regardless of the type and status of employment, enjoy adequate social security benefits"

(SADC, 2003, p. 8). It further indicates, “persons who have been unable to either enter or re-enter the labour market and have no means of subsistence shall be entitled to receive sufficient resources and social assistance” (SADC, 2003, p. 8). However, even though some countries, for example South Africa, provide social assistance, the benefits are insufficient, necessitating that recipients resort to informal social security means to sustain their livelihoods. It should be noted that although there is both formal and informal social security, in many instances, the practice has been to associate social security with formal social security.

2.5 Informal Social Security

Informal social security is conceptually part and parcel of social security, and it plays an important role as a social protection instrument. Mohanty (2011) states that the phenomenon of informal social security is more frequently found in developed countries and that the form it takes in developed countries is different from that found in developing countries. Dekker and Olivier (2003) state that the concept mainly refers to social security protection for informal sector workers in developed countries. However, in developing countries, the concept of informal social security encompasses more than social security for informal sector workers, because it also addresses informal or kinship-based forms of social security, for example support that is granted by family and community members (Dekker & Olivier, 2003). In addition, informal mechanisms work on the basis of “collective action or community, family, neighbourhood or traditional solidarity networks, but might have neither legal identity nor formal governance or management structures” (Muhanguzi, 2016, p. 5). It is important to note that both these forms of informal social security in developed and developing countries have in common the fact that they are characterised by a support network, based on solidarity and reciprocity (Kaseke, 2001). In addition, they may be guided by religious and cultural principles, together with family and community values (Amdissa, 2013). Moreover, Dekker and Olivier (2003, p. 560), argue that “the development of informal social security is largely linked to the problem of poverty and to the vast number of people excluded in terms of the present formal social security framework”. Therefore, in order to address social exclusion, informal social security was, and still is, looked upon as a means of overcoming the problem of marginalisation of the poor. Kaseke, (2013, p. 2) defines informal social security as:

> …the provision of support (in the form of monetary transfers, benefits in kind, services and facilities) to members of society, households and individuals through collective means (including non-governmental, semi-formal, community and traditional arrangements) with or without public intervention to maintain a living standard of human dignity by meeting basic means and to protect against low or declining living standards arising from a number of basic risks, contingencies and needs.

The phenomenon of informal social security "originated from the family context where support was given to family members", and this expanded owing to the increased need in poor communities (Dekker & Olivier, 2003, p. 123); the family is also seen as the first line of protection and the main source of support against basic risks and contingencies (Muhanguzi , 2016; Oduro, 2010). However, it has been argued that, even though traditional support systems remain an important form of social security, the weakening of the extended family system is undermining its effectiveness (Dalufeya, 2013; Kaseke & Olivier, 2008). This can be attributed to the effects of urbanisation and westernisation, which have introduced a new value system that undermines traditional values and beliefs that underpin the extended family system (Kaseke & Olivier, 2008). In addition, Dekker and Olivier (2003) also argue that due to urbanisation and industrialisation, the family structure has been eroded because of rural - urban migration. In turn, this migration has led to the emergence of new forms of informal support such as urban reciprocal social networks and market associations (Mohanty, 2011). This system of informal support was almost a counter to these new family values, which tended to encourage individualism as opposed to cooperation and collective responsibility, which characterised traditional African societies.

In many African countries, traditional and semi-formal systems of social protection continue to exist and provide a much-needed support system to families and households in both rural and urban areas (Patel, 2015). In the absence of formal state social protection systems, non-state and/or informal social provision safeguards people against risks and other contingencies. Lack of access to adequate formal social security has forced the poor to resort to informal social security, particularly mutual aid schemes. Thus, according to Mashigo (2006), mutual aid schemes are mainly for the poor, or for those who operate at the periphery of the mainstream economy. Therefore, the importance of informal social security cannot be ignored, especially when bearing in mind that one-third of the world's population is not covered by any type of formal social security measure (Dekker & Olivier, 2003). In developing countries, particularly in most African countries, the majority of the population is still not covered by formal social security, and those excluded from the scope of formal social security are usually the poorest of the poor, who then rely on informal social security as their only source of social security (Dekker & Olivier, 2003; Olivier, Kaseke & Mpedi, 2008).

Furthermore, this argument is supported by Dekker and Olivier (2003), who assert that about 20% of the population in developed countries is said to be without any form of formal social security, and yet, in Africa, about 90% of the population is not covered by formal social security, mainly because a large part of the population is not in formal employment. Therefore, informal social security systems are very important within the African context, South Africa included. However, these systems have a tendency of discriminating or treating women unjustly for the benefit of other extended family members and the community, with no guarantee of women's own social protection (Muhanguzi, 2016; Patel, 2015).

There are different types of informal social security, and mainly comprised of family and kin associations, credit and savings groups and traditional forms of insurance initiatives such as burial societies (Muhanguzi, 2016; Norton, Conway & Foster, 2001).

2.6 Types of Informal Social Security Systems

Informal social security is widely relied upon within the developing world, particularly within the Sub-Saharan Africa region, due to the weak and/or non-existent formal social security in the region (Oduro, 2010). There are two types of informal social security systems that exist within the SADC region, and these are traditional support systems and self-organised mutual aid arrangements (Kaseke & Olivier, 2008). It is observed by Dekker and Olivier (2003) that it is difficult to make a clear distinction between these forms of informal social security. They often co-exist and overlap with each other, and with other types of formal social security. In addition, they are considered the core of the non-state social safety net throughout Africa, and these forms of reciprocal exchange stem from nuclear and extended family, clan, friends, neighbours, hometowns and/or ethnic groups (MacLean, 2011).

2.6.1 Traditional support systems

Traditional support systems are family based and continue to be the first source of support in many African communities, especially with regards to coping with shocks and contingency (Muhanguzi, Muhumuza & Okello, 2014; Muiruri, 2013; Oduro, 2009). Traditional support systems refer to "kinship or family-based arrangements for meeting human needs arising from exposure to life-cycle crises" (Kaseke & Olivier, 2008, p. 176). In the event of life-cycle crises, members have an obligation to assist one another, and the extended family is seen as an important social security system in the fulfillment of one's needs (Oduro, 2010). Support in this type of informal social security system is usually realised during times when there is a death in the family, sickness or drought. Kaseke and Olivier (2008) observed that support is also rendered in circumstances that include old age and disability, where the extended family views it as its responsibility to lend a helping hand. At the same time, Dekker and Olivier (2003) state that this form of informal social security is dependent on kinship ties and relies heavily on the principles of solidarity and reciprocity, and support can be in the form of money or services or both.

Midgley (2011a) argues that, traditionally, the family has been regarded as a social security system providing assistance to its needy members, with an expectation that assistance will be reciprocated in one way or another in future. It should also be noted that this kind of reciprocity is generalised reciprocity, as assistance may not be reciprocated in the same manner in which it was received, and that it cannot always be done by the individual who was assisted previously (Kaseke & Olivier, 2008). Within this form of informal social security, children are also seen as a contributing source, not only to their biological parents, but also to the entire extended family, and they too provide support when life-crises such as old age and sickness occur. Children are also regarded as a source of social protection and enable their families to address both immediate and anticipated future needs (Kaseke & Olivier, 2008; Oduro, 2010).

In addition, Sarpong and Asuming-Brampong (2004, p. 121) state that the extended family has been for years the primary form of social security, with children providing much "needed services including fetching water and firewood and generally staying with the needy, especially the elderly, to run errands or perform other domestic chores, with the elderly who are economically inactive, providing home tutelage to children". This further strengthens the family bonds within the extended family system and also enables people to develop a sense of belonging (Kaseke, 2013). It is noted that, within this form of social security, there is universal coverage, and assistance is extended to all kinship group members, even though there is also no legal basis for a claim to benefits (MacLean, 2011). However, it has been observed that due to the weakening of the extended family system, owing to changes brought about by rapid urbanisation, globalisation and the emergence of nuclear families, its effectiveness as a social security institution has been weakened (Kaseke, 2013; MacLean, 2011; Oduro, 2010).

Traditional support systems are still crucial forms of social security; however, increasing poverty amongst different communities and households is weakening the effectiveness of the system. According to Nhongo (2013), sub-Saharan Africa has grim poverty statistics, with between 45 and 50% of the people living below the poverty datum line, and more 300 million people living in extreme poverty. Despite traditional support systems remaining an important form of social security, poverty continues to compromise the effectiveness of the systems (Kaseke & Olivier, 2008). Therefore, the growing levels of poverty create stress as the extended family system may not have at its disposal adequate resources to mobilise in support of the needy members. In addition, Dhemba, Gumbo and Nyamusara (2002) argued that, within the Zimbabwean context, the growing levels of poverty continue to threaten the viability of informal social security arrangements.

Furthermore, the authors observed that the levels of poverty were being fueled by the HIV and AIDS pandemic, which continues to kill a large percentage of the most productive age group, thereby deepening poverty and compromising the effectiveness of the traditional support system. Nhongo (2013, p. 3) also argues that “HIV/AIDS has continued to have significant impact on the lives of communities and families across the world” and this has broken some of the chains that act as links within and between families. Consequently, this has affected older members of the extended family as the passing on of their mature children meant loss of support, and also leaving them to bear the brunt of providing care and support to their grandchildren (Kaseke & Olivier, 2008). This situation, therefore, forces some of these grandparents to look for other forms of support such as self-organised mutual aid arrangements.

2.6.2 Self-organised mutual aid arrangements

Self-organised mutual aid arrangements differ from traditional support systems in the sense that they are neighborhood or community-based informal social support systems. These self-organised mutual aid arrangements are not based on family and/or kinship ties, but are membership-based (Kaseke, 2013). In addition, the author further stipulates that these mutual aid arrangements cover specific risks and life-cycle events that are determined by members, and which are not met by an existing social protection system. Solidarity is the underlining principle in these organisations, similar to traditional support systems, and this enables members to pool their risks and resources together when adversity befalls them. This therefore means that if a member is exposed to a risk, the burden is shared among all the members of the group. These self-organised mutual aid arrangements are seen as complementary, rather than being a substitute, to the social protection mechanisms that are provided by the extended family (Sarpong & Asuming-Brampong, 2004). However, Kaseke and Olivier (2008) state that these self-organised mutual aid arrangements operate on the basis of balanced reciprocity, and when adversity occurs, all members receive the same benefits, and assistance is reciprocated in the same form and claims are based on moral and/or legal basis, unlike in traditional support system.

In addition, membership in self-organised mutual aid arrangements is usually drawn from people with something in common, and this can be people from the same neighborhood, trade, or people involved in a similar informal sector activity (Kaseke & Olivier, 2008). Coverage is voluntary and the benefits are financed through contributions made by members, and benefits are dependent on the agreement reached by members. Sarpong and Asuming-Brampong (2004), also note that membership in self-organised mutual aid arrangements is voluntary and benefits are received according to the stipulated procedures of the group. Moreover, both contributions and benefits can either be in cash or in kind. However, in order for a member to qualify to receive benefits, he or she must first satisfy the contribution requirements of the group, and failure to do so results in no payout (Kaseke & Olivier, 2008). Again, in order for a member to benefit, the member must be up to date with the contributions, and must also have completed the agreed upon waiting period requirements; the latter specifically relates to new members. Burial societies and Rotating Savings and Credit Associations (ROSCAs) are examples that fall within the category of mutual aid arrangements, which are sometimes referred to as self-help schemes (Kaseke, 2013; Kaseke & Olivier, 2008). According to Fultz (1998, p. 2):

> not only do these systems make provision for inability to work due to disability or old age, they may also cover funerals, school fees, weddings and births, loans and savings, construction of homesteads and communal tasks (e.g. weeding) aimed at maintaining a community's food supply.

Administrative functions and management roles required by these schemes are performed by individual members who are elected into these positions by other the members of the group, and are in turn accountable to the membership (Kaseke & Olivier, 2008).

It is evident that self-organised, mutual aid arrangements are governed by members' agreed upon operational rules and regulations and in some cases by a constitution, and these guidelines can be verbally agreed upon and not necessarily written down (Muhanguzi, Muhumuza, & Okello, 2014). The principle of trust is highly valued amongst members of self-organised mutual aid arrangements, as in most cases members know one another. However, Kaseke and Olivier (2008, p. 178) suggest that "as these arrangements often operate on the basis of trust, (as members knew each other well), transparency and accountability are weak, and this makes them susceptible to moral hazards". Such irregularities are usually rampant in rural settings where the majority of the members are in the category of senior citizenship, with minimal levels of education.

Tshoose (2009) also states that within these mutual aid systems, there is sharing of responsibility by means of *Letsema*, which is a Southern Sotho word meaning coming together for a common goal. This is mainly practiced in rural areas during the planting season when families work together in their fields on a rotational basis to cultivate one another's fields. Moreover, members of these mutual aid organisations are able to have both their immediate and future needs covered, and this makes it possible to address the problem of poverty, thereby making self-organised mutual aid arrangements relevant to the social protection needs of members. Finally, another advantage of self-organised arrangements is that they "are able to provide protection against collective risks such as droughts and floods, which are quite common in some African countries" (Kaseke & Olivier, 2008, p. 178). This, therefore, becomes part of the affirmation for the continued existence of informal forms of social security in Africa and other parts of the world.

2.7 Understanding the Rationale for Relying on Informal Social Security Systems

There are several reasons that affirm the continuous reliance on informal social security systems. According to Oduro (2010), when there are shocks, either related to death, harvest and/or illness, in many circumstances recourse is made to informal social security arrangements due to the lack, weakness or non-existence of public social protection mechanisms to provide the necessary support to households, individuals and communities. Dekker and Olivier (2003) state that informal social security plays an important role in the African context. The authors further extrapolate that this continued reliance on informal social security is due to the fact that the formal system excludes and marginalises many of the poor who work informally or who have to rely on informal (kinship or community-based) social security mechanisms. In addition, Kaseke and Olivier (2008, p. 178) also highlight that "the absence and the inadequacy of formal social security systems, leave many of the poor with no choice but to rely on informal means of survival".

Also, it should be observed that African people have a strong sense of pride in their own traditions and in the functioning of their communities. Therefore, they normally resist changes imposed on them from the outside and ideas that have not evolved in their communities (Dekker & Olivier, 2003). Therefore, within the African communities, informal social security is a reflection of a way of life, as informal networks reflect the people's values and culture (Dekker & Olivier, 2003). Furthermore, it is observed by Kaseke and Olivier (2008, p. 178) that "traditional support systems represent a way of life for African people, as it defines the culture of the people and sharpens their identity and sense of belonging". In addition, Dalufeya, (2013), Kaseke, (2013) and Oduro, (2010) also state that traditional or informal social security systems, especially the extended family system, define who people are, and are vital in developing and maintaining cohesiveness within families and communities.

Furthermore, Dekker and Olivier (2003, p 76) observe that poverty and high unemployment rates in many developing countries also "forces poor communities to rely on informal social security mechanisms". According to the United Nations Development Programme [UNDP], (1997, p. 2), poverty refers to:

> …more than just income, and focuses on poverty as the denial of choices and opportunities for leaving a tolerable life. It is measured in terms of material welfare and also in terms of opportunities and choices to live a long, healthy and creative life and to sustain a living standard with freedom of choice, self-respect and self-esteem.

Therefore, for the poor, "informal social security provides an indispensable means of survival, even though it cannot be perceived as a sustainable option to provide long-term solutions to needs, adversities and/or calamities" (Olivier & Mpedi, 2003, p. 5). Holzmann (2002, p. 43) states that "the poor are typically most exposed to diverse risks ranging from natural to manmade, from health to political risks, and the poor have the fewest instruments to deal with these risks".

The other rationale for relying on informal social security is the fact that the majority of the people are not covered by contributory social security schemes, thus forcing them to rely on informal means. This is further asserted by Dalufeya (2013, p. 2), who posits that "informal workers outside the scope of conventional social protection, with no employment contracts, savings accounts or pension usually have one security – their burial society", which becomes their sole support mechanism during life adversities. It should also be noted that not everyone qualifies to benefit from formal means of social security, as most of these are means-tested, and benefits are not always adequate, hence beneficiaries are forced to turn to informal social security for supplementary support (Kaseke & Olivier, 2008; Sigg, 2005). The other reason argued is that formal social security is employment-based and only covers those who meet the definition of employee. This, therefore, marginalises informal sector workers and peasants who are not considered to be employees (Kaseke & Olivier, 2008; Sabates-Wheeler & Kabeer, 2003). The restricted concept of family underlying much of the formal system also forces the poor to resort to informal systems. Dekker and Olivier (2003, p. 203) argue that "most definitions of social security are based on the Western concept of the family", which does not capture the African reality of family.

Moreover, the concept of family that is used by formal social security refers to a nuclear family, while the reality in most African countries is that the concept is used in the broadest sense to incorporate the extended family. In addition, some communities in Africa value traditional cultural practices and still practice arranged marriages, which in turn lead to polygamy, specifically within the Southern African Development Community (SADC) countries; and yet, formal social security schemes only recognise the first wife for the purpose of paying benefits (Kaseke & Olivier, 2008). This therefore forces those excluded by the formal social security system to look to other means for their social protection. This is further substantiated by Kaseke (2013, p. 3-4), who posits that only five to ten percent enjoys social security coverage in sub-Saharan Africa, and therefore

> …the question that arises then is what is the source of protection for the 90-95 percent excluded from formal social security…there is no doubt then that the restricted coverage of formal social security forces those excluded to make their own arrangements for their social protection.

Nhongo (2013) also states that the formal employment sector has been shrinking instead of growing in many African countries, resulting in a number of people being pushed into the informal economy. In most cases, people rely on informal social security systems, and it is therefore important to look at the contributions that these informal systems make to people's social protection.

2.8 Contributions of Informal Social Security to Social Protection

Even though it is widely accepted that informal social security is not the answer to the problem of income insecurity among the poor, Kaseke and Olivier (2008, p. 179), argue "it nonetheless plays a pivotal role in extending social protection to the poor and marginalized groups in society". This is because of the absence or inadequacy of formal social security systems, (Olivier, Kaseke & Mpedi, 2008), in most countries, especially within the SADC region. As a result, some contingencies are not being covered due to the lack of comprehensive social security system, forcing people to turn to mutual aid arrangements in order to fill this gap. In addition, without formal employment, one gets automatically excluded from some of the formal systems, especially contributory systems. Informal social security promotes togetherness at family and community levels, which leads to the development of a strong 'we' feeling (Kaseke & Olivier, 2008). It is therefore, this 'we' feeling that weaves the people together and enables them to take collective responsibility to meet the needs of others in the family or community (Kaseke & Olivier, 2008).

It is through informal social security that solidarity is enhanced and strengthened within different communities. According to Olivier, et al., (2008), in Africa, traditional values such as *ubuntu, botho* and *harambee* are the fundamental basis of informal social security and they are also enforced by the system as it promotes the spirit of togetherness and sharing. Informal social security also has a positive impact on poverty alleviation and development. This is emphasised by Mchomvu, Tungaraza and Maghimbi (2002), when they state that in Tanzania, cooperatives have had a positive impact on food security within this East African country. Moreover, Mukuku, Kalikiti and Musenge (2002) also argue that in Zambia, market associations are enabling members to start and expand their businesses. In addition, Kaseke and Olivier (2008) also observed that ROSCAs, performs a similar function, which is contributing significantly towards poverty alleviation. This is also the case within the South African context, where Patel (2015, p. 175) states that the “indigenous and informal modes of reciprocity have been the bulwark against social and economic insecurity” for many people in South Africa.

However, it is noted that the effectiveness of informal social security on poverty alleviation is hindered by low incomes amongst members, which further leads to very low benefits. Despite the benefits being low, they go a long way in enabling the poor to meet their day to day basic needs (Kaseke & Olivier, 2008). Within the South African context, families who are not able to benefit from employment based social security schemes, rely exclusively on informal social security arrangements. It is observed by Kaseke and Olivier (2008, p. 180), that there is “danger of romanticizing the importance of informal social security systems given the fact that they are unreliable, particularly now due to the growing levels of poverty”. This then result in little and/or in no guarantee at all that one can draw support from this form of social security when faced with different life adversities. However, it should be noted that the continued existence of informal social security mirrors failure by the state to provide a comprehensive formal social security that will benefit all those in need of it. Therefore, it is of paramount importance that when arguing for the importance of informal social security, one has to take cognisance that it is not therefore an abdication of the state’s responsibility of protecting the poor and vulnerable groups (Kaseke & Olivier, 2008).

The other contribution is that informal social security systems are performing some of the social protection functions that are traditionally supposed to be performed by formal social security systems. These social protection functions, according to Devereux and Sabates-Wheeler (2004), include protective, preventive, promotive and transformative functions. This is further extrapolated by Kaseke (2013, p. 4), where he posits "informal social security, particularly the extended family system serves as an instrument for the propagation of and protection of traditional values that promote solidarity and reciprocity". This statement, therefore affirms the protective function of social protection played by informal social security at both household and community levels, by providing means of managing the risks associated with disability, death and sickness (Kaseke, 2013). In Tanzania, a study that was done by Mchomvu et al. (2002), reported that in the Maasai clan, when heads of households lose their livestock due to natural and environmental hazards, the expectation is that members of the extended family will replace the lost livestock.

This further reinforces the idea that informal social security supports individuals and households who do not have the capacity to deal with the burden of exposure to risks on their own (Kaseke, 2013), thereby enhancing its protective function. In addition, it is noted that self-organised mutual aid arrangements also bear the characteristics of a protective function. This is through different initiatives that are designed to curb food insecurities in different rural communities. An example of this contribution is revealed through a study that was done in Zimbabwe by Dhemba et al. (2002), where it was found that rural communities come together and contribute to the *Zunde raMambo* or *Isiphala seNkosi* (Chief's Granary), which is a traditional practice that is meant to aid the elderly, widows and orphans during drought. This practice is therefore meant to provide the much-needed protection against food insecurity, thereby exhibiting the characteristics of a social assistance scheme (Kaseke, 2013).

The widespread ROSCAs and burial societies (stokvels), which are also a form of informal social security, assist in the reduction of possible risks amongst different communities, thereby contributing to the preventive function of social protection. The benefits derived from ROSCAs, are used for multipurposes, for example to enable members of a family to access health care or to pay school fees for children to remain in school (Kaseke, 2013). This also applies to burial societies because when death occurs in a family, they immediately contribute to soften the blow on the bereaved family. Muhanguzi, Muhumuza and Okello, (2014, p. 5), posits that preventive social protection “averts deprivation through social insurance interventions such as pensions and maternity benefits, health insurance, unemployment benefits, informal savings arrangements, funeral support and services such as advice on crop or income diversification”. Kaseke (2013, p. 4) also state that if a programme seeks to “avert deprivation or to mitigate the impact of an adverse shock”, it will be regarded as preventive.

Informal social security also contributes to the promotive function of social protection. According to Muhanguzi, Muhumuza and Okello, (2014), promotive social protection creates opportunities to fight poverty through the raising of incomes and capabilities, and this can be through different initiatives, that include, school feeding and microfinance programmes. In addition, according to UNICEF (2008, as cited in Kaseke, 2013, p. 5), promotive programmes are those that “enhance assets, human capital and income earning capacity of the poor”. It is therefore observed that ROSCAs, as microfinance programmes, has a strengthening effect on their members’ income earning capacity, as members use benefits from these associations to build their assets base, thereby improving the wellbeing of individuals together with their families, and subsequently their communities. For example mutual aid schemes in Tanzania and Zambia are reflective of the promotive role of social security. These schemes, promote both agricultural production and income capacity of members. Kaseke (2013) points out that the *Chilimba* scheme; a form of a ROSCA in Zambia is a good indicator for the promotive function of informal social security. This is because it enables members to meet both their immediate and future needs, and to become self-reliant when adversities strike in future. This is all through the collective principle of mutual aid associations.

According to Devereux and Sabates-Wheeler (2004), social protection has a transformative function that aims at operationalising economic, social and cultural rights of those excluded from the mainstream economic activities. Muhanguzi, Muhumuza and Okello, (2014, p. 5) also state that transformative social protection “addresses concerns of social equity and exclusion, through social empowerment”. Informal social security mechanisms assist the poor and vulnerable from social discrimination and livelihood risks (Muhanguzi, 2016), and formal systems have been widely criticised for failing to acknowledge diverse range of informal social security mechanisms, yet these have been in place and providing security for many years (Muiruri, 2013; Devereux & Getu, 2013). It should however, be noted that even though these informal mechanisms have a transformative function, their focus is on a limited number of community needs and not on the broader transformative measures (Muhanguzi, 2016).

2.9 Standards for Informal Social Security

Informal social security systems are people-driven, they represent a bottom-up approach to social protection, and this enables people to take responsibility for their own protection against contingencies (Kumitz, 2013). Members of these organisations are motivated by the need for mutual support due the inadequacy or absence of formal social security. According to Kaseke and Olivier (2008), informal social security systems are participatory, and members are able to determine their own social protection needs. This therefore alludes to the fact that, members have the freedom to determine their priority risks and how they wish to protect themselves against these risks. In addition, informal social security systems are "underpinned by the African values that promote collective responsibility and solidarity" (Kaseke & Olivier, 2008, p. 180). The authors further observe that traditional African values such as *'ubuntu'* in South Africa and *'hunhu'* in Zimbabwe, emphasize the interdependency that exists amongst people at both family and community levels. The idea and/or philosophy behind this is that, in order for one to survive in a given society, he or she needs others to assist him or her in the realisation of his or her full potential.

Furthermore, the notion of solidarity makes it possible to pool risks together, thus encouraging sharing the burden of risks equally amongst the members of the group and/or community. Kaseke and Olivier (2008), state that the basis for this solidarity is through the family, kinship or membership to a particular group, and this notion of solidarity is not only based on the concern for other people in the group, but it is also in anticipation of reciprocal assistance in return, and this can either be specific and/or generalised reciprocity. In addition, Sabates-Wheeler and Kabeer (2003, p. 25) state that even though these kinship based groups are "efficient in ensuring a minimum level of survival", there is an "inherent gender bias in social security provisioning", with women left to undertake the bulk of the burden.

This is in line with the widely accepted common idea that within the traditional African society, there is a belief that their ancestors will shun children who do not provide care and support to their parents, and other relatives. This belief has strengthened the traditional support system as it encourages people to comply and fulfill their obligations in the family, even though women are left to bear the brunt of caring for the aged and children (Sabates-Wheeler & Kabeer, 2003). Again, it should be noted that the survival and sustenance of these informal arrangements, especially the self-organised mutual aid arrangements, is guided by the comprehensiveness of the cover, as their rules and regulations are not always written down (Dalufeya, 2013; Kaseke, 2013).

As informal social security is about managing risks, three strategies for managing risks are noted, that is, prevention of risks, mitigation of risks and coping with risks. *Prevention of risks* is based on capacity building, whereby measures are put in place in order to prevent risks from occurring and/or to reduce the impact of a particular risk (Kaseke & Olivier, 2008). *Mitigation of risks* focuses on reducing the impact of exposure to a risk, and this can take different forms, for example, there can be risk pooling within a mutual aid group and when a risk is experienced, members are able to draw from the resources of the group. Kaseke and Olivier (2008) states that group members agree from the beginning on the risks that should be covered for future references. This also involves accumulating reserves, either in cash or kind, and these reserves will only be used when a risk occurs. According to Kaseke and Olivier (2008), in Zimbabwe there is *'Zunde raMambo'* or *'Isiphala SeNkosi'* (Chief's granary), and this allows the traditional chiefs to accumulate and keep food reserves for distribution to the needy when drought strikes. Finally, in terms of *coping with risks,* individuals and communities employ different strategies to cope with risks. The common coping mechanism is the disposal of assets. In urban settings, electrical gadgets such as fridges and stoves and furniture become the targets, while rural folks rely on their domesticated animals such as goats and cattle (Kaseke & Olivier, 2008). Depletion of assets, which further drives people deeply into poverty, is the only problem with this type of coping mechanism, both within a rural or urban setting.

It is further observed by Kaseke and Olivier (2008), that informal social security systems should not only be concerned about the needs that are likely to occur in the future, but to be primarily concerned about the here and now and/or the immediate needs, as they are largely meant to benefit the poor. This is because, for the poor, the concern for the future is meaningless, especially when they do not know where their next meal will come from and when they are unable to send their children to school. This therefore calls for informal social security systems to strive to address both immediate and future needs of the poor. There is a need to view this form of social security as a dynamic one rather than a static one, meaning that informal social security should be seen as having capacity to transform itself into formal social security.

However, Kaseke and Olivier (2008, p. 181), argue “only self-organised mutual aid arrangements have the potential to evolve into formal social security”. The authors further indicate that this transformation will improve the social protection of members due to the advantage that will accrue from efficient collection of benefits, improved management of records and accounts, adherence to insurance principles and payment of reasonable benefits. This therefore calls for the need to “strengthen social security systems, particularly self-organised mutual aid support systems by linking them to formal social security systems so that they can assume some of the characteristics that account for the superiority of formal social security systems” (Kaseke & Olivier, 2008, p. 181).

2.10 Challenges Confronting Informal Social Security

It has been noted that informal social security plays a significant role in poor people’s lives, however, the systems is also confronted with a number of drawbacks. According to Dekker and Olivier (2003), sustainability, reach and effectiveness of informal social security arrangements are limited. The authors further observe that informal social security arrangements “rarely provide a sufficient and all-encompassing solution to the risks with which poor people are confronted” (p. 58). In addition, Holzmann (2002, p. 56) states that, “while informal or market-based risk management instruments can often handle idiosyncratic risks; they tend to breakdown when facing highly covariant, macro-type risks”. For example, in Africa, according to Holzmann (2002, p. 41), “the main sources of covariant risks that affect poor people are HIV and AIDS, wars and conflict, seasonal volatility in prices, drought and macroeconomic shocks”, while the idiosyncratic risks that affect Africa include widowhood and break-up of the family and illness. Therefore, since many of the risks faced by poor people are covariant in nature, informal arrangements at family and/or community level are typically not very effective in dealing with these risks (Holzmann, 2002).

It is noted by Dekker and Olivier (2003) that due to urbanisation and industrialisation, the traditional family system has been eroded and disintegrated. In turn this affects the effectiveness of traditional systems of informal social security, as they are based mainly on the family or kinship relationships. Kasente (1996) also states that because of informal networks’ over reliance on the principle of reciprocity, this constitutes a risk of sustainability, as members who cannot manage to contribute are excluded. Therefore, it should be noted that even though informal social security continues to provide a backbone of social security, the provided security and protection are very limited, and owing to ever increasing rates of poverty, these informal arrangements have also come under immense pressure (Kasente, 1996).

In addition, the lack of contributing capacity on the part of the poor has a corresponding impact on the ability of any particular informal social security instrument to provide sufficient coverage (Dekker & Olivier, 2003). The authors further observed that most informal social security schemes or arrangements are often small, poorly managed and weakly developed, as a result they do not last long and are also unsustainable. However, when developing a comprehensive social security model within the African context, with South Africa included, the importance of social solidarity in traditional societies must not be underscored as these are vital components of informal social security.

2.11 Formal Social Security in South Africa

In South Africa, formal social security consists of both social assistance and social insurance schemes. This section discusses the formal social security systems available in South Africa in the form of social assistance, consisting of different social grants, which are non-contributory and offered to qualifying individuals who are South African citizens, permanent residents and/or refugees. It further discusses social insurance schemes, which are wage linked and contributory in nature.

2.11.1 Social Assistance

It consists of different social grants targeted at children, older persons and people with disabilities. Specifically, these grants include child support grant, care dependence grant, foster care grant, older persons grant, disability grant, social relief of distress and the war veteran's grant. These are discussed below.

Child Support Grant (CSG)

The Child Support Grant (CSG) is an institutionalised social grant with widely recognised benefits in South Africa. It is paid as a cash transfer, on a monthly basis, to the primary caregiver of the child (Patel & Hochfeld, 2011). Children up to the age of 18 years can have access to the grant. The grant has a profound effect on the lives of poverty-stricken children and families (Patel, 2011a). It covers all qualifying children regardless of their race, form, tradition and family structure; prevents children from unnecessarily entering statutory substitute care system and it also keeps children out of juvenile detention centres and off the streets (Patel, 2005). Even though the amount of the grant is very low, it provides poorest children with resources to meet basic survival needs. During the 2013/2014 financial year, the amount paid per child under this grant was R315.00 per month, and it is estimated that there were about 11, 4 million beneficiaries (Patel, 2015). However, currently, the amount paid per child is R380.00 per month, as from the 1st of April 2017, and it is estimated that there are over 12 million children benefiting from the grants (SASSA, 2017)

Although the impact that the CSG has on child poverty rates has not been drastic due to the small value of the grant and population growth, it has meaningfully reduced headcount poverty (Hall & Wright, 2010). Furthermore, it is observed that the CSG has a noticeable developmental impact, such as improved health and nutrition, reduced child hunger and improved school enrolment and it is also associated with greater involvement of carers in the child's development (Hochfeld & Moodley, 2013). According to Smit (2008), there are some challenges with the CSG, it is noted that the grant is often used as a general poverty alleviation measure to benefit the family as a whole and does not solely reach children. In addition, some eligible children together with their caregivers are excluded due to the administrative requirements relating to identity documents (IDs) and birth certificates, as some people might not have these due to practical and financial problems.

Care Dependence Grant

This grant is paid to family members taking care of a child, who is in need of permanent home care, having severe mental impairment and/or severe physical disability (Smit, 2008). It should be noted that the concept of 'permanent home care' and 'severe disability' are not defined either in the Social Assistance Act or in the Regulations to the Act, therefore, there is no standard criteria on what these concepts mean. Patel (2015) states that during the 2013/2014 financial year, a total of 134 364 beneficiaries received a CDG, and the monthly payout was R1350.00 per child per month. The child being cared for must be under the age of 18 years. As from the 1st of April 2017, the CDG was increased and the monthly payable amount per child is now R1600.00. The grant is means tested, and a medical certificate is also required as proof that the child cared for, is severely impaired and/or physically disabled (Department of Social Development, 2014). According to Smit (2008, p. 278), there are certain conditions that need to be satisfied before a CDG is paid, and these include,

> ...that both the applicant and the child must be resident in South Africa, the care dependent child must remain in the care of the parents who made the application, the child must have accommodation that is adequate and reasonable care services must be provided to the child, the child should not be permanently cared for in a state run psychiatric hospital or care and rehabilitation center and the child should receive necessary medical and other treatment as suggested by a medical practitioner, where available and affordable.

The CDG lapses when the parent, foster parent or care dependent child dies, when the child reaches the age of 18 years, and when a care dependent child is admitted to an institution as defined in the regulations, excluding temporary admittance to a psychiatric hospital for a period not exceeding 6 months (Smit, 2008). A number of criticisms are tabled for this type of grant, and these include the idea that there is uncertainty about several undefined concepts, the grant is only payable to severely disabled children and no provision exists for pro rata benefits for children who are care dependent but who are not regarded as severely disabled (Smit, 2008). The author further observes that the grant does not cover children with chronic illnesses such HIV and AIDS, and the means test lengthens the administration and application processes.

Foster-Care Grant

According to Patel (2015), during the years 2013/2014, there were approximately 545 944 beneficiaries of the foster care grant (FCG), and the monthly payout per qualifying beneficial was R830.00. However, the monthly payable amount has been increased with effect from the 1st of April 2017 to R920.00 per child per month (SASSA, 2017). The foster care grant is paid to foster - parents who are legal guardians of children under the age of 18 years. The grant is intended to provide financial support to foster-parents who are willing to provide a child with a secure and nurturing home environment (Patel, 2005). However, this grant is subject to a means test and a full investigation of the home circumstances by a social worker in order to understand the psychosocial needs of the family. The grant is regarded as a means to caring for orphaned and vulnerable children. According to Patel (2005) there are more and more recipients of this social grant since the year 2000, and this increase can be attributed to the HIV and AIDS pandemic that has resulted in many children being orphaned in South Africa. However, Patel (2005, p. 133) further argues “a more sustainable foster care model is needed in order to meet the challenges of the HIV and AIDS pandemic in South Africa. According to Smit (2008), the grant lapses when the foster child dies, the foster child is no longer in the care/custody of the foster parent, the foster child turns 18 years, the foster child leaves school and when the last living foster parent dies.

Older Persons Grant or Social Pensions

This grant is paid to elderly people, both women and men who are 60 years of age. Previously, there used to be a discrepancy in terms of age for male and female recipients of this social grant, whereby in order for males to qualify for the social grant they were supposed to be 65 or more years old and yet for females they were supposed to be 60 years old or more in order for them to receive the benefits under this grant. This has since been reviewed and changed, currently, all beneficiaries of this social grant are supposed to be 60 years and older across gender. In 2013/2014, an estimated total of 3 million beneficiaries received the older persons grant (OPG), and the payout was R1350.00, per recipient per month (Patel, 2015). The 2017 amount payable under this social grant is now R1600.00 per month for all pensioners who are over the age of 60, but below the age of 75 years, and an extra R20 is paid to all pensioners who are 75 years and older to make the total payable R1620.00 per beneficiary per month (SASSA, 2017). The grant is open to South African citizens, permanent residents and refugees, and as mentioned above, recipients must be 60 years and older (Department of Social Development, 2014). The grant is means tested and the person receiving it must not be cared for in an institution funded by the state and must not be receiving any other social grant (Department of Social Development, 2014). According to Patel (2005), the grant contributes significantly to supporting poverty-stricken households, particularly rural households.

Research has indicated that without the contribution of social pensions, poor people in rural areas would simply not survive, as the grant is the only source of income for many rural people in South Africa (ILO, 2000). Even though the amount paid is low, the grant is accessed by a significant number of its intended beneficiaries. Asher and Olivier (2003) argue that the grant reaches 80 percent of its intended beneficiaries. In addition, Patel (2015) states that the grant ensures a minimum standard of living for older persons, and it enables older persons to remain within their families and communities. The grant also empowers older people, improves their self-esteem and also results in improvements in their material conditions and levels of life satisfaction (Moller, 2011).

Disability Grant

According to Millard (2008), the Social Assistance Act No 13 of 2004 provides for the payment of grants to persons older than 18 years who suffer from physical or mental disability for a period longer than 6 months. In order to qualify for a disability grant (DG), the potential recipient must prove that he or she is a South African citizen, that he or she is unable to provide for him or herself and that the degree of disability makes it impossible for him or her to earn a living. In 2013/2014, an estimated total of 1.1 million people benefited from the disability grant, and the total amount payable to an individual per month was R1350.00. However, according to SASSA (2017), disability grant recipients now get R1600.00 per month, effective from the 1st of April 2017. The grant is paid to persons who are above the age of 18 who have a disability as determined by a medical practitioner. Also, the nature and extent of the disability should be such that it would be impossible for the individual to compete in the labour market and be self-reliant. According to Kaseke (2010), the effectiveness of this grant is compromised by the medical model that is used to determine eligibility. Medical assessments reports must not be older than three months during the time of application (Department of Social Development, 2014). Many deserving people are excluded from benefiting from the grant, especially in the context of HIV/AIDS (Kaseke, 2010).

According to the Community Agency for Social Enquiry (CASE) (1998), a recommendation was made that people with disability should include anyone with a physical, sensory, mental and intellectual disability, as well as those with a chronic illness, including HIV and AIDS. In addition, it is observed by Millard (2008) that eligibility for the disability grant should not be based on a person’s incapacity to work, but rather on a needs-based assessment. This is because incapacity is also influenced by the poor economic climate and prejudices in the workplace. The other highlighted shortcoming of the grant is that it does not only ignore issues such as re-integration and rehabilitation, but also fails to provide a holistic solution for disability (Millard, 2008). It is also noted by Smit (2008) that of particular concern is that the pure medical model is still used when vetting beneficiaries for the DG, and that the strict employment test is also still in force. The argument made by the author is that these practices do not take into account the broader psych-social tests. Also, Smit (2008) laments that as far as children with disability are concerned; the grant should be payable to those children in alternative or institutional care.

Social relief of distress

According to the Department of Social Development (2014, p. 3), "social relief of distress (SRD) grant is a temporary provision of assistance intended for persons in such dire material need that they are unable to meet their most basic needs". In order to benefit from this grant, the applicant should have been affected by a disaster as defined in the Disaster Management Act or the Fund Raising Act of 1978 (South African Social Security Agency [SASSA], 2015). This is done through food parcels, and South African citizens, refugees and permanent residents benefit from this grant. Applicants have to meet certain eligibility criteria, for example, the family can benefit if the breadwinner of that person's family has been admitted to an institution funded by the state (Department of Social Development, 2014). Social relief of distress is issued monthly for a maximum period of three months. However, an extension for a further three months may be granted in exceptional cases (Patel, 2005).

Patel (2015) further observes that the value of the SRD varies according to the applicant's circumstances; however, it should not exceed the amount of an old-age pension for an adult beneficiary and for a child, the maximum amount of the CSG. In addition, it is stated by the SASSA (2015), that:

> No person who is in receipt of social grant may receive the grant and social relief of distress simultaneously. Any person who receives both social relief and a grant at the same time must repay the value of the social relief of distress received. This will be recovered from any social grant payment, including an arrear payment. However, where the person who is in receipt of a social grant received social relief of distress as a result of a disaster, that amount will not be recovered.

War Veterans' Grant

The grant is paid to South African citizens or permanent residents who are 60 years and older or who are disabled because of their involvement in different wars, for example, World War 1, World War 11 or the Korean War (Department of Social Development, 2014). The recipient of this grant must have fought in the Second World War or the Korean War, and must not be cared for in a state institution (Department of Social Development, 2014). The grant is also means tested. During the 2013/2014 financial year, an estimated total of 367 beneficiaries received this grant, and the monthly payout was R1370.00 per beneficiary (Patel, 2015). However, currently the total value of the grant is R1620.00, effective from the 1st of April 2017 (SASSA, 2017).

Grants-in-aid

Patel (2015), states that during the 2013/2014 financial year, approximately 92 820 beneficiaries received this type of a social grant, and the monthly payout per individual beneficiary, as of April 2014, was R310.00. However, the amount has since been increased to R380.00 per beneficiary per month as from the 1st of April 2017 (SASSA, 2017). The applicant for this grant must be in receipt of a grant for older persons, disability or a war veteran's grant and requiring full- time attendance by another person. This can be due to his or her physical or mental disabilities (www.sassa.gov.za). In addition, the beneficiary must not be cared for in an institution that receives subsidy from the State for the care and/or housing of such beneficiary. This is also indicative that the grant is means tested.

2.11.2 Social Insurance Schemes

Social insurance protects employees and their dependents against risks that could disrupt their income earning capacity. As these schemes are linked to wage employment, they are of a contributory nature, whereby the employer and the employee contribute to the schemes (Patel, 2015). This therefore shows that those who are not on any form of wage employment are excluded from these type of schemes. Patel (2015, p. 171) observes, "persons in informal employment are not covered by such schemes which exclude a large sector of the population in South Africa". It is argued by Kruger (2013), that these types of schemes cover only the wealthiest 20 percent of the population in South Africa, and the low level of coverage of the labour force, is due to both widespread unemployment, and the lack of coverage of those in the informal sector.

However, proposals to reform retirement provision are under consideration by government in view of the fact that large numbers of employees do not voluntarily participate in these schemes for various reasons (Patel, 2015; Kruger, 2013). In regard to health cover, private medical aid schemes only cover 16 percent of the population and there is a huge lack of coverage for the informal sector employee (Patel, 2015). According to Kaseke (2010), there are three social insurance schemes in South Africa, namely; Unemployment Insurance, offered through Unemployment Insurance Fund (UIF), the Occupational Injuries paid in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA) and the Motor Vehicle Accident, which is also paid through the Road Accident Fund (RAF).

Unemployment Insurance

South Africa has experienced high unemployment alongside with poverty and inequality for several decades now. Unemployment insurance coverage has been instituted for the protection of workers in the event of temporary unemployment related to illness, maternity, adoption and termination of employment (Patel, 2015). It is further observed by Patel (2015) that the purpose of unemployment insurance is to safeguard the individual from financial catastrophe during periods of involuntary short-term unemployment. According to Olivier (2003), this scheme is provided in terms of the Unemployment Insurance Act 63 of 2001, and is financed by the employee, employer and the government. Patel (2015) also states that this scheme is financed by contributions worth 2 percent of the workers' salaries up to a prescribed ceiling and these contributions are then paid to the Unemployment Insurance Fund (UIF). During the 2012/2013 financial year, the fund paid approximately R6 billion in claims to an estimated 731 131 beneficiaries (Patel, 2015).

According to Patel (2015), approximately 45 percent of the formal labour force is covered by UIF. However, it must be noted that the scheme does not cover civil servants and immigrants in temporary unemployment (Kaseke, 2010). In addition, informal sector employees, independent contractors, the self-employed and the unemployed are not covered by UIF. Therefore, given the high levels of unemployment in South Africa, a lack of coverage for unemployed persons remains a huge challenge, as there is no social assistance provision for unemployed people in the country. Social workers and other social service professions are therefore encouraged to play a role through action research in order to come up with innovative ways that will make an impact on unemployment, especially on youth and women (Patel, 2015). In addition, the benefits payable under the unemployment legislation and the Basic Conditions of Employment Act (BCEA) 75 of 1997 only serve a purpose in the short run. It is therefore suggested that it should be a priority to include still a wider category of people under unemployment insurance, especially the self-employed and the atypically employed. Millard (2008) argues that unemployment benefits should form part of a comprehensive social protection system that caters for the needs of the people.

Occupational Injuries

This is another form of social insurance, and its main purpose is to protect workers in the case of occupational related injuries and diseases. According to Kaseke (2010, p. 6), "compensation is paid in terms of the Compensation for Occupational Injuries and Diseases Act (COIDA) 130 of 1993". The scheme is funded through contributions made by employers and it does not cover people employed as domestic workers, those employed in the informal sector and self-employed contractors (Patel, 2015). However, it should be noted that, under this category, mineworkers are covered by the Occupational Diseases in Mines and Works Act 78 of 1993 as amended, and the scheme provides compensation to miners for occupational diseases, which are common when working in the mines (Patel, 2015). The author further states that, the COIDA pays for "medical care and income benefits for workers who suffer an employment-related disability or illness" (p. 68). The funds are financed by levies from employers, and contribution amounts vary from one employer to the other depending on the risks associated with their business (Kaseke, 2010). A total of 325 502 claims were paid during the 2012/2013 financial year as compared to 205 150 in 2011/2012 (South African National Treasury, 2014b).

The figures shows that there has been an increase in claims which may be due to greater knowledge of rights and/or an increase in work-related injuries and diseases due to non-compliance of employers to safety standards (Patel, 2015). Therefore, COIDA's importance to social security cannot be denied. However, only those in formal employment, who also qualify as employees, enjoy the coverage (Millard, 2008). In addition, Millard (2008, p. 243) further outlines that "little is done about the prevention of accidents and rehabilitation and re-integration and, even those employees who do receive lump sums or monthly pensions merely receive defined benefits and adequate steps are not taken to reintegrate them into society". It is therefore encouraged that the core value of the scheme should be to uphold the work ethic and to rehabilitate and reintegrate the injured, rather than merely paying them compensation (Millard, 2008).

Motor Vehicle Accident

According to Millard (2008), the South African legislature interventions in the area of motor vehicle accidents in the same way as it do in the case of occupational accidents. Intervention in these two areas is vital as employment and motor vehicle accidents most probably account for the majority of serious and permanent injuries. Millard (2008) states that, currently this is the only non-employment based that deals with the risk of disability in South Africa. According to van de Nest (2003), the Motor Vehicle Accident Fund is provided in terms of the Road Accident Fund (RAF) Act 56 of 1996, which came into effect on 1 May 1997. The main objective of the fund is "to provide compensation for loss or damage wrongfully caused by the driving" of a motor vehicle (van de Nest, 2003, p. 14). Furthermore, it is observed that as this scheme is not employment based, it is financed from the fuel levy, which is provided under the Multilateral Motor Vehicle Accidents Fund Act 93 of 1989 (van de Nest, 2003). This fund exists primarily for the protection of the victim and not the wrongdoer and pays compensation only to victims of road accidents (Kaseke, 2010). The focus of payments in terms of the RAF legislation is on compensation, where a lump sum is paid to the victim. However, due to a number of delictual requirements embedded into this legislation, it can take several years for the victim to benefit and this can have a direct impact on the social protection needs of the victim and his or her dependents (Millard, 2008).

2.12 Brief Overview of Social Security in South Africa

South Africa is one of the few countries in Southern Africa with a progressive social security system. The Constitution of the Republic of South Africa (RSA, 1996) guarantees the provision for social security through social assistance to people living in poverty and also those without means (Triegaardt & Patel, 2005). Olivier and Kalula (2003) highlighted that the Constitution of the Republic of South Africa 108 of 1996, guarantees a wide range of human rights, and among these rights, are the socio-economic rights, which include the right to have access to social security. Access to social security in South Africa is a human rights issue and Section 27 (1c) of the South African Constitution protects the right of everyone to access social security and social assistance, especially those categorised as being unable to support themselves and their families. It is further emphasised by Triegaardt and Patel (2005) that the White Paper for Social Welfare of 1997 (RSA, 1997), advocates for a comprehensive and integrated social security system, encompassing both social assistance and social insurance in South Africa. The White Paper for Social Welfare (RSA, 1997) also promotes the idea of creating new social security models that incorporate community and social development strategies together with employment programmes including the public works programmes.

In South Africa, social security takes the form of social assistance (which includes social relief), social insurance and private savings (Triegaardt & Patel, 2005). Social assistance is a constitutional right and is fully publicly funded in South Africa. According to the National Treasury, in September 2013 there were 15, 8 million people receiving social grants in South Africa (South African Social Security Agency, 2014). This figure is set to increase to 16, 5 million in the 2016/2017 financial year (Patel, 2015). It is further observed by Patel (2015) that the number of people receiving social grants has increased fivefold since 1995 when there were only 3 million beneficiaries. In addition, social assistance amounts to 3,4 percent of gross domestic product (GDP) of South Africa, and the provinces that have the largest social grant expenditures and beneficiaries are KwaZulu-Natal, Eastern Cape, Limpopo and Gauteng (Patel, 2015). Social assistance provides assistance to the neediest persons in society through a range of benefits, in cash or kind, and it is non-contributory in nature. The Social Assistance Amendment Act of 2010 regulates social assistance. Social relief, as part of social assistance, is a short-term form of social assistance and it helps people when they experience crises. This form is means-tested and provides support when people experience emergency situations such as natural disasters (Olivier & Kalula, 2003).

Social insurance, which is also known as contributory social security, refers to "benefits organized by the state through specified contributions by employers and employees…to cover specific risks" (Triegaardt & Patel, 2005, p. 66). Social insurance protects employee and their families against risks that could disrupt their income earning capacity (Patel, 2015). Benefits covered include, unemployment, retirement, maternity and sickness benefits. Finally, private savings refers to the "voluntary savings by individuals for unexpected contingencies and risks" (Triegaardt & Patel, 2005, p. 125). However, even though these strategies seem comprehensive, there are some persons who are excluded by the system due to means testing and other related reasons like unemployment and residence status. Formal social security plays a vital role in South Africa in reducing poverty due to high levels of poverty, inequality and unemployment. The present unemployment rate in South Africa, according to Statistics South Africa (2017), is 27.7%, with youth unemployment having increased from 32.7% to 36.1% between 2008 and 2014, with young women being the most affected (Statistics South Africa, 2017).

2.13 The Role of Social Security in South Africa

At the very root of social security lies the imperative of adequate protection. Social security must be able to provide for those who are economically and socially deprived (Olivier, 2003). Social security aims at addressing poverty and social exclusion. When dealing with poverty and social exclusion, there is a need to deal also with labour market policies. Olivier (2003) states that, social exclusion must be seen as the failure of the democratic and legal system, the welfare state system, the labour market and the family and community systems. Due to the high levels of inequality in South Africa, social security, through social assistance programmes, promotes redistributive justice (Kaseke, 2010). However, due to the fact that grants do not reach many poor people in South Africa, this limits the redistributive role of social security in South Africa (Kaseke, 2010).

Kaseke (2010) further argues that it is also the role of social security to prevent income insecurity. However, this role is not sufficiently fulfilled in South Africa as social security is geared towards compensation, social security helps in the rehabilitation of injured workers, as injury removes the worker from the labour market. It therefore becomes the role of social security schemes to reintegrate the workers. It should be noted that this is only for people who are employed and who will be contributing money on a monthly basis to the scheme. Therefore, a large number of the population is excluded from benefiting from this type of social security, especially the poor, and it forces many of the poor to resort to informal forms of social security. Some of these informal social security systems include ROSCAs, which are commonly referred to as stokvels in South Africa, and these are discussed in detail in the following chapter.

2.14 Conclusion

This chapter began with the provision of an overview of informal social security and social protection, different forms of social protection and the conceptual framework for social protection. The concept of social security was also discussed with specific focus on the varied definitions of social security, the concept of informal social security, the different types of informal social security systems, understanding the rationale for the continued reliance on informal social systems and the contributions of informal social security to social protection needs of the poor. Furthermore, the chapter provided a discussion on the standards for informal social security and the challenges confronting informal social security. The chapter concludes by discussing formal social security within the South African context, where different types of social assistance grants are discussed together with an overview of social security together with its role in South Africa.

The following chapter discusses the concept of stokvels in South Africa, with specific focus on burial societies and rotating savings and credit associations (ROSCAs).

CHAPTER THREE

THE TYPOLOGY OF STOKVELS

3.1 Introduction

Stokvels fall under the broad concept of informal social security and represent an important form of social security. The term 'stokvel' is widely used in South Africa and refers to informal savings schemes which are globally known as ROSCAs. Informal saving schemes exist in different countries across the world, and a significant number of people rely on these schemes for strengthening their livelihoods. In South Africa, ROSCAs and/or stokvels form a sizeable part of the informal saving schemes due to the growing trend of under-employment, low paying jobs and the growing number of people working in the informal sector. This chapter focuses on stokvels.

However, in order to understand the concept of stokvels in South Africa, the chapter begins with a discussion of ROSCAs outlining the global concept of informal savings schemes. Following the discussion on ROSCAs is the definition of stokvels, their history in South Africa and other countries, mandating and regulatory bodies, and the different types of stokvels. The chapter ends with a discussion of the social protection role of stokvels, and the challenges confronting stokvels.

3.2 ROSCAS: A Global Perspective

ROSCAs are among the oldest and most prevalent savings institutions across the globe, and they play an important role in most developing economies through savings mobilisation. According to Biggart (2001), ROSCAs are informal aid schemes or associations formed by a group of people who agree to make consistent contributions that are given as a pool to each contributor on a rotational basis. ROSCAs are also known as "locally organised groups that meet at regular intervals; at each meeting members contribute funds that are given in turn to one or more of the members" (Gugerty, 2007, p. 251). Members of these savings groups agree to a schedule of periodic payments in return for which the member receives a lump-sum payment at a future date, in most cases, with no interest. In addition, Mbizi and Gwangwava (2013) argue that ROSCAs refer to a group of individuals who agree to meet for a defined period of time in order to save and borrow together. The authors further reiterate that ROSCAs are the poor man's bank, where money is not idle for long as it changes hands rapidly, satisfying both consumption and production needs. With regards to monetary contributions, each member contributes the same amount at each meeting on a monthly basis, and one member is given the whole pool contributed at that particular meeting. Consequently, each member is able to access a large sum of money during the life of the ROSCA, and use it for whatever purpose she or he deems necessary.

Moreover, these associations enable people who have problems raising money for their daily living to occasionally have access to relatively significant amounts of money, which they use for their day-to-day needs; some keep the pool for small business operations and to support extended families (Bouman, 1984). Members of these associations are allowed to be members of multiple ROSCAs. According to Adams and de Sahonero (1989), ROSCAs are found in patrilineal and caste-based social orders, cities and in rural settings. In addition, Gugerty (2007) states that even though ROSCAs are now common in developed economies, they are mostly found in African economies where formal credit markets are thin or non-existent. It has been estimated that ROSCA participation was at 50% to 95% in many rural areas of Togo, Liberia, Nigeria and Ivory Coast, with Kenya at 45% to 50% (Gugerty, 2007). Furthermore, in Zimbabwe, it is estimated that 76% of urban market traders are involved in ROSCAs; however in the Zimbabwean context, 77% of these market traders also have functional bank accounts that they could use for their savings (Chamlee-Wright, 2002). ROSCAs are also popular in countries with well-functioning credit markets such as Taiwan, where it is estimated that 80% of adults belong to a ROSCA (Gugerty, 2007). In addition, ROSCA style banking is also popular in modern day Japan and Argentina (Gugerty, 2007; Dekle & Hamada, 2000; Schreiner, 2000).

It is observed that even though there are risks and inflexibility associated with ROSCAs, some people find it difficult to save alone, even in the presence of other saving forms or systems. ROSCAs also do not have a clear set of structure, occupation, geographic, cultural or religious factors associated with them; however, members make their own rules that are in line with their operational mandate. ROSCAs have proved to be of paramount importance when it comes to improving economic and living standards of people in many developing countries on the continents of Africa, South America and Asia (Biggart, 2001). According to Mbizi and Gwangwava (2013), ROSCAs are not always directly related to enterprises; however, those that emerged in the 21st century have some characteristics of small enterprises. These characteristics include the following functions: smoothening business financial cycles, help in cash flow management, meeting members' urgent and basic needs, help in the provision of start-up capital for informal and small businesses and providing credit to small scale farmers and households that operate in an informal sector economy (Mbizi & Gwangwava, 2013). It should also, however, be noted that there are different types of ROSCAs and that they play different roles.

According to Irving (2005), ROSCAs are divided into three main subtypes, namely: Investment ROSCAs, Bidding ROSCAs, and Marketplace ROSCAs. *Investment ROSCAs* are those that are managed by entrepreneurs, and members are entitled to receive exactly the amount they contributed without accruing any interest. In this type of ROSCA, members are selected randomly by drawing lots, and each member has an equal chance of becoming the winner of the lot during each draw; however, previous winners are excluded from the draw. A member of the bidding ROSCA receives the money only once, and there is no priority that is established, and the money can provide insurance against sudden shocks (Calomiris & Rajarman, 1998). *Marketplace* ROSCAs are organised by professional ROSCA runners who collect contributions from the market. The runners usually charge commission for their services, and remaining proceeds are distributed among the members (Mbizi & Gwangwava, 2013).

Development economics literature on ROSCAs provides several reasons for the formation of these credit associations. Gugerty (2007) argue that individuals join ROSCAs in order to purchase indivisible durable goods, taking advantage of inter-temporal trade that happens between individuals so that individuals enjoy the benefits sooner than when they save alone. In addition, Klonner (2003) states that funds received from ROSCAs allow participants and/or members to insure themselves against idiosyncratic risks. Also, Gugerty (2007) observes that some ROSCAs have an insurance component embedded in them, for example the bidding ROSCAs that are most popular in India. Again, ROSCAs help the individual members to cope with problems associated with self-control. ROSCAs also play a major role in the improvement of people's living standards and their economic status. According to Mbizi and Gwangwava (2013), ROSCAs increase the capital sources of micro enterprises and they promote women's economic empowerment, as around 83% of the ROSCA members are women. These women are able to access the capital, which they use to foster their small-scale businesses and to sustain the day-to-day needs of their families.

Boggarts (2001) also asserts that the majority of ROSCAs benefit women, and that they improve the welfare of those people who have been excluded from benefiting from the formal credit markets, by giving them access to funds and an opportunity to borrow money from these informal institutions. In addition, ROSCAs have facilitated the existence of efficient borrowing among marginalized groups, and this is so because the members of these informal groups are able to access capital sooner than it would normally take when approaching formal institutions such as finance houses and banks (Baland, 2002). However, ROSCAs face a number of challenges.

Some of the challenges faced by ROSCAs include a lack of entrepreneurial skills among members, which then affects, or compromises the success of these informal institutions. Conflict among the members also affect the group performance, and even existence, as most conflict lead to disbandment of the group. In addition, Mbizi and Gwangwava (2013) state that most members who rely solely on ROSCAs as a business funding strategy do not grow further but remain small because capital from these institutions needs to be complemented by other funding from formal lending institutions for growth.

Moreover, lack of support from governments is a drawback highlighted by Jellicoe (1968). It is argued that very few governments have enacted ROSCAs legislation. This lack of legal and state controls leads ROSCAs to have less power in enforcing some agreements that members might have made, especially when members disappear and/or fail to pay back borrowed capital to the group (Bouman, 1995). In addition, Gugerty (2007) also states that members of ROSCAs bear the risk that other members may not fulfil their obligations, and this could be a risk to those who might not have yet benefited from the pooled funds. The above challenges confronting ROSCAs globally are not unique to the international context, however; anecdotal evidence suggests that even within the South African context these challenges are found in some of these informal institutions. In South Africa, ROSCAs are referred to as stokvels, and they form part of the informal saving strategies that the majority of the people use, especially those with no formal employment.

3.3 Definitions of Stokvels

The definition of the term stokvel is subject to contestation, and several scholars have put varied conceptions forward. Consequently, there is no universally accepted definition. However, a closer analysis of the current definitions put forward by scholars such as Lukhele

(1990), Mashigo (2006), Mashigo and Schoeman (2010), Patel (2015) and Verhoef (2001) indicates that, while there may be differences among these definitions, they are only subtle variations. In Verhoef (2001, p. 263), a stokvel is defined as "a type of credit union in which a group of people, by voluntary mutual agreement, regularly contribute money to a common pool and circulate the pool among its group". Chikadzi and Lusenga (2013) observe that while the definition does capture the behaviours associated with stokvels, it is rather too narrow given that some stokvels do not engage in circulation of pooled money among members. Rather than circulation among the members, money is invested to benefit the entire group. In addition, a somewhat similar definition is given by Mashigo (2006, p. 11) who defines a stokvel as "a credit association made up of a group of people usually numbering less than 30 or even less than 10, depending on the stokvel type, to give each other certain amount of money on a rotational basis". Patel (2015, p. 59) adds the following definition of stokvel:

> An informal group savings scheme whereby the members agree to contribute a fixed amount of money to a common pool on a regular basis. This money – or some of it – may be drawn by the members on a rotation basis or as needed.

Lukhele (1990, p. 1) proposes that a stokvel be defined as:

> A type of credit union, or communal buying group, in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool weekly, fortnightly or monthly, to be drawn in rotation according to the rules of a particular stokvel.

Chikadzi and Lusenga (2013) argue that the definitions given above are too narrow and so fail to capture some of the behaviours that characterise stokvels. The only common universal denominator in these definitions is the fact that members contribute money; however, how the money is spent varies from one stokvel to the next. However, a much more comprehensive definition of stokvels is given by the National Stokvel Association of South Africa (NASASA). According to NASASA, as cited by Townsen and Mosala (2009, p. 14), a stokvel is defined as:

> a voluntary group of people, or club where individual members choose to belong. The group is always formed on the basis of trust between members, friendship and a strong sense of

mutual responsibility. The members of the stokvel group agree upon the group's purpose, its rules and its outcomes.

According to Chikadzi and Lusenga (2013), this definition is rather too general and lacks precision. The authors further state that the definition's generalist nature seems to be its greatest strength as it suits the varied typologies of stokvels in South Africa. It would seem that an attempt to bring more exactness in defining a stokvel would undoubtedly fail to capture some forms of stokvels, given the continuous evolving nature of these informal sector organisations. However, the key features that are apparent in this definition are that, firstly, stokvel membership is voluntary in nature and is composed of several people who trust one another (Chikadzi & Lusenga, 2013). In addition, stokvels are governed by rules and are designed for a specific purpose. In order to have a clear understanding of the typology of stokvels in South Africa, it is of paramount importance to trace their origins.

3.4 History of Stokvels in South Africa

There is no agreement as to when stokvels emerged in South Africa (Matuku & Kaseke, 2014). However, there is a general consensus and understanding among different scholars that the term "stokvel" originated from the rotating cattle auctions or "stock fairs" of English-speaking settler farmers of the early 19th century in the Eastern Cape Province of South Africa (Irving, 2005; Lukhele, 1990). Stock-fairs became a platform for black farmers to exchange ideas and also to gamble whatever resources they had (Irving, 2005). Thousands of Afrikaners left the Cape during the Great Trek of 1838 and settled in the Transvaal, where gold was later discovered (Lukhele, 1990). The discovery of gold brought people from all over the world, including black people, to the Witwatersrand to work in the mines, and some of the black people from the Cape brought the concept of stokvel with them. The rapid urban migration into the new mining towns of the Rand brought about serious challenges in accommodation, and people lived in overcrowded environments with poor sanitation, which resulted in the outbreak of numerous diseases and in increased number of deaths (Lukhele, 1990; Matuku & Kaseke, 2014). This resulted in severe financial challenges, as many immigrant workers could not meet the high costs of funerals. In addition, many of the migrant workers preferred to be buried in their rural villages of origin, and this meant more costs for transporting the body. Therefore, to meet these problems, the colleagues of the deceased contributed money to help cover the costs of transporting the body, and this resulted in the birth of burial related stokvels.

Burial stokvels became more popular in the 1930s. In addition, some leaders of these schemes also became leaders of political organisations in South Africa (Lukhele, 1990). It was at this time that the Black people began establishing burial societies as a form of stokvel, in order to help them meet the high costs of funerals, and the first “Bantu Burial society” was founded in Johannesburg in 1932 (Lukhele, 1990). Verhoef (1999) indicates that in the Western and Eastern Cape, the Witwatersrand, Orange Free State and Natal, stokvels started operating as early as 1920, when black women started arriving in the towns and cities. Women were marginalised and restricted from participating actively in the labour market, and spearheaded the stokvels within the urban context in South Africa which became a key livelihood strategy for them (Chikadzi & Lusenga, 2013). During this period, stokvels became associated with women and became part and parcel of black people’s lives (Lukhele, 1990).

In addition, among the Ndebele and Sepedi speakers, men from the same village who worked in mines formed the rotating credit clubs and/or informally collected money from one another in order to help in returning migrants’ bodies to their rural homes for burial (James, 2015). During these years black mine workers and their families were living below the poverty datum line and this forced them to supplement their income by getting involved in informal sector activities, such as peddling (Lukhele, 1990). Buijs (2002), and Matuku and Kaseke (2014) add that unemployment and poverty forced most black women to participate in stokvels as a means of sustaining their livelihoods. Moreover, Verhoef (1999) also notes that some women were encouraged to join and/or to form stokvels in order to supplement household income. Also, the impact of severe droughts in South Africa, together with the Great Depression, affected the agricultural sector resulting in more and more people migrating from rural to urban areas in the 1920s and 1930s (Lukhele, 1990). This therefore forced people, especially those who relied heavily on agriculture, to find alternative means of survival.

Patel (2015) observes that stokvels became survival strategies for many people during hard times. Verhoef (2001, p. 261), argues that:

> moving to a city meant the loss of traditional sources such as land and cattle, but women did not lose their managerial and planning skills. Over time, kinship relations changed fundamentally, leaving women to seek alternative survival strategies. Stokvels represent one mechanism that Black urban women manipulated to generate funds for subsistence needs.

This then led to the emergence of different kinds of stokvels, which had different functions and/or purposes. To date it is estimated that there are about "800 000 stokvels, in the form of burial societies, rotating savings and credit associations in South Africa, with about 8.25 million members, and an estimated R400 million a month in savings" (African Response 2014, p. 6). Other estimates have put "stokvels savings rates at over R13 billion per year" (ILO, 2014, p. 2). The stokvel phenomenon grew from groupings initiated with the aim of saving, and was driven by different needs such as poverty and the necessity for social advancement. The stokvels were initially about community members and relatives who were looking for ways to make ends meet, and be able to achieve specified goals; they grew from there to schemes applicable to anyone, anywhere, as a means to use a collective pool to advance one's hopes and dreams. It is observed that due to the growth and the perceived illegality of the stokvel industry in South Africa, there was a need to have it regulated and/or to have stokvels registered. This therefore prompted the need to have an association and/or a regulatory body that would oversee the operations of stokvels, and this resulted in the launch of the first stokvel association in Soweto, Gauteng (Lukhele, 1990).

3.5 The National Stokvels Association of South Africa (NASASA)

In response to the growth of the stokvel industry, the first association of stokvels was launched in Soweto's Funda Centre on the 14th of February 1988. The suggested name for the association was Association of African Credit Unions (AACU); however, it was pointed out that the name obscured the cultural overtones and connotations of stokvels and another name, Soweto Stokvels Association (SSA), was suggested (Lukhele, 1990). Due to the ever-growing number of stokvels nationally, the name was further refined in order to cater for all people of South Africa who were involved in stokvels, and it was called the National Stokvels Association of South Africa (NASASA). Representatives from financial institutions attended the launch, for example, the then Chief Executive Officer for African Bank and a staff member from Standard Bank. It is the mandate of NASASA to carry the responsibility of “equipping stokvel groups with the necessary tools and guidelines to help get started, adopt the correct practices as well as create valuable partnerships on their behalf” (www.nasasa.co.za). NASASA was also designed to foster and promote the spirit of sharing based on the African philosophy as many black people could not afford the formal financial institutions’ lending methods and procedures because of complex requirements and high overhead costs (Lukhele, 1990).

According to Lukhele (1990, pp. 52-53) and Verhoef (1999, p. 8), NASASA was formed in order to achieve the following objectives:

- “To serve as a mouth piece to all stokvels affiliated to NASASA.
- To promote a positive perception of the stokvel movement in the community as being an integral part of the economic mainstream, and as a potential creator of jobs and wealth.
- To research, formulate and implement development plans in order to improve the operational efficiency and effectiveness of stokvels.
- To help stokvel members to promote the stokvels concept as a valuable self-help scheme.
- To provide training for members to enable them to operate in a professional and profitable way including education and training on different forms of investments and to negotiate on behalf of members for better deals with financial institutions.
- To initiate, promote and oppose legislation, which affects stokvels.
- To create a spirit of belonging and togetherness among all stokvels in South Africa by organizing regular educational and other functions for members.
- To create our own financial institution that will correctly and relevantly serve the needs of our communities”.

It is clear from the above objectives that NASASA had the interests of the stokvel members as its priority, and it had to play a role of protecting members from being exploited by financial institutions because of the illiteracy of some members and their lack of understanding of the milieu of financial institutions. Also, most members of stokvels did not know about the types of investment opportunities that were available to them, thus NASASA had to play that informative and educative role (Lukhele, 1990). However, it is observed that even though NASASA had these objectives and vision for black people's empowerment, these visions did not go far and most of them did not materialise at all (Verhoef, 1999).

In addition, NASASA would continue to commit itself to the search for better methods to develop the stokvels in South Africa, with the prospect of upgrading these informal arrangements and linking them with formal institutions (Lukhele, 1990). NASASA is a self-regulatory organisation authorised by the South African Reserve Bank in terms of Government Notice 404 in Gazette 35368 25 May 2012 (www.nasasa.co.za). In terms of the Banks Act of 1990, Act No. 94 of 1990, a stokvel is required to be a member of NASASA or a similar body approved by the Registrar of Banks (Lukhele, 1990). In South Africa, it is estimated that there are over 800 000 stokvel groups, and only 110 000 of these groups are registered with NASASA, and there are no written consequences for non-registration. However, there are some highlighted benefits of being members of the stokvel organisation. Some of the challenges associated with non-registration might be that these stokvels are scattered all over the country and some of them operate behind closed doors and as closed groups because of the fact that they handle cash and they fear being robbed. There are several types of stokvels and, to supplement their income, people use them to meet their day-to-day basic needs like shelter, food and healthcare. Due to the diversity and emergence of different types of stokvels, it has now become custom to be a member of more than one type of stokvel.

3.6 Types of Stokvels

In South Africa, there are different types of stokvels. According to Verhoef (2001), in the early days, few differences existed between the various types of stokvels; today, however, these variations are substantial. These variations are based on the basic theme, that is, the purpose why the stokvels was formed. James (2015, p. 1040) states that "differing from club to club are the amounts contributed, whether these are in cash or in kind, whether or not members are required to abide by and endorse a constitution, and whether or not they meet face to face". In addition, relations between the stokvels and the world of formal finance and with the State vary. Some bank their savings with formal financial institutions and others insist on remaining off the register fearing that when they become too visible, the government might act to restrict their activities (James, 2015).

Matuku and Kaseke (2014), state that stokvels have both economic and social functions, whereby the economic function relates to income security, whilst the social function speaks to social capital emanating from friendships and social networks that exist between stokvel members.

Four categories of stokvels emerged in South Africa, namely, savings stokvels, burial stokvels, accumulating funds stokvels and high-budget stokvels.

3.6.1 Savings stokvels

According to Verhoef (1999), savings clubs have relatively small memberships, and members meet at regular intervals and make regular fixed contributions. Usually, members contribute a fixed amount of money to a common pool and agree on the order in which these pooled funds will be disbursed (Chikadzi & Lusenga, 2013; Mashigo & Schoeman, 2010; Matuku & Kaseke, 2014). Members receive the pooled funds on a rotational basis. This type of stokvel has been part of South African communities for years. Esson (2003) explains that fund-rotating schemes are of great importance to people as in many situations members are enabled to buy goods that they would normally not be able to afford with their monthly incomes. The “gooi-goois”, “mahodisanas”, “umgalelos” and “mogodiso’s” are examples of savings clubs and are characterised by regular meetings, compulsory contributions and rotation of benefits to members (Irving, 2005; Verhoef, 1999).

In addition, James (2015) states that “mahodisana” (which is a Sesotho name derived from a verb “go hoda”, means to pay or to cause to pay back to each other, in its causative reciprocal form) suggests the intense levels of solidarity that existed when migrants came together to save some of their wages for use in future on specific purposes. This would be in particular when a member of the group died and there was a need to transport the body back to his village of origin for burial. Furthermore, Irving (2005) posits that the earlier stokvels were generally savings clubs, which rotated pooled funds to members on a mutually agreed upon basis, and the benefit of being a member of a savings club is that they promote savings which are relatively large and frequent (Matuku & Kaseke, 2014). Savings clubs are characterised by strict, mutually accepted rules of operation, fixed contributions, compulsory attendance and agreement prior to the commencement of the cycle, on the order of rotation for payouts from the savings pool and sometimes stipulated in a formal constitution (Verhoef, 1999). In addition, some of these savings clubs terminate their existence upon the completion of a single cycle, though a new stokvel is sometimes established among the same group of trusted parties (Verhoef, 2001). Also worth noting is that saving clubs generally do not have an adequate grasp of the ramifications of inflation since the savings are not necessarily invested in inflation-hedge instruments, they are eroded over time (Reuvid, 1995).

3.6.2 Burial stokvels

Burial stokvels are a form of a funeral scheme in which in the event of death, members of burial stokvels benefit from both material and non-material support. According to Verhoef (1999), burial stokvels in South Africa started in the Orange Free State in the 1930s, and were formed on the basis of tribal or ethnic loyalty; however, this is no longer exclusively the case. These are the most significant kinds of stokvels and women dominate in the membership. These evolved from the African custom bringing food and drinks to the family of a deceased person for the funeral (Matuku & Kaseke, 2014; Verhoef, 1999). Dalufeya (2013) and Lukhele (1990) state that burial stokvels were established to ease the financial burden on bereaved families. People who become members of this sort of saving scheme pool their fixed contributions on a monthly basis, and these contributions are then kept in one specific member's bank account or in the society's account – as most burial stokvels have bank accounts (Verhoef, 1999). In some cases, a group policy is taken with funeral undertakers in order to prepare for the unforeseen event of death (Verhoef, 1999).

In addition, Irving (2005) and Esson (2003) further emphasise that members are only able to access these funds when paying for funeral related costs. Most burial stokvels have uniforms and badges, which are a symbol of togetherness and exclusiveness, and the names they give their savings group are a reflection of the self-help element and togetherness that exists in their structures (Lukhele, 1990). According to Verhoef (1999) there are two types of burial societies. The *first* functions on trust and the loyalty of members, as it has no written constitution and/or agreement, and does not provide for regular savings, nor deposit common funds into a bank account; all contributions are paid to the family of the deceased (Dalufeya, 2013; Matuku & Kaseke, 2014; Verhoef, 2008). Also members can join as many different societies as they can. Most burial stokvels stipulate a three month period before a newly joined member can start claiming and/or benefiting from the stokvel (Dalufeya, 2013). In most burial stokvels, members enjoy an unlimited insurance cover for the entire family, and claiming is relatively simple, with payment disbursed within a maximum of 48 hours (Dalufeya, 2013). The evolvement of these stokvels was driven by the high mortality rate among urban labourers, which resulted from unsanitary living conditions, dietary changes and disease epidemics, which created an above-average demand for funeral arrangements.

In the African communities, the cost of funerals increased as a result of the expectation that the deceased should be buried with honour and pride, and in his or her rural village of origin. In the urban communities, the *second* type of burial societies was established with the primary objective of assisting urban Africans with funeral costs (Matuku & Kaseke, 2014; Verhoef, 2001). Most burial stokvels in South Africa provide both material and non-material support to members and their families in the event of death (Chikadzi & Lusenga, 2013; Matuku & Kaseke, 2014). Whilst Verhoef (2001) identifies two types of burial societies, Dalufeya, (2013) observes that there are other types of burial societies which represent a certain category of social networks of people sharing homogenous demographic characteristics. These social network based societies include community burial stokvels, which are mostly found in Botswana, Ethiopia and Zimbabwe; work-based burial stokvels; religious; ethnic and tribal burial stokvels; gender-based burial stokvels and finally; migration burial stokvels (Dalufeya, 2013).

In addition, Dalufeya (2013) and Lukhele (1990) assert that burial schemes were established to ease the financial burden of families who lost their loved ones in urban settings, and they identified two groups of burial societies in South Africa. The first type, being a group of people who enter into a loose, unwritten agreement to contribute a specified amount of money in the event of an immediate family member's death or members themselves. The second type is one where members bring their contributions to the family of the deceased, and these contributions can be used to pay for funeral related costs. In the second type of burial schemes, members contribute a large fixed amount of money, either weekly, monthly or annually. Bank accounts are opened and written agreements or constitutions are drawn up detailing how the scheme will operate and how benefits will be paid (Lukhele, 1990).

According to Dalufeya (2013), burial societies (stokvels) continue to enjoy a large, consistent and devoted membership even with the availability of funeral insurance schemes provided by formal institutions. There are several reasons given for this observation, and these include the fact that funeral insurance offered by burial stokvels additionally affords the bereaved family both social and emotional support, because members make themselves available to offer support and do some chores for the bereaved family (Chikadzi & Lusenga, 2013). Therefore, it is more than the provision of financial support that is provided by these stokvels. In addition, the fear of not having a dignified funeral when one dies draws most people to focus on funeral related stokvels as the only credible forms of funeral insurance, especially for those not covered by any formal arrangements. Another reason offered for the large membership is the notion of a strong sense of ownership, whereby members feel that they are in control of the capital contributed and that it is readily available to them when adversity strikes (Dalufeya, 2013). This also enhances self-commitment from burial stokvel members. Another reason given is that in some cases, burial stokvels might be the only source of funeral insurance for people working in the informal economy, especially those who might not have bank accounts and proof of residential addresses in the form of utility bills and municipal bill accounts (Mashigo & Schoeman, 2010). It is therefore through these reasons that burial stokvels can be viewed as possible pathways of extending social protection benefits to communities working in the informal economy.

3.6.3 Accumulating funds stokvels

In this stokvel type, capital is accumulated through investing in business ventures. According to Bouman (1995) and Matuku and Kaseke (2014), this type of stokvel is also known as an Investment Club, which resembles cooperative societies. The emergence of investment stokvels was facilitated by growing affluence among urban Black people and these types of stokvels resemble a Taiwanese “hui”, ROSCAs, where membership is mostly made up of professional and technical workers (Verhoef, 1999). In this type of stokvels, funds are saved with a specific common goal amongst the members of the stokvel, and these goals usually encompass carrying out capital projects, investing in a business venture and also for purchasing large, usually expensive commodities (Chikadzi & Lusenga, 2013; Verhoef, 1999). Again, some accumulating credit stokvels pool money to lend out for a profit. Any member who borrows from the stokvel repays with interest after a fixed period of time determined by the members (Irving, 2005; Lukhele, 1990). However, the interest charged is exorbitantly high compared to that charged by banks. Chikadzi and Lusenga (2013) argue that the interest charges are high, ranging between 20% and 50%. Verhoef (1999) states that these types of stokvels usually dissolve after loans have been repaid and capital, plus interest, shared amongst the members. These types of stokvels move beyond a savings scheme towards investment in capital, property and financial instruments (Verhoef, 2008). The goals of such stokvels can range from modest – purchasing a refrigerator or television set, to more ambitious targets like purchasing shares in a hotel or buying land to erect an office block. These groups extend their activities beyond simple savings mobilisation to obtain interest on contributions through informal lending or the investment of collective capital in a bank account (Irving, 2005). In addition, a common goal of investment stokvels is to accumulate capital by investing in business ventures (Matuku & Kaseke, 2014). Another incentive for the existence of groups of this nature may be to minimise bank charges and maximise interest received, where large deposits are subject to higher rates of interest (Irving, 2005).

3.6.4 High-budget stokvels

These stokvel types operate as financial institutions, and their purpose is to promote savings and investment. According to Lemire, Pearson and Campbell (2002), this form of stokvel usually has a large number of members and members are usually people of a high social standing and credibility in the community (Matuku & Kaseke, 2014). Monthly contributions are also high, and pay-outs range from R7000.00 to R15000.00 per month and can go up to more than R30 000.00 (Verhoef, 1999). However, members can wait up to five years or more before a pool is allocated to them (Lukhele, 1990). This makes it unsuitable in case of emergencies but is suitable for long-term investments. Therefore, in this type of stokvel, a member can expect large sums of money, and the money can be used to purchase property, to start up a business, and/or to finance a big capital project (Lukhele, 1990).

In addition, even though there are high profits due to high interests rates, corruption, and misuse of power exist in these types of stokvels (Verhoef, 1999). During the payouts, the recipient hosts a party and members pay an entrance fee to defray expenses (Lukhele, 1990). Members are also admitted based on trust, as with all other types of stokvel, but ordinary members are unlikely to be included if they play a minor role. Irving (2001), further states that this grouping usually consists of ten to twenty founding members who enjoy an elevated status and control of the stokvel's functioning.

3.7 Linkages between Stokvels and Formal Social Security

It appears that there are some linkages between stokvels and formal social security. According to Verhoef (1999, p. 48), "a more successful link between stokvels and the formal sector was the design of funeral schemes or policies for burial societies by insurance companies". The aim of the policy was to provide cover and some burial related costs for the member and his/her family during death. Further developments were made to the policy and it covered a wide range of people, with children covered at reduced premiums. Olivier et al. (2008, p. 2) state: "the linkages between formal and informal systems are a strategy for the gradual formalization of informal social security systems with the ultimate aim of developing integrated, coordinated and comprehensive social security systems". All of this is done in a bid to create a basis for ensuring a minimum level of social protection for everyone in a given society. An additional development included the provision for disability and educational trusts for children, in the event that the policyholder died (Verhoef, 1999). Important to note is the fact that these funeral policies operated within the boundaries of existing burial societies' structures, thereby maintaining the societies' common bond and mutual trust that exist within different groups. In addition, members of these burial societies continue to pay their premiums as usual to the burial society, and then the burial society pays the insurance company. This linkage is viewed as a guard against the risk of numerous deaths that might exhaust the funds of a burial society, thereby rendering burial societies incapable of providing support and assistance to their members during difficult times (Verhoef, 2008).

Kaseke (2013) also notes that linking community-based groups with formal social security schemes may be one of the ways to strengthen them so that they provide meaningful social protection. Also, informal schemes can benefit from both technical and financial expertise from the formal sector. Dalufeya, (2013) also suggests what he calls 'the State-Informal Collective Model' (SICM), whereby the state can target burial societies and other stokvel groups and provide incentives through government top-ups and this can be seen as a link between the informal and the formal, and can be identified as a SICM. Another suggested link is the establishment of a Women's Development Banking, in response to high interest rates of micro lending within the informal sector. The aim is equipping women with skills and resources necessary for them to be financially independent. In addition, Seibel (2007) notes that formal financial institutions such as banks may work together with the stokvels, which will distribute or collect funds, or "act as a guarantor for credit security through collective responsibility or peer monitoring" (p.11). However, it is argued that this has not been effectively utilised with the stokvel infrastructure in order to translate into effective mechanisms. This therefore indicates that before these two systems are integrated, there should be careful considerations by both parties on some issues.

Olivier, et al., (2008) propose that before an integration of informal and formal social security is done, the following should be considered:

- *Proper understanding of informal social security arrangements*

In attempting to link informal and formal social security systems, there is a need to understand the rationale behind the existence of informal social security, the different types, their roles and the nature of these arrangements. This understanding will help in the identification of the appropriate areas of policy engagement, intervention and research, which will be essential for policy development within this area of study.

- *Preserving the cultural basis of informal social security arrangements*

It is argued that in integrating the two systems, there is a need to make sure that the cultural thread of informal social security arrangements is not destroyed, so that the traditions and functioning of rural African communities are maintained and preserved.

- *Informal social security is not a substitute for formal social security*

It should be noted that informal social security arrangements cannot be viewed as the ultimate medium through which the social security needs of the poor can be met. However, efforts towards the extension of social security coverage should be considered, through both social assistance and social insurance programmes.

3.8 Social Protection Role of Stokvels

According to Lukhele (1990), stokvels emerged in order to fulfill a specific function. Stokvels are also seen as agents for bridging tribal and ethnic divisions amongst Africans in urban areas, and performed economic and social roles irrespective of traditional differences (Verhoef, 1999). According to Matuku and Kaseke, (2014) stokvels contribute to the wellbeing of people by providing its members, especially black people, with guaranteed access to credit. Stokvels also play a pivotal role in the South African economy (Arko-Achemfuor, 2012). In a study undertaken in 2003 by the University of Cape Town in conjunction with the Unilever Institute of Strategic Marketing, it was found that about R12 billion is invested every year in South Africa through different types of stokvels (African Response, 2012). The same study further revealed that approximately 2,5 million people in South Africa belonged to a stokvel and that participation in stokvels, had become one of the main socio-economic activities among black people. A study conducted by Old Mutual in 2007 indicated that, of the R33 billion in the informal economy, a huge amount of that money was accounted for by stokvels in black communities (Townsen & Mosala, 2009).

Even though the South African government has endeavoured to uplift the socio-economic status (SES) of women, Chikadzi and Lusenga (2013) argue that much more still needs to be done. The term SES has "historically denoted the relative position of individuals, families, or groups in stratified social systems where some societal values are not uniformly distributed" (Bornstein & Bradley, 2014, p. 2). These complex processes of social stratification lead to the hierarchical classification of people in different societies according to their access to those values, which include occupational prestige, education, power, information and economic resources (Bornstein & Bradley, 2014). In addition, Oakes and Rossi (2003, p. 9) state that "SES is a construct that reflects one's access to collectively desired resources be they material goods, money, power, friendship networks, healthcare, leisure time, or educational opportunities". Women and other marginalised people have also shown resilience by creating empowerment opportunities for themselves through informal sector activities such as stokvels (Arko-Achemfuor, 2012).

Furthermore, Pretorius and Hazelhurst (2004) argue that communal saving arrangements are common among low-income people in most parts of the world as a way to provide for special items or occasions, or simply as a cover for a rainy day. Matuku and Kaseke (2014) state that stokvels are an example of mutual aid arrangements designed to provide mutual assistance to members. The establishment of mutual aid arrangements is an attempt to respond to gaps in social protection. Kaseke and Olivier (2008) added to this claim by stating that those who join mutual aid schemes do so either because they are not covered by any social protection scheme, or are covered but the level of protection is not adequate. The stokvel combines the financial resources of the group to achieve benefits that members could not achieve on their own. Ardener (2010, p. 12) states: "microcredit is the main source of rural capital – far surpassing the sums available to the general public from banks, NGOs and international aid programmes". This is an indication that stokvels play a significant role in addressing the financial needs of poor people. Stokvels come in different forms and sizes, depending on the purpose or objective behind the specific grouping's initiation, and therefore several factors influence or drive the functionality.

Historically, in South Africa, when a stokvel member was arrested in the face of the police harassment and brutality under the apartheid laws, the others would help with the home and children until the member came out of jail. In this way, stokvels became more than just organised groupings for the circulation of money, and evolved into comprehensive support systems for members in times of hardship (Lukhele, 1990). Stokvels exist in many forms in present day South Africa. Some stokvels have developed into well-funded organisations that play a role in business development, and they continue to be well utilised by black people in South Africa (Jackson, Caldwell & Sellers, 2012). Moreover, stokvels enable economically disadvantaged people to draw on the pooled resources of the community in order to make major financial purchases (Jackson, Caldwell & Sellers, 2012). In addition, their members understand stokvels by the names they are given which inform the function or purpose of membership and in turn the group. Stokvels provide an informal financial service, mainly in areas where black people live, and where formal financial institutions often do not operate (Mostert, Oosthuizen & Van Der Vyver, 2002). The scheme works like clockwork, with every member being a contributor and beneficiary, with the main value being a recipient of the contributed commodity or it being exchanged for another. Although considered informal by the banking sector, stokvels as entities are fairly structured in that they are governed by a constitution, meetings are guided by an agenda and a drive for efficiency is instilled (Ntoyiwa, 2012).

Stokvels perform an important social function in poor South African communities (Matuku and Kaseke, 2014). Lukhele (1990) further notes that the element of reciprocity is important at these stokvel parties. The stokvel members hold monthly parties hosted by the person who will be receiving the pool that month, and all the stokvel members are invited. The stokvel members may generate additional income at these parties, income above and beyond the amount due to the member from the monthly contributions; and this is done through fines levied for latecomers and on those who speak out of turn (Hennon & Wilson, 1993). A member of a stokvel who supports the parties of another stokvel member stands a greater chance of support when he hosts his own party than one who attends only the compulsory meetings of his own group. Stokvels also equip members with the ability to meet basic needs (such as food, shelter, water, education and health), save and invest for individual goals (for example extending their houses), moral support and mutual assistance during hardships and the creation of social capital (Matuku & Kaseke, 2014). The success of this financial grouping is based much more on membership, and much of it is communal, which informs cohesion in the different groupings and settings. The members of the stokvel are likely to know one another (they might all be members of an extended family or a neighbourhood), and are thus less likely to renege on payments. Members agree to the rules of the stokvel, including how much everyone should invest and how often, who will manage the money, how often meetings will be conducted and what the money will be used for (Praeter, 2013). Few people ever risk breaking the stokvel chain, which is the reason why stokvels are such an effective way of raising interest free capital quickly, and this becomes a noble opportunity for people who often have very limited access to formal sector financial facilities (Lukhele, 1990).

The characteristics of stokvel members form an extensive part of what these groupings stand for, thus membership can be understood to inform the character of stokvels and its success. Matuku and Kaseke (2014), highlight that there are several factors that contribute to the success of the stokvels; these include the notion of trust and honesty, harmonious relationships made up of teamwork, a sense of belonging and collective responsibility. This is further supported by Ntoyiwa (2012), where an assertion is made that the foundation of stokvels is trust among members who are generally recruited from within the social circle of existing members and include family, friends, neighbours, and people with shared interests and work colleagues. It is also further argued that 80% of stokvel members have a connection of a particular kind and that will be the one binding them together (Pretorius & Hazelhurst, 2004).

It is also observed by Praeter (2013) that burial societies have grown from the stokvel tradition, where members typically make monthly payments and then claim a pay-out for burial costs if a family member dies. Another noticeable component when it comes to the functionality of stokvels is the predominance of females in the membership. Hennon and Wilson (1993) argue that it is particularly women who make use of stokvels to stretch their meager resources and deficient means to make ends meet. Stokvels also empower women, both in urban and rural settings, through the provision of capital to start up small businesses and/or to supplement their limited earnings (Verhoef, 1999). Matuku and Kaseke (2014) further argue that the need for mutual support and the influence of social networks, local churches and friends motivated most of these women to join stokvels. Stokvels also play a supportive function, both emotionally and socially. Jackson, Caldwell and Sellers (2012), posit that in addition to stokvels' economic role, they also function as a system of social support. However, Johnston (2014), states that stokvels do not have functions outside their members' finances and social lives.

Furthermore, it is noted that there are varying reasons for the formation of these supportive groupings, and all these reasons are based on the role or impact the group seeks to have in their members' lives. According to Mostert, Oosthuizen and Van Der Vyver (2002), credit clubs play an important role in providing credit, and the authors further argue that in many black communities it is common to approach a club first, then friends, employers and banks as available alternative options. Stokvels also act as a financial safety net for their members. If members of a stokvel are confronted by an adversity or a difficult time, they may be able to use their good standing with the stokvel to access a loan from the group (Mostert, Oosthuizen & Van Der Vyver, 2002). According to Brandon and Syrier (1962, cited in Hart and Sharp, 2014), even some *manyanos* (gatherings) engage in regular stokvels for the purpose of making money for the provision of basic needs and social necessities. Hennon and Wilson (1993) claim that stokvels provide members with a personal line of credit that can serve as emergency cash or start-up for entrepreneurial activities, apart from the obvious purpose of encouraging and facilitating savings.

Moreover, these schemes sometimes varied from covering the costs of the funeral, groceries, investments and birthday celebrations, to making savings (Dalufeya, 2013). Again, Lukhele (1990) states that while the mutual financial assistance is the main purpose of stokvels, they also have valuable social and entertainment functions. Stokvels can be understood as informal solidarity or self-help groups offering nearly all the financial services and some social and cultural needs required by the poor (Chikadzi & Lusenga, 2013). This claim gives strength to the idea that the purpose of stokvels is closely related to the social value of *Ubuntu*, mostly common in the black communities. The need for survival strategies initiated in the face of economic oppression enabled members to have insurance against adversity as well as equipping them with the financial muscle to fund various other functions agreed upon by the stokvel as a collective (Ntoyiwa, 2012).

In addition, stokvels enable members to have valuable access to social capital and social networks. Social capital is defined as the "social associations, networks, norms and values that facilitate interaction between individuals and groups and enhance their socioeconomic welfare" (Ameen & Sulaiman, 2006, p. 6). Moreover, Putnam (2000, p.19, as cited by Chikadzi & Lusenga, 2013) observes that social capital refers to "the connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them". Stokvels affords their members with a strong social capital base that is crucial for their general survival and wellbeing (Chikadzi & Lusenga, 2013). Furthermore, the authors posit that members of stokvels form long lasting friendships that enable them to meet their need for a sense of belonging. Due to the ever increasing issues of migration, with people moving from one community to another due to various reasons, such as marriage and change of employment, most people find being a member of a stokvel to be a need rather than an option as it becomes an easier way of making friends and new social connections (Chikadzi & Lusenga, 2013).

Moreover, James (2015) states that stokvels assist outsiders to certain societies to adjust and make friends within these communities, especially people who find themselves in these communities through marriages. Some of them will not be having any relatives in the community; however, by joining stokvels, they eventually make friends and find people that they will come to regard as their brothers and sisters (James, 2015). In addition, the authors state that of particular importance is the fact that during difficult and dark times, stokvel members stick with the affected members and family to provide much-needed monetary, social and emotional support. Dalufeya (2013) also states that stokvels such as burial societies help to maintain members' social networks which promotes the spirit of togetherness within these informal arrangements.

Of particular importance is the fact that, besides providing mutual financial assistance, stokvels also provide valuable support and recreation. In terms of support, stokvels assist members by paying hospital fees when members are admitted into hospital and they also provide credit to their members towards the payment of school fees for their children (Dalufeya, 2012). Other stokvel members are also regarded as a good source of information and a link to different opportunities including employment. Irving (2005, p. 4) states that:

> while the production of information does not necessarily require interaction, channels of social capital provide an important means for its dissemination, from the recipe for

> a good cake to the recommendation of a reliable electrician or news of a job opening at a local factory.

The stokvel therefore becomes not only an information-sharing platform, but also an important link to opportunities. Stokvels also resemble and model the characteristics of a family, due to their emphasis on the idea of reciprocity (MacLean, 2011). This is also due to the ever-weakening concept of the family system due to urbanisation and globalisation. It is further observed that in light of the continuous weakening of the African states and societies, stokvels have grown and expanded to fill this gap through the provision of vibrant informal social networks (MacLean, 2011). Therefore, while stokvels playing a protective role to the poor, they are also a good source of social capital.

3.9 Stokvels and Social Capital

The concept of social capital has been receiving attention from various fields, including economics, sociology, psychology and education. Many academics and experts agree that social capital is an important phenomenon for enhancing development and growth within different communities (Coleman, 1994; Ellison, 2014; Putnam, 2000). Social capital is viewed as that glue that binds and holds societies together in different ways. Different scholars put varied definitions forward for social capital. Ferrari (2016, p. 669) defines social capital as being "the group of informal institutions, networks and relationships, based on norms, attitudes and values that determine and structure social interactions, both in quantity and quality". According to Villalonga-Olives and Kawachi (2014, p. 62), social capital is viewed as the "resources available to individuals and groups through membership in a social network". On a similar note, Coleman (1994) defines social capital according to its functions and states that social capital is to be viewed as a variety of different entities that have two elements in common, that is, it consists of aspects of social structures and that it facilitates certain actions of actors. It further describes the ability of groups or individuals to have access to resources that are embedded into their social networks (Ellison, 2014).

Moreover, Putnam (2000, p. 19) understands social capital as referring to the "connections among individuals, social networks and the norms of reciprocity and trustworthiness that arise from them". Similarly, Ameen and Sulaiman (2006, p. 6) state that social capital refers to "the social associations, networks, norms, and values that facilitate interaction between individuals and groups to enhance their socioeconomic welfare". However, Aldrich and Meyer (2014, p. 255) expand the definition and define social capital as "good will, fellowship, mutual sympathy and social intercourse among a group of individuals and families who make up a social unit". Therefore, broadly, this concept identifies how involvement and participation in groups can have positive consequences for the individual and the community, as outlined by Portes (1998). The above definitions emphasise the important role that social networks play in advancing social capital. It is therefore argued that participation in stokvels provide women with a solid social capital base, which is crucial for their own survival and wellbeing (Triegaardt, 2013). Social capital networks enhance individuals' and communities' access to various resources like information, financial resources, and emotional and psychosocial support during disastrous situations.

Social capital is normally expressed or measured in two different ways, namely, cognitively and structurally. Cognitive expressions refer to elements that are intangible, and these include trustworthiness, norms of behaviour, reciprocity, attitudes, perceptions and values (Ferrari, 2016). On the other hand, structural social capital is concerned with social structures that are externally observable such as institutions, associations and networks. It is through these networks and norms that social interactions are embedded, which strengthen cooperative actions by changing the pay-offs for certain actions, and these allow individuals and groups to receive certain benefits that would be impossible to get on their own (Ferrari, 2016; Small, 2010). Therefore, social capital allows individuals to pursue their own interests even within a group setting, making this a valuable function of social capital.

Human interactions are characterised by some form of social connection. Ferrari (2016, p. 670) states that "individuals are born in a social network (family), and they are constantly and simultaneously entering, belonging and exiting different networks". Within these connections, ties are built and maintained, with some being stronger than others. It is argued that these interactions are triggered by different motives, a shared interest, identity and values, which will reinforce cooperation now and in the near future (Ferrari, 2016). However, knowledge about others, and the strength of reciprocity and trustworthiness, define the density of networks. According to Sabatini (2009), social capital provides a sense of belonging, shared behavioural norms and internal social order amongst the members. In as much as any organisation, including stokvels, will constitute some form of social capital, Ferrari (2016) states that social capital presents both positive and negative outcomes. On a positive note, social capital can be seen as the "breeding ground for building trust and shared values, reducing monitoring and transaction costs", while on the other hand it can create an "occasion for exclusion, for instance, due to the scope of the network or due to membership requirements," that might exclude those who do not meet the set criteria and/or requirements (Ferrari, 2016, p. 670). This distinction may be reflected through the three common types of social capital, which are, bonding, bridging and linking social capital, and which relates to the roles that social networks may play in shaping different communities.

3.10 Types of Social Capital

Social capital can be divided into three main types, that is, bonding, bridging and linking.

Bonding social capital - This type of social capital is sometimes known as exclusive social capital, and it enhances certain identities within a homogenous group of people, for example ethnic fraternal organisations (Ferrari, 2016). Bonding social capital is good for relationship formation and getting by, and it relates to thick networks within homogenous groups of people who limit their members within the group boundaries. This type of social capital aims at strengthening the relationships that already exist (Green & Haines, 2008).

Bridging social capital - Bridging social capital brings together people coming from different social groups and backgrounds. However, this is based on weak ties and it connects people from different backgrounds with the aim of facilitating access to external resources and the dissemination of information (Ferrari, 2016). Bridging social capital connections are characterised by demographic diversity and provide novel information together with resources that can be of benefit to individuals' advancement within a particular society (Aldrich & Meyer, 2014). In addition, Small (2010) and Aldrich and Meyer (2014) state that bridging social capital is normally derived from one's involvement in organisations that include interest clubs, educational and religious groups, civic and political institutions as well.

Linking social capital - This type of social capital connects regular citizens with those in power. According to Aldrich and Meyer (2014, p. 259), linking social capital embodies "norms of respect and networks of trusting relationships between people who are interacting across explicit, formal, or institutionalised power or authority gradients in society". For example, Aldrich (2012c) states that in India, many local residents of Tamil Nadu coastal villages had never met their government representatives at any level; however, some had met the collector who, during a disaster, allowed them to get on the map for disaster aid. It should be noted that all the three different types of social capital have some characteristic descriptions that reflect those found in different types of stokvels. Although stokvels are a vital source of social capital, they are also confronted by a number of drawbacks and challenges.

3.11 Challenges Confronting Stokvels

The informality of activities that happen in stokvels poses a number of challenges for the stokvels. A study by Mwangi and Kimani (2015b) in Kenya, on the challenges experienced by members of informal finance groups in Gachagi informal settlement in Thika Sub-County, highlights six challenges that affect the smooth running of informal savings groups such as stokvels. These include poor governance and leadership, low attendance of meetings, defaulting members, poor record keeping, conflict amongst members and the lack of clear operational structures. In relation to poor governance and the lack of proper governing structures, Siwan, Baland and Karl Ove (2003) observe that stokvel systems and procedures are loose and subject to negotiability and some members may experience challenges related to the element of negotiability, as it might enable powerful individuals in the group to manipulate members to their own advantage. Furthermore, Mwangi and Kimani (2015b, p. 31) state:

> a few powerful community members can take advantage of the weak systems where they can quickly set up a group, collect funds from other members, take a big loan for themselves and default to pay and probably vacate from the neighborhood.

Stokvel members might also fail to pay their dues in time, and some might intentionally defraud the scheme and steal from it, resulting in the scheme running out of funds and being unable to meet the demand when too many beneficiaries claim at the same time (Porteous & Hazelhurst, 2004). Similarly, Anderson, Jean-Marie and Karl Ove, (2004) note that in informal savings groups, problems relating to member contributions are particularly common and often associated with those members who receive the pool last, and also relate to those who are first in the line and are often the ones who fail to pay their dues.

It is observed that stokvels are still not officially recognised as vital savings mechanisms in official statistics, and this contributes to an underestimation of the importance of these organisations, both as savings institutions and as mechanisms of poverty alleviation and social advancement (Verhoef, 2001).

In addition, the relationship with the private banks, private insurers, administrators, funeral undertakers and the regulatory measures aspired to by the government are also challenges confronting stokvels in South Africa (Makhura, 2015). In relation to this issue, stokvels point to exorbitant fees charged when they bank their capital, beyond-reach insurance premiums that exclude other society members, products that are inappropriately designed for burial societies and funeral undertakers, and administrators who are involved in illegal insurance activities and exploitation (Makhura, 2015). People who believe in savings and fixed deposit accounts offered by formal financial institutions view stokvels as a waste of time and money, and so stokvels get evaluated against the background of the interest earned at building societies and banks (Lukhele, 1990). Again, financial illiteracy is a challenge and this is most prominent in Black communities (Ardener, 2010).

Stokvels generally do not have an adequate grasp of the ramifications of inflation; since the savings are not necessarily invested in inflation-hedge instruments, they get eroded over time (Reuvid, 1995). In addition, there are challenges when it comes to skills development, discipline and governance in these organisations (Makhura, 2015). Stokvels have received very little government support even though there are large sums of money involved in this informal social security sector. Moreover, Mostert, Oosthuizen and Van Der Vyver, (2002) state that due to the elements of trust and loyalty, which are instrumental in these organisations, new members are invited to join only after their credibility and reliability has been established, and this may hinder the growth of the stokvels' capital base. The different vetting mechanisms that are used by different stokvels are also common in some stokvels or ROSCAs in different parts of the globe.

3.12 Examples of Informal Savings Groups in Africa and Beyond

Informal savings groups have been a feature of different societies across the globe and they take different forms, with ROSCAs being the most common forms. According to Colombage (2015) in Sri Lanka, poor communities used informal systems for savings and borrowing. These informal systems included mechanisms like savings within a home or family environment in cash or in kind, and mutual savings with neighbours. This therefore culminated in the emergence and spread of ROSCAs in Sri Lanka. In the Sri Lankan context, ROSCAs or informal savings groups are known as *'Cheetus'* and play an important role in providing financial intermediation for the poor (Colombage, 2015; Godamunne, 2015). Similarly, in Sri Lanka, as in most countries where ROSCAs are predominant, women are the drivers of these groups. It is further argued that within the Sri Lankan context, poorer households which are generally excluded from formal financial institutions, still rely on such informal sources of borrowing and saving money (Godamunne, 2015). For many women and men in Africa, especially those who are poor, ROSCAs are the main source of rural and urban credit for sustainable living and entrepreneurial development, and they have remained a flexible and enduring instrument that has helped millions of the poor (Ardener, 2010). In Benin, funeral associations provide insurance cover for death, illness and loss of jobs, as well as destruction of property. However, informal social insurance can also be for happy events such as the birth of a child and/or marriage (Oduro, 2009). In Ethiopia, community burial societies are called '*Kebele Iddirs'* and have memberships of up to 5000 people. In addition, the poor have, for time immemorial, used these informal community based support mechanisms, and they continue to be relevant and important in the new Ethiopia. Some of these systems act as the first line of response to different shocks and vulnerabilities that affect the poor (Teshome, Zenebe, Metaferia, & Biadgilign, 2015).

Similarly, just like in Benin, rules for membership in funeral associations in Ethiopia and Tanzania require new members to put in applications before they are accepted into a particular group (Oduro, 2009). Many groups also require payment of membership fees. Membership fees and other requirements are usually a screening mechanism to ensure commitment, among other reasons. The activities covered by the informal organisations are clearly defined, and usually membership in these groups is not only for insurance related gains, but also for social purposes (LeMay-Boucher, 2007). Several strategies are put in place as a way of discouraging members from defaulting on payments; in most cases, members face exclusion from the group, fines, public warnings or even being brought before a local court if they do not pay (Oduro, 2009).

According to Ardener (2010), in Cameroon, ROSCAs are a common feature and are utilised by both the poor and the middle class. ROSCA names in Cameroon vary and some are normally given fancy names. The commonly used names for ROSCAs in Cameroon are *'Njangi' or 'tontines de solidarite'* for small or normal ROSCAs and *'tontines d'affaires'* for high-value ROSCAs that are normally created by 'big men' or the rich. Although some Cameroonian nationals have migrated and are now living in different countries abroad, they have maintained various ROSCAs with their fellow countrymen, especially those living in the United States of America. The use of *'njangis'* in Cameroon, have proved to have eliminated the risk of members falling prey into moral hazards, such as misuse of money by other members, as there is no banker needed (Godamunne, 2015). The system is also transparent and inclusive, which makes it very comforting to the poor and uneducated. Accumulating Savings and Credit Associations (ASCRAs) or Regular Savings and Credit Associations (RESCAs) are also common in Cameroon, and these normally get financial help from NGOs that assist them with start-up capital or soft loans that they pay back at a later stage (Ardener, 2010). Most members of the ASCRAs and RESCAs are also members in ROSCAs. It is further indicated that ROSCAs in the Cameroonian context are also started to achieve a particular purpose and objective; some focus on household utensils, furniture and building materials, with the whole objective being to uplift the standard of living for the members (Ardener, 2010). In Cameroon, the order of turns in benefiting is usually determined in advance through picking names from a hat, seniority of members or even by repeating or reversing the former order of payouts (Godamunne, 2015).

In Kenya, informal savings serve as invaluable reserves, as insurance against crisis factors such as illness, natural disaster, theft, and for other necessary human needs such as healthcare, food, education and housing, which can easily drive the poor into destitution (Karlan & Morduch, 2010). Informal savings arrangements in Kenya are known as, and understood, in local terms as ROSCAs, and are utilised by both males and females. In addition, ROSCA members in Kenya mostly save for indivisible goods like school fees, rent and clothing, arising from the fact that members do not have regular income. In Ghana, ROSCAs are widespread across the country and can be found in both rural and urban communities. Owusu, Anin and Zaato (2013) and Oduro (2009) state that within these informal arrangements, a lender may not impose stringent conditions as might be the case in a formal institution, especially if it is observed that the delinquency is caused by a real difficulty in meeting payments due to an extraneous shock. In addition, Owusu et. al., (2013) argue that the growth of the Ghanaian economy is largely ruled by small and medium enterprises, especially ROSCAs, which are an alternative source of funding for Small and Medium Scale Enterprises (SMEs), thereby playing a meaningful role in the economic development of the country. The authors further indicate that the government needs to create the necessary environment and support the needs of the informal sector economy.

In countries like Botswana and Zimbabwe, community burial societies are most common and have the largest cohort of membership of all informal savings groups. Members of these burial societies cut across social and physical boundaries (Dalufeya, 2013). In Gaborone, the capital city of Botswana, work based burial societies are more common, especially in settings like universities, government departments and manufacturing plants. The bond shared with other members is not strong, as these groups become active only whenever there is a death (Amdissa, 2013). In Zimbabwe, particularly in Bulawayo, community burial societies are an insurance scheme without commitment, in that they operate without a constitution or contract but are based on repeated interactions between members (Dalufeya, 2013). They are referred to as '*Omazibuthe',* and the collection of burial funds is a social norm done in most suburbs.

When a community member has experienced death in the family, the community will contribute small amounts of money or food to donate to the bereaved family. The collected food and/or money will be recorded in the community register for future reference. Some communities will even keep a register of attendance at funerals; all this is done to create bonds in the communities. Migration burial societies are also common amongst Zimbabweans living and working in neighbouring countries such as South Africa and Botswana. Usually, the members of these societies have the similar characteristic of being away from home (Dalufeya, 2013). ROSCAs are found in many different countries, and are given different names that normally have local meanings; for example, ROSCAs are referred to as '*Stokvels'* in the South African context. Generally, funeral associations are created to provide insurance against death related eventualities for the poor.

3.13 Conclusion

This chapter focused on the typology of stokvels as a form of informal social security. In order to gain a holistic understanding of the stokvel phenomenon, the discussion began with a global overview of ROSCAs, which provided a broader overview of stokvels globally. The different definitions, the history of stokvels in South Africa and the formation and role of the

NASASA is also discussed in this chapter, and it provides a more in-depth understanding of the reasons why these mutual aid organisation developed and continue to develop in South Africa. The chapter further discussed the four broad types of stokvels found in South Africa, which include savings, burial, accumulating funds and high budget stokvels. Linkages that exist between stokvels and formal social security systems, the social protection role of stokvels, stokvels and social capital, different types of social capital and the challenges confronting stokvels were also discussed in this chapter. Finally, the chapter concluded by discussing examples of stokvels, or similar phenomena, in Africa and beyond.

The chapter that follows discusses the research methodology that underpinned the study.

CHAPTER FOUR

METHODOLOGY

4.1 Introduction

This chapter presents the research methodology that was employed in the study. The research methodology chosen for the study aimed to answer the following questions:

- How do stokvels meet the social protection needs of their members?
- How can stokvels be strengthened in order for them to provide meaningful social protection?

The chapter commences by explaining different methodological aspects underpinning the study; that is, the research paradigm, approach and design, study population and sampling procedures, research instrumentation, rationale for inclusion of items in the interview schedule, pretesting of the research tool, data collection, field work experience, data analysis, trustworthiness, as well as limitations of the research design and methodology. Finally, the chapter concludes by explaining the ethical considerations relevant to the study.

4.2 Research Paradigm, Approach and Design

The different philosophical stances that one can take about the nature of reality are called paradigms, and social scientists have developed paradigms for use in understanding social behaviour (Marlow, 2005). These include a positivist, an interpretive and a constructionist paradigm. According to Terre-Blanche, Durrheim and Painter (2006, p. 6), research paradigms are "all-encompassing systems of interrelated practice and thinking that define for researchers the nature of their inquiry along three dimensions: ontology, epistemology and methodology". Ontology deals with the specification of the nature of reality to be studied, together with what could be known about that reality. On the other hand, epistemology outlines the nature of the relationship between what can be known and the researcher. While methodology practically outlines the road map on how researchers will go about researching whatever they believe could be known (Terre-Blanche et al., 2006).

As this study aspired to investigate the contributions of stokvels to the social protection needs of the poor, the research was aligned to the interpretive paradigm. It is argued that if the researcher “believes that the reality to be studied consists of people’s subjective experiences of the external world”, he/she may decide to employ an epistemological stance that is interactional or inter-subjective towards that “reality and use methodologies that rely on a subjective relationship between the researcher and the subject” (Terre-Blanche, et al., 2006, p. 7). This kind of stance is characteristic of the interpretive paradigm. The interpretive paradigm aims to explain social action using the subjective meanings and reasons that lie behind it. Thus, the researcher used this paradigm to inform the current study. The interpretive paradigm includes qualitative methods and observation to build theories; the subjective experience is what needs to be studied, and people’s behaviour cannot be observed objectively, and that reality is created through interaction (Durrheim, 2004). When a study uses an interpretive paradigm, the research normally becomes qualitative in nature and emphasis is on the use of participants’ spoken language in understanding their world. In addition, small samples are used, data are analysed by extracting themes or motifs, and numbers can be used to quantify the number of times themes are expressed. According to Williams, Unrau, Grinnell and Epstein (2011, p. 53), “the qualitative research approach is based on the interpretive perspective, which states that reality is defined by the research participants’ interpretations of their realities”. Thus, the study adopted a qualitative research approach.

Qualitative research adopts an emic or insider perspective (Durrheim, 2004). Moreover, the information collected reflects what participants “believe to be important, rather than what the researcher considers important to measure” (p. 33), and the actual phenomena are described in their natural settings where participants carry out their daily lives. This is what the researcher had to do as most of the information for the study was obtained within the settings where participants lived. Furthermore, Durrheim (2004, p. 32) states that the purpose of using a qualitative approach is to obtain “holistic descriptions of social reality and understanding of phenomena from the lived experiences of participants and to reach beyond the surface features of research problems” by providing a thick description of the phenomenon. Further, the author extrapolates that the approach is suitable for relatively unexplored topics and that the research design is flexible and evolves with no fixed steps.

According to Merriam and Tisdell (2015, p. 22), a qualitative approach in social research “is based upon the need to understand human and social interaction from the perspectives of insiders and participants in the interaction". Creswell (2012) also defines qualitative research as a "research process that uses inductive data analysis to learn about the meaning that participants hold about a problem or issue by identifying patterns or themes". A qualitative research method allows the researcher an opportunity to gather rich and thick description of the events being studied (Emmel, 2013). Smith and Osborn (2003) argue that qualitative research primarily focuses on making sense of human experience within specific contexts rather than concentrating on predicting behaviours. In qualitative research, data is presented in the form of words, pictures, descriptions, or narratives rather than numbers and counts, as it attempts to gain access to that personal and subjective experience of the participants (Monette, Sullivan, De Jong & Hilton, 2014).

A case study research design was employed in the study. According to Monette et al. (2014), case studies are sometimes referred to as life histories and/or narrative inquiry because they provide a detailed descriptive account of a particular individual's life or event. According to Posavac (2015), case studies may involve an in-depth study of a programme, event, organisation or one or more individuals. In addition, Stake (2013, p. 2) states: "qualitative understanding of cases requires experiencing the activities of the case as it occurs in its contexts and in its particular situation." Creswell (2012) further states that case studies allow the researcher to explore a bounded system – a case and/or multiple bounded systems – over a period of time through the use of detailed and different in-depth data collection methods that may include interviews, observations, audiovisual material, focus group discussions, documents and reports reviews. The goal of most case studies is to have an in-depth understanding of a particular case, of which in the particular instance of this study it was to understand the contribution of informal social security systems in meeting the social protection needs of the poor, with a specific focus on stokvels in Soweto Township, South Africa.

A case study design will make it possible to have an in-depth understanding of stokvels, and it should be noted that the primary focus is the description of the phenomenon, and within a specific context, and to have an in-depth understanding of its contributions to social protection needs and not to generalise. Monette et al. (2014) further postulate that one of the advantages of using case studies is that they provide a rich and detailed description of people's lives, experiences and circumstances. A multiple - case design was adopted as two different types of stokvels were selected as cases to be studied. To study a case, a careful examination of its functions and activities should be well understood (Posavac, 2015; Stake, 2013). In addition, the author further states that in multi-case study research, a single case becomes of interest because of its association with a particular collection of other cases which might share certain characteristics and/or conditions. Important to note is that these cases must be categorically bound together, and it can be members of a group or some examples of a phenomenon (Stake, 2013).

4.3 Study Population, Selection of Stokvels and Sampling Procedures

The study population consisted of members of stokvels, and the aim was to include both men and women who were South African citizens residing in Johannesburg's Soweto Township. However, it turned out that there were no male participants in the stokvels that were selected for study. Asylum seekers and refugees, who were also members of, and/or participating in stokvels in Soweto, were not selected as eligible participants in the study. This was because some immigrants are highly mobile and are in and out of South Africa more frequently; therefore, it was anticipated that it might be difficult to interview them due to their mobility. Participants were drawn from two different categories of stokvels in Johannesburg's Soweto Township. The participants were supposed to have been members of that particular stokvel for a period not less than five years. The emphasis on a five-year period of membership was based on the assumption that five years was a reasonable time frame to measure the impact and benefits of being a member of a stokvel.

In order to obtain information on policy related issues for the study, a key informant holding a strategic position in the National Stokvels Association of South Africa (NASASA), was recruited to be part of the study. NASASA was chosen because it is the only umbrella body for stokvels in South Africa, and it was anticipated that people who held strategic positions at this organisation might have vast knowledge and expertise in the area of stokvels in South Africa. Therefore, they were seen to be the rightful key informants for the study. In addition, one stokvel member who had experienced an adversity was also interviewed. This was a woman who had lost her husband, and she was invited to share her experiences of the stokvel in terms of the benefits and support that she received during the difficult period.

It should be noted that even though there are a number of stokvels within the Soweto Township, not all fell within the two categories that the researcher wanted for the study. In addition, because of the money lending practice that most stokvels engage in to grow their savings, it was difficult to select and recruit the stokvels for the study. Therefore, the researcher used snowball sampling technique to select stokvels that were eligible for the study. According to Monette et al. (2014, p. 42), snowball sampling is a non-probability sampling technique that "involves approaching a single case that is involved in the phenomenon to be investigated in order to gain information" and be referred to other similar cases. According to Strydom (2011, p. 194), snowball sampling is "normally used when there is no knowledge of the sampling frame and limited access to appropriate participants for the intended study". These authors further indicate that "in non-probability sampling, the odds of selecting a particular individual are not known because the researcher does not know the population size or numbers" of the population to be studied (p. 195). Thus, one person or group of people will refer the researcher to other similar cases.

In addition, due to the lack of documented information on stokvels in Soweto, based on the library search engine, the researcher is of the opinion that the sampling method that was used was the most appropriate technique to be used in the selection of stokvels for the study. Padgett (2008, p. 66) further points out that snowballing is used with "isolated or hidden populations whose members are not likely to be found without using referrals from those in their network", and the process is continued until a sufficient number of cases have been included in the study. To be eligible to participate in the study, the stokvel was supposed to be within the Soweto Township, to have been in existence for a period not less than five years, and to fall within the categories of burial, rotating savings and credit associations. All investment and high budget stokvels were not eligible to participate in the study as they were considered to not have social protection as their primary mandate.

A two-stage sampling technique was used. The first stage involved selecting participants for the focus group discussions, the second stage being the selection of participants for in-depth, one-on-one individual interviews. A purposive, non-probability sampling technique was utilised to select participants for both the focus group discussions and one-on-one in-depth interviews. According to Monette et al. (2014), purposive sampling is part of non-probability sampling techniques that is based entirely on the judgment of the researcher, and it involves approaching participants with the most characteristics and attributes of the population required. In terms of the inclusion criteria, the determining factor was that participants should not hold any position in the stokvel, and should have been members of the stokvel for a period not less than five years.

A total of three focus group discussions were conducted; with two focus group discussions from the burial society category of the stokvel, and one focus group discussion from the rotating credit and savings association category of stokvels. Each of the three focus group discussions comprised between six (6) to nine (9) ordinary stokvel members. In total twenty two (22) stokvel members participated in focus group discussions. Purposive sampling was also used to select four (4) participants for in-depth one-on-one interviews. This sample consisted of stokvel members with positions in the stokvels, and only stokvel directors and/or people who started these stokvels and those who were executive committee members were purposively selected for in-depth one-on-one interviews.

Purposive sampling was also used to select one key informant who held a strategic position at NASASA. This participant was seen to be the one in a position to shed light on the developments within the stokvel industry in South Africa, and also comment on the regulations and legal aspects governing the industry, together with developments and proposals regarding policy issues.

4.4 Research Instrumentation

A focus group guide and a semi-structured interview schedule were the two research instruments used in the study, and both contained similar questions for the participants. For the focus group discussions, a focus group guide with prompts was used during the focus group discussions with members of the two different categories of stokvels. Greeff (2011, p. 361) defines a focus group discussion as a “carefully planned discussion designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment.” On the other hand, Morgan (1997 p. 6) describes focus groups as “research techniques that collects data through group interaction on a topic determined by the researcher.” According to Greeff (2011), the group is ‘focused’ because it involves collective activity amongst members. In addition, focus groups are a strong means of investigating complex behaviour and of exposing reality; they also help in understanding a variety of experiences.

In most cases, researchers use focus groups when they have a desire of learning from the participants. Just like most qualitative methods, focus groups draw on three fundamental strengths, that is, interpretation, context and depth, and exploration and discovery (Greeff, 2011). One of the reasons for using focus groups is that they work well in multi-method studies that use two or more ways of data gathering (Morgan, 1997). Furthermore, Stewart &

Shamdasani (2015) state that focus groups give participants the opportunity to react to and build on what others might have said. Also, focus groups are a cost effective way of gathering data from a group of people in a very short time (Stewart & Shamdasani, 2015). However, the use of focus group guides and prompts has limitations in that the researcher may knowingly or unknowingly provide cues on the kind of answers he/she is looking for. In addition, group members who may be reserved may find it difficult to talk and voice their opinions (Stewart & Shamdasani, 2015).

A semi-structured interview schedule was used to collect data during the individual interviews. According to Greeff (2011), an interview schedule or guide is a questionnaire developed to guide the interview process. Monette et al. (2014), emphasise that interview schedules help researchers to think carefully and explicitly about what they would like to see the interview covering and achieving. Semi-structured interview schedules also allow for flexibility. Patton (2002) also states that semi-structured interviews help the researcher to keep track of all-important aspects that need to be covered during the interview and to guide the flow of the interview. Semi-structured interview schedules are mainly dominated by open-ended questions, which allow the researcher to probe even more in order to gain clarity and/or elaboration on a particular issue (Greeff, 2011). Below is tabulation showing the questions that were included in both the focus group guide and the interview schedule and the rationale for having the questions.

Table 4.1 Rationale for the inclusion of items in the interview schedule and focus group prompts (Stokvel members)

Item / Question	**Rationale for inclusion**
1. To begin with, may you please tell me about the history of this stokvel?	This question sought to give insight on the historical background of different stokvels and also to briefly highlight the historical trajectory of these organisations, for example, their track record and what they have contributed to the wellbeing of their members.
2. What are some of the reasons why it was	This question was meant to give insight on

started? (Follow on question) What are the factors that have contributed to the survival of this stokvel from the time it was started?	the motive behind the formation of stokvels and the goals that they aim to achieve. Also, to find out more on what sustains these stokvels?
3. Why did you join this stokvel?	The question helped the researcher to gain insight on drivers, which attract people to join different stokvels.
4. What are the prerequisites for membership into this stokvel? (Follow on question) What happens if someone desires to be a member and does not meet the requirements?	This question helped the researcher to understand the eligibility criteria followed before one is accepted as a member of a particular stokvel. It was also going to shed more light on the processes that were followed if someone did not meet the requirements and yet desired to be a member.
5. How long have you been a member of this stokvel? (Follow on question) What have been the benefits of your participation since then?	This question helped the researcher to know the length of time each participant had been a member of the stokvel as this was critical for the inclusion/exclusion criteria of the participants to the study, as the minimum number of years for one to qualify to participate in the study was 5 years and above prior to focus group. It also sought to understand the benefits of being a member of a stokvel.
6. How does your stokvel function? (Follow on question) Who is responsible for making sure that members adhere to the agreed upon procedures and how is that person selected or appointed and by whom?	This question sought to understand the rules and regulations that govern the functioning and operation of different stokvels, together with the management structures of these informal organisations.

7. What happens to non-complying member(s)? (Follow on question) If action is taken, who warrants that kind of action?	This was to understand how they deal with their group dynamics and also to know how this is enforced and who enforces it.
8. How are the relations of the members like, both within and outside the stokvel environment?	This question sought to understand the degree of social networking and social capital that happens within and outside the stokvels.
9. In what ways have other people, especially your family and extended family members, benefited from your membership in this stokvel?	This question helped in understanding how the benefits that members get trickle down to other people who might be known to the main member. And also to ascertain whether the benefits were enjoyed solely by the member or were reaching others as well.
10. Are there any measures put in place to accommodate continuity by some of your family members, in case you lose your membership or discontinue due to some unforeseen events?	This question sought to ascertain whether there were any systems in place to accommodate other people who might be related to the member, in case the member experiences challenges and discontinues and/or dies.
11. Have you encountered any challenges in this stokvel? (Follow on question) If yes, how did you deal with those challenges? (Another follow on question) Did that affect your relationship with other members in any way?	The question sought to understand if there have been any challenges encountered within the stokvel and the strategies they have in place to deal with such eventualities.
12. Have you experienced any membership dropouts? (Follow on question) If so, how do you then recruit new members?	This question helped in gaining insight on whether or not they had experienced any member dropouts and also to explore the factors leading to these dropouts.
13. Have you experienced any tragic	This question was asked in order to gain a

situation since you joined this stokvels? (Follow on question) If so, what kind of help did you get from being a member of this stokvels?	deeper understanding on the role that the stokvel plays when one of the members encounters a tragic situation, and understand exactly the kind of help or support the member received.
14. If you have not experienced any difficult moment, for example, illness and/or death in the family, what do you think your stokvels can help you with when confronted by such situations?	This question was mainly asked in order to have a clear understanding of what members of stokvels think their stokvels can do for them in time of adversity, especially those members who might not have experienced a tragedy in their lives.
15. How can this stokvel be strengthened in order for it to provide meaningful social protection to its members? (Follow on question) Do you think the government and other corporate institutions should play a role in this stokvel, if so, in what way?	This question sought to understand the ways in which these stokvels can be supported and strengthened so that their coverage is expanded, that is if it needs to be. Also, it helped to check whether external influence from government and private sector was welcome or not.
16. What are some of the strategies and/or policy proposals that you think can enhance the capacity of this stokvel?	The question was asked in order to gain insight on the strategies that are in place and / or are proposed in order for these stokvels to better function.
17. Is there a link between stokvels and formal social security? If yes, what is the link? If not, what can be done in order to enhance the level of social protection?	This question sought to find out if there was any link between the formal and the informal social security system within the South African context.
18. What is the National Stokvels Association of South Africa (NASASA)?	This was to ascertain if stokvel members knew about the sole governing body of stokvels in South Africa.
19. What is the role of NASASA as the	This question was meant to help in gaining

umbrella body of stokvels in South Africa?	an understanding on whether or not stokvel members knew the role that NASASA plays.
20. Do you think NASASA is doing enough to assist stokvels? If so, how has your stokvel benefited? If not, what do you suggest can be done?	The question sought to understand whether NASASA was doing what it claimed to be doing and, if not, a policy brief to be handed over to the organisation after the research is finalised.

Table 4.2 Rationale for the inclusion of items in the interview schedule (Key informant)

Item / Question	**Rationale for inclusion**
1. Is it mandatory for all stokvels in South Africa to be registered with NASASA? (Yes / No).	The question was asked in order to check if it was a necessity for stokvels to register with NASASA.
2. What are the benefits of being a member of NASASA?	This question was asked in order to understand what stokvels and stokvel members can expect to benefit if they become members of NASASA.
3. What are the consequences of non-registration? Follow up, how is this enforced?	This was to ascertain whether there were any penalties charged for unregistered stokvels.
4. What is the role of NASASA as the sole governing body of stokvels in South Africa?	This was to understand NASASA's role in the stokvel industry of South Africa.
5. What kind of support do stokvels get from NASASA?	This question was asked in order to gain insights into the support systems that are available for stokvels through NASASA.
6. In your view, are stokvels able to meet the social protection needs of their	This was to gain an understanding on NASASA's views about the social protection

members? If yes, how? Please elaborate?	component of stokvels.
7. If not, how can stokvels be strengthened in order for them to provide meaningful social protection to their members?	This was to check if there were any strategies that NASASA, as a governing body, was planning on implementing and / or proposing when it comes to social protection issues and stokvels in South Africa.
8. Do you think the government and other corporate institutions, for example financial institutions, should play a role in stokvels?	This question was asked in order to seek NASASA's views on whether or not the government and / or the private sector should interfere in the stokvel industry and how.
9. If yes, in what way?	This was a follow up question to further elaborate on the previous question.
10. If no, why shouldn't they be involved?	This was a follow up question to further elaborate on the previous two questions.
11. What are some of the strategies and/or policy proposals that you think can enhance the capacity of stokvels in South Africa?	This question was asked in order to gain understanding on what NASASA thinks can be done in order to enhance the capacity of stokvels, both at grassroots and policy levels.
12. Is there a link between stokvels and formal social security?	This question sought to find out if NASASA thought there was a link between the stokvels and formal social security or not.
13. If yes, what is the link?	This was a follow up question to further elaborate on the previous question.
14. If not, what can be done in order to enhance the level of social protection provided by stokvels?	This was a follow up question to further elaborate on the previous two questions. It also meant to seek suggestions from NASASA on what could be done to enhance the social protection level provided by stokvels.

4.5 Pre-testing of the Research Instrumentation

A pre-test of the semi-structured interview schedule was carried out to test its appropriateness and adequacy as a research tool. Pre-testing also ensures that any weaknesses are rectified immediately prior to the commencement of the study (Legard, Keegan & Ward, 2003). Pre-testing of the research instrument improves the face and content validity of the instrument, and helps with estimating the duration of the interview. Two participants were selected for the pre-test, and they did not form part of the study. Patton (2002) argued that pre-testing normally involves administering research tools to participants who will not form part of the study. However, the selected participants for the pre-test must have attributes that are similar to those who will form part of the actual study. During the pre-test, it was suggested that the interview schedule and focus group prompts be translated into two major local languages that were dominant in the area where the study was conducted in Soweto, and these languages were IsiZulu and SeSotho. The research instrument was first developed in English and then translated into SeSotho and IsiZulu. The translation, from English, was done by the two research assistants as they were fluent in SeSotho and IsiZulu. The back translation, from SeSotho and IsiZulu, was done by a colleague who works for the Department of Social Development. This colleague is multi-lingual and the researcher trained and orientated him regarding the study objectives. During the time of the pretest, both research assistants were registered Master of Arts students in Social Development and in Sociology at the University of the Witwatersrand. They were also supervising Honours research students in the Department of Social Work at Wits University. Thus, the researcher was confident that they were conversant with research processes. There was no pre-test done with the key informants due to the limited number of the participants within this category.

4.6 Data Collection

In-depth, individual, face-to-face interviews were one of the data collection methods utilised, and all interviews were conducted in a setting that allowed for privacy. Face-to-face interviews lasted between 40 minutes and 1 hour 15 minutes. It should be noted that the data collection process only took place after the researcher received the Ethics Clearance certificate from the University of the Witwatersrand's Non-Medical Ethics Committee. In total, five (5) face-to-face interviews were conducted, including the one with the key informant. The researcher conducted two individual interviews alone, without the assistance of a research assistant, and of the two interviews, one was with the key informant. The research assistants, who took the lead role in questioning and probing while the researcher sat in and took notes during the interviews, conducted the other three individual interviews. It should be noted that in these three interviews an indigenous language, SeSotho, that the researcher was not fluent in, was in prominent use in two of the three interviews. The third interview was dominated by IsiZulu language. Even though the researcher was fluent in Zulu, there were some words that were too deep for the researcher's understanding, thus a research assistant who was fluent in Zulu conducted the interview. Some interviews were conducted in places where there was minimal levels of disturbances and interruptions and/or in the comfort of the participants' homes. However, this was done on a case-by-case basis. In cases where participants were illiterate, a research assistant who was conversant with the local language was deployed to conduct interviews, and translation and back translation was done in order to protect the originality of the information. The research assistant was trained in the procedures to be followed in the study prior to engaging in the research process. According to Monette, Sullivan and DeJong (2011, p. 44), semi-structured interviews allow for "more flexibility around the sequence of questions to be asked and for the interviewer to allow the participant to speak more broadly about the topic being discussed".

Focus groups were utilised in the study, as they are "a means of better understanding how people feel or think about an issue, product or service" (Strydom, 2011, p. 226). Also, focus groups are "carefully planned discussions designed to obtain perceptions on a defined area of interest in a permissive, non-threatening environment" (p. 227). In addition, the author states that focus groups are also used when multiple viewpoints and/or responses are needed on a specific topic.

Upon obtaining written consent from the participants, all the interviews and focus group discussions were audiotaped, and two recording devices were used, in case one of them became dysfunctional during the interview. This allowed the researcher to extract the exact verbatim statements during the data analysis process. It is also argued that audio-recording the interview enables the researcher to capture accurately the views of the participants (Legard, Keegan & Ward, 2003).

Focus group discussions lasted between 1 hour and 1 hour 30 minutes and they were conducted on the day when members of stokvels met for their monthly meetings. This was convenient and allowed for the recruitment of as many members as possible. The researcher conducted all three focus groups with the help of the two trained research assistants. However, the researcher was the lead when it came to prompting the focus group discussions. This was to maintain consistency in the order of questions and prompts and the way they were asked. For the transcription of data collected, the researcher did the transcription, together with research assistants and a hired independent transcriber. This allowed the researcher to compare notes in order to verify the accuracy of the transcriptions.

4.7 The Fieldwork Experience

The process of fieldwork began in August 2015, with the researcher visiting Soweto Township, which was the selected study site. This was for the researcher to familiarise himself with local logistical processes and to identify community gatekeepers for the negotiation of entry. The researcher was informed that entry must be sought from the local ward councilors of the sections that he identified to work with, and this was done, and a letter of permission was issued on the 27th of November 2015. However, given the nature of business in the stokvel industry, the last quarter of the year is their busiest period, as they will be sharing their savings, preparing for end of year functions and planning for the coming year. The researcher, therefore, foresaw a challenge with data collection for 2015. Fortunately, because the researcher had been frequenting the place and identifying the stokvels, the researcher managed to secure an interview with one stokvel executive member in the first week of December 2015. The interview was followed by a focus group discussion with the members of the same stokvel.

The researcher then began the process of making an appointment with the NASASA chairman as the key informant, and this was through an exchange of several emails with the organisation's communications officer, and finally an appointment was secured for the 16th of March 2016 and the interview was conducted at the NASASA offices in Rivonia, Johannesburg Sandton area. During the month of March 2016, two more focus groups discussions were conducted, together with two one-on-one interviews. These were only done during this time because most burial and savings stokvels begin their month in February of each year. During their first meetings, stokvels members discuss the previous year's events and deliberate on strategies that they will employ in order to improve, therefore, it is an important meeting for them, thus the reason why the researcher was given space only from their second and consecutive meetings. One participant, who had experienced an adversity and agreed to be interviewed, was only interviewed on the 23rd of July 2016. This was because she was still wearing a “mourning dress”, which is normally worn for a period not exceeding 12 months, for her husband, and the researcher was asked to wait until she removes it as it was taboo to talk to her while she was still wearing the mourning dress. The researcher had to practice ethnic sensitive practice and wait for the suitable time for the interview to be conducted.

When data collection was finally concluded, the researcher had two research assistants who were masters’ students and who are well known to the researcher. They helped with the transcription of data. The researcher cross-checked the transcriptions to make sure that all the information was captured correctly and accurately. Due to the language diversity in South Africa, some interviews had a bit of SeSotho and, fortunately, due to the careful selection of research assistants, one of the research assistants had SeSotho as his mother language and he helped with the transcription of that data. For the NASASA interview, because it was done purely in English, the researcher asked his colleague who worked as a social worker for the Department of Social Development (DSD) to do the transcription. This person was also personally known to the researcher, and had previously offered his services free of charge. This was an advantage to the researcher as there was limited funding for this process, which was provided by the Consortium for Advanced Research Training in Africa, which the researcher is a PhD fellow of.

There were three aspects that were major highlights to the researcher during the data collection process. The first issue was that due to the nature of high criminal activity in Soweto, some groups were not willing to be interviewed, especially when they had to give formal consent by signing the forms; they indicated that this was because they had been victims of so many bogus dealers and were not willing to give out their names. Also, the fact that their stokvels were not registered with NASASA further complicated the matter despite this not being a pre-requisite for participation. This was mostly common in groups that had mostly senior citizens as the majority members. The other highlight was the issue of participation incentive; in one stokvel, the member wanted to charge the researcher for their availability, and they argued that some researchers do pay them. The researcher then explained that maybe they were paid if it was for commercial purposes, however, for the researcher’s study, there was no incentive and participation was to be on a voluntary basis, and it was explained that the research was for academic purposes. The final highlight was the issue of literacy, whereby in one of the stokvels, most members could not read or write and the chairlady indicated that as a group they had agreed that she would be the one doing all the signing for other members; however, even though this was the case, participants were asked to give verbal consent.

4.8 Data Analysis

Applied thematic analysis was utilised to analyse data. Thematic analysis unpacks the internal logic of the texts analysed and provides a map of the important and interrelated themes contained in the text (Neuman, 2000). Thematic analysis is commonly used by researchers in the social sciences because it allows researchers to establish trends through their engagement with the data (Greenstein, Roberts & Sitas, 2003; Neuman, 2011). Data analysis was based on the transcriptions that were done on recorded interviews and focus group discussions, together with notes that the researcher took during the research process. According to Terre Blanche et al. (2006), there are various steps that are followed when using thematic analysis. The first step after transcribing the data is familiarisation and immersion, which involves reading through texts many times, making notes, brainstorming and drawing diagrams. The researcher read through the transcripts and extracted direct quotations that expressed and supported a particular theme in relation to the contribution of stokvels to the social protection needs of the members. This step is followed by inducing themes, which allows for the use of informants' language rather than abstract theoretical language to label different categories. In order to categorise the themes, the researcher created a table that had all the five different objectives of the study, and relevant quotations were inserted under each objective.

Coding is the third step that follows, and it entails marking different sections of the data as being instances of, or relevant to, one or more of the themes identified (Terre Blanche et al., 2006). In addition, data coding includes labelling and placing similar responses together and inducing themes (Greenstein et al., 2003). The fourth step is elaboration, which involves exploring themes more closely together. During the data elaboration stage, the researcher went through the recordings and transcriptions once again and by doing this, the researcher identified and added any information that may have been missed during the previous stages. This step often leads to the revision and refinement of themes reducing from the initial themes (Terre Blanche et al., 2006). The final step is interpretation and checking, whereby "one goes through the interpretation carefully to try and strengthen weak points after putting together the interpretation" (Terre Blanche et al., 2006, p. 33). These steps suggested by Terre Blanche et al. (2006) were followed in analysing the data.

4.9 Trustworthiness of the Study

According to Babbie and Mouton (2011), trustworthiness refers to how a researcher can convince the audience that the findings of the study merit their attention. According to De Wet and Erasmus (2005), appropriate steps should always be taken in order to ensure that the research findings are trustworthy. Shenton (2004) outlines the four key concepts commonly used to establish the trustworthiness of qualitative data, credibility, dependability, transferability and confirmability. The researcher collected data using two different methods, which were focus group discussions and individual interviews, as a strategy of enhancing the trustworthiness of the research. Leininger (1994, p. 13) states that "credibility refers to the truthfulness, believability and value of the researcher's findings in representing the real world as perceived by participants". According to Shenton (2004), credibility has to do with the originality of the collected data, or the data representing what the participants shared with the researcher during interviews. The researcher interviewed the participants in the comfort of their own homes and settings as part of the steps that were taken to enhance the credibility of the data. In addition, in order to enhance credibility, the researcher described the setting, targeted population and theoretical framework that guided the study. According to Anney (2001), dependability refers to how credible the process of data collection and analysis was, together with the integration of literature. Dependability is also the qualitative equivalent of reliability (Schurink, Fouche & de Vos, 2011). The researcher enhanced dependability of the findings by administering some of the interviews himself and by being present at all the interviews and by taking a leading role in the facilitation of the focus group discussions, where a research assistant observed and assisted with language issues.

The researcher allowed ample time between interviews and focus group discussions, and this process allowed the researcher enough time to reflect on the initial data before interviewing the next participant and also before conducting the next focus group discussion. Shenton (2004) states that transferability is the degree to which study findings can go beyond the boundary of the study setting and be applied to a similar setting. In this study, only three stokvels from Soweto, Johannesburg were studied and this constituted a limitation. However, it was evident during literature review that similar findings were made in other communities and countries; therefore, ensuring a dense description of data collected enhanced transferability. Furthermore, Schurink, Fouche & de Vos (2011) suggest the need to ask whether other persons have confirmed the findings of the study. To enhance confirmability, the researcher made use of correspondence checking as recommended by Pretorius and De la Rey (2004), whereby the categorisation of themes of the study was checked by the researcher's supervisor. By having the supervisor check the themes, it limited the potential of omitting key aspects, thereby enhancing confirmability.

4.10 Ethical Considerations

4.10.1 Voluntary participation

Voluntary participation was achieved by explaining to the participants that choosing not to participate in the study would not attract any negative consequences to any of the potential participants. This was done in order to allow participants to voluntarily participate in the study. Rubin and Babbie (1999, p. 51) state, that "no one should be forced to participate." Also, "participants were legally and psychologically competent to give consent and were made aware of the fact that they may withdraw from the study at any given time without any negative consequences" (McLaughlin, 2007, p. 26). A participant information sheet (see Appendix A) was distributed amongst all potential participants for them to read about the study before they were invited to participate. However, for those participants who could not read, the information on the participant information sheet was read to them. This was done to enhance voluntary participation.

4.10.2 Informed consent

This implies that all human participants should be fully informed about a research project before they agree to take part. Information about the purpose of the study, what participation is required of them and duration of participation was made available to the participants. Babbie (2001) states that it is the responsibility of the researchers to always ensure that participants are provided with the necessary information before they decide whether or not to participate in the study. In addition, according to McLaughlin (2007), information should also be given in clear and intelligible and user-friendly language. Hepworth, Rooney, Rooney, Strom-Gottfried and Larsen (2010) also reiterate that to facilitate informed consent for persons with hearing, literacy, or language difficulties, social workers should utilise interpreters, translators and multiple communication methods as appropriate. However, for the purposes of this study, the researcher is multilingual and understands most of the indigenous languages of South Africa, especially the ones that are dominant in Soweto Township. Participants were invited to sign informed consent forms (see Appendix B), before taking part in the study. For those who could not read, the information on the informed consent forms was read and explained to them before signing. This confirmed their willingness to participate and indicated that they were aware of the purpose of the study. Participants also gave consent for their individual interviews and focus group discussions to be audio-recorded (see Appendix C).

4.10.3 Confidentiality

Confidentiality in research is explained by Strydom (2011) as the protection of the data collected through ensuring that no one has access to the data, except for the researcher, research assistants and the supervisors. The involvement of research assistants and the supervisor in the study was explained to all potential participants from the beginning of the study. Potgieter (2007) outlines confidentiality as one of the most important values of social work practice and also research. Confidentiality and anonymity protect participants' information and identity, and respects their dignity and their worth at all times regardless of their social, health and socio-economic status. For this study, confidentiality entailed that only the researcher and the two research assistants were aware of the identity of participants, and that they committed themselves to safeguarding all the information provided by the participants during the data collection process. Also, tape-recorded data and transcriptions will be kept in a lockable area to enhance confidentiality of the information, and will be destroyed after six years. However, the extent and limits of confidentiality were also explained to the participants, especially those who participated in the focus groups discussions.

4.10.4 Anonymity in publication of findings only

Efforts were made in the study to ensure participants' anonymity. Rubin & Babbie, (2001), describe anonymity as a process whereby gathered data cannot be linked and/or associated with a particular participant. For this study, names and other identifying particulars of participants were replaced by codes for anonymity purposes as outlined by Hepworth et al., (2010). For example, Mildred Kubheka* (not a participant's real name), who participated in the first focus group discussion was identified as 'participant number one – P1). However, even though all efforts were made to adhere to anonymity, absolute anonymity could not be guaranteed as some of the data were collected through focus group discussions. With focus groups it is difficult to maintain anonymity as participants were interviewed as a group and they knew the participants and responses that were made by other participants.

4.10.5 Avoidance of harm

The researcher has the duty to protect participants from any physical or emotional harm. According to Babbie (2004), if there is a reason to believe that carrying out a particular study might result in any harm inflicted to the participants, necessary steps should be put in place to minimise the potential harm and/or the study could be called off. Participants were informed beforehand about the potential impact of the study so that they could make informed decisions about whether they wanted to participate or not. Counselling or debriefing sessions are regarded as "possible ways that can be used to alleviate emotional distress evoked by the study" (McLaughlin, 2007, p. 27). For this study, the researcher ensured that all participants were not exposed to any form of emotional and/or physical harm. In case there was any form of emotional distress, arrangements were made with Emthonjeni Centre at the University of the Witwatersrand to provide counselling services to the participants experiencing distress. However, none of the participants utilised the service as none of them experienced any emotional distress.

4.10.6 Submission of proposal for ethics clearance and publication of findings

Prior to data collection, the researcher submitted the research proposal and ethics application form to the Human Research Ethics Committee (HREC) Non-medical at the University of the Witwatersrand. This is one of the processes that were followed to make sure that the research upholds the necessary ethical requirements before it is undertaken. Wassenaar (2006, p. 11) states that "an independent and competent research ethics committee should subject all protocols to independent ethical review prior to the commencement of the data collection process”. Therefore, research was done after being cleared by the ethics committee and given a clearance certificate. The protocol number is: H15/05/9 (see Appendix D). Over and above the University ethical clearance, authorities in the Soweto Township gave permission to undertake the study in Soweto (see Appendix E). For the publication of findings, a copy of the report will be made available to the participants upon request.

4.11 Limitations and Delimitations

- There was a possibility that some participants might furnish socially desirable responses in order to speak well about their stokvel. However, for this reason they were assured of confidentiality and that there were no right or wrong answers.
- In addition, vital information might have been lost during the transcription, especially for interviews and focus group discussions that had mixed languages. To mitigate this, back translation was done.
- Participants asked whether they were going to be compensated for participating in the study, and the researcher responded that only those who were going to be interviewed on a day that could not fall during their normal monthly meetings would be reimbursed for their transport costs. This might have deterred some members from participating, thereby losing vital information in the process, as the researcher had to work with only those who voluntarily participated without any compensation.
- Some participants were suspicious and wary of participating in the study citing that the researcher might be a government agent who might be spying on their business. To mitigate this, both an ethics clearance certificate from the University of the Witwatersrand and a permission letter from one of the ward councilors in Soweto were produced in order to prove to the participants that the research was solely for academic purposes.

4.12 Conclusion

This chapter provided a detailed description of the research methodology, through the discussion of the research paradigm, approach and design, study population and sampling procedures. Following the above sections was a discussion focusing on the research instrumentation, rationale for inclusion of items in the interview schedule, pretesting of the research tool, data collection, and fieldwork experience and data analysis. The chapter then concluded by explaining the trustworthiness, ethical considerations as well as limitations and delimitations of the research design and methodology. Finally, this chapter provided the backdrop to the findings presented and discussed in the following chapter.

The findings of the study will be discussed in the forthcoming four chapters, beginning with the next chapter.

CHAPTER FIVE

SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILE OF STOKVEL MEMBERS

5.1 Introduction

This chapter presents and discusses the findings on the first objective of the study, which sought to *understand the socio-economic profile of people who are involved in stokvels* in Soweto, Johannesburg. In order to establish the socio-economic profile of the participants who took part in the study, all participants who could read and write, were required to complete a short demographic information sheet about themselves, and for those who could not read nor write, the researcher asked them verbal questions about their personal information, which included their level of education, employment status, source of income, family socio-economic condition and their level of responsibility within their families.

5.2 Socio-economic and Demographic Profile of Persons who Participated in Stokvels (N=26)

Table 5.1 below shows a tabulation of the findings regarding the socio-economic status and the demographic profile of the participants.

Table 5.1 Socio-economic and demographic profile of participants (N=26)

Socio-demographic factor	Sub-category	Count
Gender	Male	0
	Female	26
Age range	20 – 29 years	1
	30 – 39 years	4
	40 – 49 years	8
	50 – 59 years	6
	60 – 69 years	6
	70 years and above	1
Marital status	Married	15
	Cohabiting	9
	Widow	2
Number of children	0 – 5 children	20
	6 – 10 children	6
Level of education	Did not complete matric	12
	Completed matric	9
	Post- Matric Qualification (Diploma)	5
Employment status	Formal employment	3
	Informal employment	16
	Unemployed	7
Source of income	Government pension	7

	Formal employment	7
	Informal employment	12
Family socio-economic status	Home owner	11
	Renting	8
	Informal/shack dweller	7
Level of responsibility within the family	Breadwinner	16
	Shared responsibility	10

Below is the discussion of the tabulated information that is presented in Table 1.1.

5.2.1 Gender, age and marital status

The analysis of the findings indicated that gender was still an important demographic factor within the stokvels studied, as all the stokvel members who took part in the study were women. Historically, the concept of stokvels was pioneered by women in South Africa and the observation in this study is indicative of the fact that women still dominate these informal savings organisations in the South African context. A previous study by Mbizi and Gwangwava (2013) found that almost 83% of stokvel members were women. Further afield, a study conducted in Kenyan slums (informal settlements) by Mwangi and Kimani (2015a) also established that women members formed the greater part of accumulating savings and credit associations (ROSCAs). Therefore, this finding confirms the dominance of women within the stokvels in South Africa.

The study revealed that the ages of stokvel members ranged from 20 to 70 years, with the majority – that is, 20 out of 26 participants – aged between 40 and 69 years. In relation to marital status, 15 out of 26 participants were married and living with their husbands, while nine participants were in casual relationships and/or cohabitating with their boyfriends; two of the participants were widows. The fact that the majority of the participants were married supports the arguments made by different scholars (Buijs, 2002; Chikadzi & Lusenga, 2013; Matuku & Kaseke, 2014; Verhoef, 1999), who claim that poverty and unemployment force most black women to participate in stokvels as a means of sustaining their livelihoods and supplementing household income and the poor incomes of their husbands.

5.2.2 Level of education

The study showed that the majority of the participants did not complete their secondary or matric level of education. This could also be a barrier to accessing and participating in some activities that might require a certain level of education. Of the 26 participants, a total of 12 members indicated that they did not complete their matric (school-leaving certificate), nine participants revealed that they completed matric and five of the 26 participants had a post-matric qualification. The legacy of apartheid in South Africa is of particular importance in how women, in particular, were disadvantaged in terms of access to education. However, their situation encouraged most women to come together and form stokvels as a form of support and social protection for themselves and their families. This finding supports the assertion made by Kaseke and Olivier (2008) that in most cases, people who participate in stokvels have a very low level of education.

In addition, a study done by Mwangi and Kimani (2015a) in Kenya established that the majority of people who participated in informal savings clubs had a very low level of education and, in their study, the authors found that 47% of the participants had primary level education, with only 3% reported to have attained secondary level of education. The United Nations (2013) report observed that women represented two thirds of illiterate adults worldwide, and that the illiteracy rate for women had risen by 10% since 1990, when compared to that of men which rose by 7%. Mwangi and Kimani (2015b) argued that women's choices of stokvels were in line with their educational level, as most of them opted for informal arrangements that required minimal and/or no formal education at all. However, it was important to note that in the present study, of the 26 participants, nine had completed matric and five participants had a post matric qualification, and this was contrary to the popular perception that most people who participate in stokvels are uneducated, as more than 50% of the participants achieved matric and/or post-secondary qualifications, for example diplomas.

5.2.3 Employment status

During the study, participants were requested to indicate their employment status. A significant number of participants, namely, 16 out of 26 participants were informally employed. In this case, informal employment referred to any form of informal trade ranging from street vending, domestic work and baby-sitting. This finding is in line with findings from earlier studies (Matuku & Kaseke, 2014; Muhanguzi, 2016; Mwangi & Kimani, 2015), and with the current debates in development economics literature where an emphasis is placed on the lack of participation by women, especially black women, in the formal economic activities through formal paid employment. In addition, Mashigo and Schoeman,

(2010) observe that stokvels, especially burial societies, are mainly utilised by people working in the informal economy, and especially those who do not have bank accounts and/or acceptable proof of income in the form of a pay advice slip.

In a related observation, Van Ginneken (1999) states that most people working in the informal sector and those who are unemployed, and who are not covered by any form of employment based insurance, rely on informal arrangements, such as stokvels, for their social protection requirements. The large number of informally employed participants might be an indication that for these participants to meet their social protection needs, they needed to be members of arrangements such as stokvels. In addition, seven participants were unemployed, and had unreliable sources of income. Surprisingly, they were able to meet the monthly demands and contributions of their stokvels. This finding is contrary to the findings from a study done by James (2015) in a village in South Africa's Mpumalanga province, where it was found that being able to pay the contributions of a savings club required a member to have a steady income, and that those who did not have a regular income in the form of employment or paid wages, were unable to meet the required monthly contributions.

However, this might also be an indication of differences in terms of context, because Mpumalanga is one of the least developed and most rural provinces of South Africa; therefore, stokvel members in that province might have limited financial opportunities when compared to the ones in Soweto, which is in Gauteng, a province regarded as South Africa's industrial and business hub. Of the 26 participants, only three were formally employed with regular income. This might be an indication of the evolving nature of stokvels and their inclusiveness that they now attract even people who are not necessarily regarded as poor. This is also a good pointer to the call for more studies about stokvels and a need to update the documented evidence that stokvels were mainly for the poor urban women who used the savings to supplement their husbands' meagre wages, as highlighted by Lukhele (1990). It was evident in the study that stokvels included in this study were no longer solely utilised by the poor.

5.2.4 Sources of income

The study revealed that stokvel members who participated in the study had three different sources of income. Twelve of the 26 participants indicated that they earned their income through involvement in informal sector activities or markets. This was through buying and selling of different wares in their neighbourhoods and other communities, doing part-time jobs and/or domestic related chores for payment. This finding confirms the findings from earlier studies, (Ardener, 2010; James, 2015), that suggest that most people who participate in informal arrangements such as stokvels for their social protection needs, mainly get their income through informal means.

In addition, Gugerty (2007) state that stokvels are part of informal saving strategies that are used by people with no formal and regular sources of income. However, it emerged in this study that it is not only the informally employed who participated in stokvels, but the formally employed also participate in stokvels. Another source of income revealed by the participants was social assistance. The government provides social grants; the old age grants, for example, were mentioned as one of the sources of income for members of the stokvel, and a total of seven participants indicated that they used part of their pension to contribute to their respective stokvels.

5.2.5 Family socio-economic status

Analysis of the findings showed that 11 out of 26 participants were home owners and they had title deeds for their properties. This is an indication of the continuously evolving nature of stokvels within different urban South African communities. Although the number of participants who owned houses was high, the study also revealed that eight of the participants resided in rented properties, with some renting back rooms, which is a popular township custom, especially for those with low incomes. The findings also showed that some participants resided in informal settlements. It is important to note that the findings confirm findings from other studies (Dekker & Olivier, 2003; Chikadzi & Lusenga, 2013; Matuku & Kaseke, 2014; Verhoef, 2001), that a considerable number of stokvel members are poor black people and mostly black women.

The finding that seven out of 26 participants were living in informal houses and/or shacks within the community concurs with a study finding by Mwangi and Kimani (2015b), that most of the participants in their study were informal dwellers in one of Kenya’s counties (provinces). It is therefore observed that even though there is literature on the socio-economic status of families and members who participate in stokvels, there is a lack of acknowledgment of the socio-economic diversity that exists within these groups.

5.2.6 Level of responsibility within the family

The findings of the study revealed that stokvel members had several levels of responsibilities within their families. It was observed that 16 participants indicated that they were breadwinners within their families and carried most of the responsibilities regarding provision for the family's day to day needs. This meant that over and above the responsibility of making sure that stokvel's contributions were made on a monthly basis without fail, these members had the added responsibility of making sure that their families had food and other basic social protection needs on a daily basis. This was seen as a burden, as most of the participants did not have a regular and/or stable source of income to fulfil such responsibilities. However, when viewed from a different perspective, this finding might be an indication that, indeed, informal social security measures such as stokvels exploited women for the benefit of other extended family members, as indicated by Muhanguzi, (2016) and Patel (2015). Analysis of the findings also showed that of the 26 participants, only 10 participants shared the responsibility of providing for their families with either other family members and/or with their partners or live in boyfriends.

5.3 Conclusion

This chapter presented and discussed the findings related to the first objective of the study, which sought to understand the socio-economic status and the demographic profile of people who participate in stokvels in South Africa's Soweto Township. The key observations that were highlighted in the findings were that all the participants were women, with a significant number reporting that they did not complete their secondary education. In addition, some participants were unemployed and relied on informal trading to raise money for contribution to their respective stokvels; yet other members revealed that they used government social grants to pay their monthly stokvel contributions. Of particular importance within this discussion was the observation that stokvels were no longer solely for the poor and the uneducated. The findings showed that stokvels now accommodate people with formal education and employment and regular income. The perception that people who are members of stokvels did not own immovable assets, for example houses, was contradicted in this study. A considerable number of participants were home owners.

The next chapter provides an exploration of the social protection contribution of stokvels towards meeting the basic needs of the poor.

CHAPTER SIX

THE CONTRIBUTION OF STOKVELS TO THE SOCIAL PROTECTION OF THEIR MEMBERS

6.1 Introduction

This chapter presents and discusses the findings on the second objective of the study. The second objective of the study sought to explore how members of stokvels address their social protection needs. The relevant research question was: *what are the benefits of being a member of a stokvel and to what extent do these benefits contribute to the social protection needs of the poor?* Social protection has three broad functions, and these are: to address income insecurity by putting in place measures to prevent and alleviate poverty; to enhance access to education, health and other social services; and to strengthen livelihoods. Strengthening livelihoods represents the developmental function of social protection. Addressing income insecurity enables the poor and vulnerable groups to meet their basic needs. Participants gave varied responses on how stokvels contribute to the social protection needs of their members. It emerged that stokvels contributed to addressing income insecurity, the provision for children's education, enhanced access to a broader social capital base and also the strengthening of livelihoods for their members. These aforementioned themes are discussed in detail below.

6.2 Addressing Income Insecurity

The study revealed that stokvels were instruments for addressing income insecurity. One of the ways in which this is realised is by protecting members in the event of death. Burial stokvels are self-help arrangements that protect their members against loss of income in the event of a death in the family. Alternatively, burial societies cushion their members against the financial burden associated with death in the family. Thus burial societies provide death benefits to their members. The death benefits provided by burial stokvels cater not only for the purchase of a coffin and the costs of the grave, but also provide emotional support to the family and food to be provided to the mourners. This was clearly articulated by participant 1 from the first FGD who said:

First thing when a member passes on, we go there to offer emotional support and provide the promised benefits of the stokvel, for example the coffin is purchased and the required food for the mourners is bought and delivered to the family immediately.

Similarly, participant 2 from the first FGD said:

…when someone passes on in the family that means money is needed urgently. By being a member of this stokvel you know you are somehow relieved because all those costs will be taken care of as there is always money in the stokvel to safeguard such devastating occurrences.

The above responses reinforce the idea that burial stokvels protect members against income insecurity when death occurs in the family. The death benefits are not only limited to the purchase of food and the coffin, but they also cover transport costs, which can be substantial, especially in instances where the family wants to bury their deceased member outside Johannesburg. Participant 4 from the individual interviews explained:

When my husband passed away, his family wanted the body to be buried at our rural home in Limpopo and that meant more costs especially to cover transport needs of the mourners to and from our rural village. I was relieved when one of the executive members of our burial stokvel told my family that the burial will pay for a 35 seater bus to carry the mourners who wished to accompany the body to Limpopo. If it wasn't for the burial, we could have struggled to meet that need.

These responses characterise the benefits that are provided by stokvels that have an investment component. Stokvels that focus solely on burial provide a lump-sum payment to the family. It is up to the family to decide how to use the lump-sum payment. This was disclosed by participant 3 from the individual interviews when she said:

We give a person R2000.00 to cover part of the funeral costs. But once we give the person the money we do not get involved on how she will use it or what she will buy. That is their decision as a family.

It is therefore apparent that there were variations between the two burial related stokvels. The one that had an investment component embedded in it had a comprehensive cover as it also covered the transportation of the body, the purchase of the coffin and also food to feed the mourners. In the other stokvel, which was purely burial, benefits were received in the form of a lump-sum payout of R2000.00 to the bereaved member to assist in meeting the funeral costs. Although there were variations in these two stokvels, they both endeavoured to provide some level of social protection. Participant 1 from the individual interviews elaborated as follows:

> *I feel that this society especially, brought these women together to empower them when it comes to having a burial which they know that every month they contribute to and they know that if somebody passes away they do not have to start from scratch and loan money, they have got that money ready*.

The response emphasises the protection that the members enjoyed by being members of burial stokvels, as they knew that the costs associated with death were covered and they did not have to panic when exposed to death as a contingency. In addition, it was revealed that the payment of death benefits by burial stokvels protected the poor from resorting to a pauper's burial. This was highlighted by the key informant when he said:

> *…because of the pride of the African people it is abominable to be buried as a pauper, now because of that, South Africa as a government has been saved billions of money from that attitude, money that could have been used to bury people that are poor is not being used because people take the initiative, proactive initiatives to ensure that people are buried with dignity, so stokvels, in particular, the burial societies, play a very important role to ensure that communities look after each other in the event of someone dying, and they make sure that food and coffin required is all bought.*

The key informant also indicated that burial stokvels play an important role in protecting against the costs of death of the member or members of her family, through the provision of the required capital to cover the funeral costs. These findings support the assertions by Dalufeya (2013) and Lukhele (1990) that burial stokvels were established to ease the financial burden of bereaved families, as members benefited from both material and non-material support. In addition, funeral support is viewed as a protective social protection measure as it alleviates deprivation (Muhanguzi, 2016). However, to receive the full benefits, members need to commit, and dedicate themselves to the stokvel by making the required regular contributions. This was also revealed by the key informant when he said:

> *What is key is the member's ability to commit to the common cause in the stokvel, key to a stokvel is regular contribution, so if there's no regular contribution a stokvel cannot survive.*

This finding shows that even though burial related stokvels provided protection during difficult times, for them to continue doing that it needs for all members to commit to regular contributions so that the stokvels will be able to meet the members' demands when they experience an adversity. This is in line with the observations made by authors Biggart (2001), Gugerty (2007), Matuku and Kaseke (2014), Mbizi and Gwangwava (2013), and Verhoef (1999). These authors highlight the importance of regular contributions so that when a claim is made there will always be funds to pay the required benefits. This helps the stokvel to meet its obligations even in cases where too many claims are made within a short period of time. Through this, the stokvel will be fulfilling its protective and preventive roles of social protection.

It also emerged that both burial and accumulating savings and grocery stokvels played a significant role in empowering their members, through the provision of soft loans to members in need. This was highlighted by participant 4 from the individual interviews when she said:

> *When my husband was very sick, it became difficult to take him to hospital using public transport and we did not have enough money to hire a private taxi for him. We then resorted to the money that I got from the stokvel when it was my turn to receive the pool and yes…also took some soft loans from the stokvel and this really helped and we were able to take him for his weekly treatment at Leratong hospital.*

This assertion shows that if it had not been for the stokvel that assisted through lending the participant money, it would have been a challenge for the participant to successfully meet the costs of transporting her husband to hospital for treatment, especially when it became impossible for her husband to use cheaper public transport. Thus, in this case the stokvel played both a preventive and promotional role of social protection by providing the family with soft loans that improved their ability to meet their health related needs. In a similar vein, participant 1 from the individual interviews mentioned:

> *Before my mother died, it was quite a difficult moment for us as we struggled a lot as money was needed to take her to the doctor to do endless tests, and this was quite draining as no one was working at home during that time and it was difficult to borrow money from people because how will you pay it back? However, the stokvel managed to borrow us with trust that we will get it one day. Through the money we were able to cover some of the medical tests and to buy the medication that was required.*

This finding show that both accumulating savings and grocery stokvels, together with burial stokvels, contributed to the strengthening of their members' livelihoods in different ways, as members were able to meet their families' developmental social protection needs. Members were afforded an opportunity to borrow funds from the pooled resources for use in meeting the health and other requirements of their families. This finding further suggests that participants were able to use their stokvel benefits to advance and enhance their social protection needs related to empowerment and health. Participants who were members of burial stokvels were encouraged to borrow money from the stokvel to cover their consultation fees with a medical doctor when a need arose. In this regard, participant 3 from the individual interviews explained:

> *Members who become sick in the group are allowed to borrow money from the stokvel at no interest so that they will not have an excuse of not seeking medical care.*

What was quite striking about this finding is the level of care and support that stokvel members showed one another. This was highlighted by the participant when she revealed that if members of the stokvel borrowed money from the stokvel, they were exempted from paying it back to the stokvel with interest, and this was a welcome move as it reinforced the developmental function of social protection that was played by the stokvels. However, even though this borrowing practice contributed to the developmental needs of the poor, it was also viewed by some participants as a risky practice. Participant 4 form the individual interviews said:

It is a good thing for people to be able to borrow money from the stokvel at no interest but sometimes some members fail to pay back the money that they borrowed and it seriously affects our savings as we do not have any sources of money that we can use to replace the borrowed funds.

The above response highlights the need for proper strategies and support mechanisms to be put in place in order to boost the financial coffers of the stokvel, should some members fail to pay back the borrowed capital. Findings also revealed that apart from protection from income insecurity, members and their families also benefited from the social and emotional support provided by burial stokvels. This was explained by participant 3 in the first FGD as follows:

If I may add, as a stokvel we do not only provide financial assistance to members during funerals. There are other things which we do in addition to that. We also …ensure to provide emotional support to the bereaved member by physically availing ourselves and helping out in different ways.

Similarly, participant 5 from the first FGD noted:

…yes, the stokvel provided me with financial and emotional support during a funeral, some of the members would come to assist with household chores. That was a relief on my family… and the support was very helpful.

This was also echoed by participant 3 from the individual interviews:

We go to the family for condolences… we then host a memorial service. But yah, we do have to go to the family, give them food and help with the work, peeling vegetables and doing everything, like cooking.

In confirming the strong social support available in burial stokvels, the key informant also noted:

The social support that comes with the stokvel is huge, you'd be surprised that it's not just money that they contribute to the family, there's something called "hands" – helping out. Before they take the money there, they go as a group, pray and do this and that, so that's a very important system that no financial system can render, so it's more than just money making schemes.

The key informant further stressed that the solidarity and social support that existed within burial stokvels was significant, and that nothing could change these kinds of relationships as they are built on trust and sisterhood. He explained:

> *...it's not about money, it's about the social support, the sisterhood, the togetherness, no one can take it away, we can't replace it, no modernity, no BEE benefits, or whatever can wash away the need for that kind of support. So for me stokvels are very important beyond just financial benefits.*

The above responses give credence to the assertion by Lukhele (1990) that even though the main purpose of stokvels is mutual financial assistance, they also have valuable social functions. In addition, Van Schalkwyk et al. (2012) state that over and above the ability of stokvels to offer nearly all the financial services to their members, they also cater for social and cultural needs required by the poor. This assertion reinforces the idea that the purpose of stokvels is closely linked to the concept of *Ubuntu*, which is common in black communities. The stokvel practice evolves from the African custom and tradition whereby during funerals community members would bring food and drinks to the family of a deceased as a way of showing support for the bereaved family, especially in rural areas (Matuku & Kaseke, 2014; Verhoef, 1999). The finding also reinforces the idea that burial stokvels can be viewed as possible pathways of extending other tangible social protection benefits to the poor, especially those working in the informal economy (Mashigo & Schoeman, 2010; Umukoro, 2013). Burial stokvels are therefore distinct from the formal social insurance schemes, in that formal schemes only provide the financial benefits and there is no emotional support given to the family.

Stokvels also address the problem of income insecurity by promoting savings, and the accumulated savings enable the members to meet their basic needs. This was common in both the accumulating savings and the grocery stokvel and in one of the burial stokvels that had an investment component. Accumulating savings and grocery stokvels mainly focus on the accumulation of savings and credit rotation amongst members, together with monthly contributions that are earmarked for the bulk purchasing of groceries in November, and which members share amongst themselves in early December. The study revealed that the participants were able to meet their food security needs through the groceries received in December. The groceries that members share can last up to a minimum of five months depending on the size of the family. This was revealed by participant 13 from the second FGD, who mentioned:

> *…what I liked is the grocery option of this stokvel. Through the grocery I am able to live with it for more than five months without having to buy any groceries, and the grocery is enough for the entire family.*

Similarly, participant 7 from FGD commented:

> *Since I joined the stokvel, I am able to eat like everyone in my neighbourhood, and through this stokvel I am able to save and receive foods in bulk every year end. So, at least when my neighbours eat, I am also able to have something to eat with my children.*

This response emphasises the fact that through the accumulating savings and grocery stokvel, participants were able to meet their day to day survival needs which minimised their level of deprivation within their neighbourhood. Participant 12 from the second FGD echoed similar sentiments and said:

> *Ever since I became a member of this stokvel, even my children benefit a lot because they are able to eat like any child in the community.*

The above response shows that by being a member of the stokvel, the participant was able to feed her children, which she struggled to do before joining the stokvel. In a similar vein, participant 10 in the second FGD added:

> *…I also liked the groceries component of this stokvel.*

Even though there was no reason given as to why the participant liked the grocery component of the stokvel, it was clear that this was linked to the idea that it was through these groceries that they receive that they were able to meet their basic day to day survival needs related to food. The above responses show that it was important for participants to have food on the table to eat with their families, particularly children. Thus they valued their stokvel for encouraging and enabling them to save and receive food stuffs in bulk at the end of the year. Although the purchases did not last for the entire year for all the families, they protected families for a significant period of time and participants appreciated that. This was revealed by participant 2 from the individual interviews who explained:

Depending on the size of the family, the grocery that we share in December is able to push some members throughout the following year without worrying about food, because it is really enough.

This shows that accumulating savings and grocery stokvels provide meaningful food security for their members, through the promotion of savings which later contribute to participants' meeting their day to day social protection needs. The key informant echoed the sentiments:

…history tells us that there's no guarantee that a poor person will be relegated to that status forever, if you work together wisely and do things systematically you can change that situation. Most stokvels collect money and buy their items in bulk especially their day to day necessities and this allow them to rest assured that they have most of the things they need for the better part of the year, and this reduces their absolute deprivation of their daily needs.

The assertion by the key informant proposes that poor people have the opportunity to change their situations, especially when they work together in a systematic way. Also, when they pool their resources together, it becomes easier for them to buy goods in bulk and store some for future use, thereby enabling them to meet their day to day necessities. The findings show that indeed, accumulating savings and grocery stokvels play a pivotal role in advancing the protective and preventive roles of social protection for the poor. Umukoro (2013) states that protective social protection protects households' consumption needs, while preventive social protection protect households from falling further into extreme poverty, and this is the role that accumulating savings and grocery stokvels play. In addition, this finding gives expression to the Sustainable Livelihood Framework (SLF) as outlined by Krantz (2001). According to this framework, when individuals experience shocks and hardships, especially with the provision of food, and when they do not have enough assets and capital to deal with these shocks, they rely on livelihood strategies such as stokvels in order for them to achieve outcomes that will see them having reduced vulnerability, improved food security and improved wellbeing. Therefore, accumulating savings and grocery stokvels prevent members from falling into severe deprivation and also reinforce the power of collectivism that exists within the township of Soweto in South Africa in a bid to deal with absolute poverty.

The study also revealed that accumulating saving and grocery stokvels enhanced social inclusion and the notion of '*fitting in'* in a particular social arrangement through affording their members quality products. This was clearly articulated by participant 9 from the second FGD who had this to say:

> *We afford better things than government can offer. Government provides 'no name products' to poor people, while we [stokvel members] consume quality products. Furthermore, government provided services and benefits are selective. In our stokvel we are guaranteed same products whether you are a rich or poor member, and we don't buy no name products.*

A possible explanation for this finding is that although stokvels are a vehicle for meeting basic needs for the poor, members are conscious about the type of products that they purchase and consume. In most black townships, it is a commonly accepted idea that '*no name products'* are associated with poverty and low social standing within the society. This goes beyond just food stuffs but extends to other basic commodities such as soft drinks, where most of the emerging and not so popular brands that are not products of the Coca-Cola Company are referred to as '*ubaba kasebenzi'* in IsiZulu', meaning '*my father is not employed and not working'* and that is why I am buying this cheap imitation product. Therefore, by disassociating themselves from these kinds of products, stokvels help their members to fit in within their communities and not to experience the social exclusion that is associated with poverty. Thus, there is an emphasis on zero tolerance of '*no name products'* within accumulating savings and grocery stokvels, and this helps to promote equity within societies.

In addition, the other possible explanation of this finding might be the fact that, as much as the poor are appreciative of government efforts to provide for them during difficult times, in essence, they do not accept low grade products, and they would appreciate the same quality products consumed by people with the necessary means. Thus, accumulating savings and grocery stokvels play an important role in promoting social inclusion in the community. However, some participants highlighted that the protection provided only catered for a particular period of time. This was highlighted by participant 15 in the second FGD, who said:

> *…but during the year we suffer a lot, these ladies [referring to the elders of the stokvel] they want their money always. So I have to work hard throughout the year to ensure I pay on time.*

It was evident that even though contributions were made towards meeting the social protection needs of the poor, the protection provided was not comprehensive and did not sustain the poor for a long period of time.

Accumulating savings and grocery stokvels allow members to borrow money from the stokvel to use to meet their needs, however, paying back the borrowed money sometimes created tensions within the group, as they have to pay back the money with interest, as highlighted by Irving (2005). This was aptly put across by participant 8 in the second FGD when she said:

> *Even if your partner is deceased we still need the money and there are no two ways about it.*

The response shows that when it was time for payback, the borrowed money had to be paid, and stokvel members did not care whether one is experiencing hardships or not. Members were allowed an opportunity to pay their contributions in advance so that they avoid being coerced and having their property attached and sold in order to recover the money that they could have borrowed. Participant 2 from the individual interviews had this to say in support of this:

> *Furthermore, it is also up to members whether they want to be ahead in terms of payment. The stokvel permit advance payment for members who can afford to do so.*

This was a welcome development as it afforded members of accumulating savings and grocery stokvels an opportunity to pay more when they could in order to avoid losing their contributions and benefits in future because of non-payment of their dues.

However, a difference was noted between burial and accumulating savings and grocery stokvels regarding the assistance provided to members who could not manage to make regular monthly contributions due to different reasons, including permanent relocation and severe illness leading to incapacitation of the member. The study revealed that even though accumulating savings and grocery stokvels allowed their members to make advance payments, when a member defaulted, stiffer measures were employed to recover the borrowed money, and this was not the case with burial stokvels. In burial stokvels, when such unfortunate situations happened to any of their members, there were measures in place which were meant to assist the struggling member until she recuperates. This was revealed by participant 1 from the first FGD who said:

> *Another thing which makes our stokvel unique is how we handle things. In the past a number of stokvels experienced financial challenges, because of members who could not afford to pay because of debts. In this stokvel we approach things differently, for example when a member has a financial problem we do not encourage that particular member to borrow money from loan sharks. Instead as a stokvel we lend that member the needed money at 20% interest rates.*

The important thing to note from the above finding is the solidarity that existed within burial stokvels, through the support that members gave one another. Participant 1 from the individual interviews elaborated as follows:

> *As a stokvel we have a working constitution which is followed always. If a member decided to relocate to somewhere else, we reward that particular person with a lump sum which is equivalent to one claim. We take that money from our stokvel saving account. If individual member claim is R30 000, the relocating or retiring member will get that sum.*

Similarly, participant 6 in the first FGD observed:

> *…if the challenges experienced by a member persists, as a stokvel we are able to waive the monthly contribution fee until the member is back at her feet again.*

These responses showed an understanding that the member was not willingly refusing to pay, but was caught in circumstances beyond her control, hence the need for a temporary waiver or freeze of the contributions to allow the member to regain her strength. The above responses highlight the spirit of togetherness that was practised in burial stokvels. However, there were no clear sustainability measures in place to support this initiative, should several members get affected by these unforeseen circumstances. It should be noted that the above finding was unique to one burial stokvel because it was a well-established stokvel that had introduced an investment component where some of their contributions were invested within the formal sector institutions. This finding was, however, contrary to what happened in accumulating savings and grocery stokvels and in the other burial stokvel, where coercion was used to recover the borrowed money and also where no waivers were given to a member or members who failed to contribute regularly as required. Accounting for this difference is the assertion by Lukhele (1990) that with accumulating savings and grocery stokvels, when money is lent to an individual it has to be paid back with interest.

The study revealed that both accumulating savings and grocery stokvels, as well as burial stokvels that had savings and an investment component embedded in them, contributed to housing related needs for some of the participants through savings and credit rotation. The study revealed that participants who owned houses were able to renovate and extend their houses using the money that they got from the stokvel. In this regard, participant 1 from the individual interviews noted:

> *...that is the money they use to renovate houses and make them bigger for their families, buy things for the house and stuff, you see.*

It should be noted that without the savings from the stokvels, participants might not have had an opportunity to improve the condition of their houses. This finding shows that participating in stokvels enabled members to improve their living conditions and standards, thereby contributing to their housing needs. Similarly, participant 6 from the first FGD explained:

> *...so knowing that I am not working but being with these women I know that I am going to get this certain money in December and I will be able to buy the right things or maybe extend the house to make it bigger for the family or buy something I know I will have for a long time, because the bank cannot give you money if you are not working.*

This finding shows that burial stokvels with an investment component enabled members to have access to capital that they used for developmental purposes such as the renovation of their houses. The study also revealed that within the accumulating savings stokvel, participants were also able to meet their rental expenses using the money that they got from the stokvel. This was disclosed by participant 2 from the individual interviews who noted:

> *We have lot of expenses such as paying children's fees, buying food, paying rent where we stay, taxi fares and ...so the money saved is able to cover some of these.*

It is important to note that this finding was common in both the accumulating savings and grocery stokvel and in one burial stokvel. However, in the other burial stokvel, the priority was on protecting members against the costs of death. This finding, therefore, highlights the fact that although burial stokvels were established to ease financial constrains to bereaved families, some went beyond this original mandate in order to meet other needs. This is contrary to the assertions by Dalufeya (2013) and Chikadzi and Lusenga (2013), that burial stokvels only afforded the bereaved family social and emotional support.

6.3 Provision for Children's Educational Needs

The study revealed that members of accumulating savings and grocery stokvels were able to meet some of the educational needs of their children through the provision of the much needed capital to buy the necessary school requirements and to pay the tuition fees for their children. This was realised through both their shared savings and the money that they borrowed from the stokvel. Participant 14 in the second FGD noted:

> *…another thing we all know is that in January children return to school, during that period they need new uniforms, clothes and stationery. So as a parent you need money to cover all those expenses. Thus, through my savings that I get in December and also through borrowing from the stokvel I am able to do all this. For that reason this stokvel comes in handy during December and January, since our children's educational needs are well taken care of.*

This view was shared by participant 15 from the second FGD who also noted:

> *…I can even afford to pay the school fees for my children and buy their school books and also take my children on some outings too.*

These two responses show that stokvels promoted transformative social protection. It was apparent that stokvel members placed great value on the education of their children, as participants indicated that part of the money they saved during the course of the year was used to meet the educational needs of their children, including paying the school fees among others. In a similar vein, participant 2 from the individual interviews explained:

> *We have lot of expenses such as paying children's fees, buying food, paying rent where we stay, taxi fares and other household's expenses, so the money saved is able to cover some of these.*

This shows that even though the savings were unable to cover all the needs, children's education was one of the priorities to be covered. This probably stems from the perception that children were a source of social protection during old age, hence the need to invest in their education in order for them to be able to provide for their parents in future. This was revealed by participant 10 from the second FGD who said:

> *I am able to buy my children some clothes in December and pay their school fees because I will not be having any food related expenses at all, and remember my children might look after me in future when I am old and don't have strength.*

This finding shows that participants were hopeful that their children would show a sense of appreciation and reciprocity in future, and take the responsibility of looking after them when they got old. The key informant contextualised this finding as follows:

> *We need to take a holistic approach; all of us have that responsibility to educate our children and members. We also need to create a space for government to play its role as well as business. However, all of us have a reason to participate because among other things, government for instance, have a mandate to ensure that it deals with the legacy of apartheid, and part of that is to promote education and knowledge amongst the marginalised poor or previously disadvantaged. But the resources are not enough, thus the poor take the initiative through informal savings clubs such as stokvels to raise money to educate themselves and their children.*

This assertion by the key informant suggests that even though the provision of education was part of the South African government's responsibility due to the legacy of apartheid, limited resources hindered the government from adequately fulfilling this responsibility. Therefore, some people, especially the poor with very minimal resources, use informal means such as stokvels to educate their children, rather than sitting back and waiting for the government. The results of the study have shown that even though most of the participants relied on informal arrangements for their day to day survival needs, they still found it critically important to send their children to school and to make sure that they had all the required school materials. Stokvel members found agency within themselves and took the initiative and responsibility for their children's education, by participating in stokvels that would enable them to save money for their children's future educational needs. Thus, by so doing informal social security, especially accumulating savings and grocery stokvels, do contribute to the educational needs of their members' children. In addition, the findings revealed the variation that existed between the burial stokvels and accumulating savings and grocery stokvels. Participants who were members of the accumulating savings and grocery stokvel were able to show how the savings that they made were used to meet their children's educational needs. On the other hand, participants from the burial stokvels did not highlight any benefits that were related to the educational needs, be it for themselves and/or for their children. A possible explanation for this difference might be the fact that most participants in the burial stokvels were over 55 years old and this might have meant that their children were no longer at school, thus there was no mention of their children's educational needs. This finding concurs with the observations by Oduro, (2010) and Kaseke and Olivier (2008) that in most African communities, children were viewed as a source of social protection and that they enabled their families to address both immediate and anticipated future social protection needs.

6.4 Enhancing Access to a Broader Social Capital Base

The study revealed that the burial and accumulating savings and grocery stokvels also served to enhance access to a broader social capital base. Social capital is defined by Villalonga-Olives and Kawachi (2014, p. 62) as the "resources available to individuals and groups through memberships in social networks". On the other hand, for Putnam (2000, p. 19) the term 'social capital' refers "to the connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them". Similarly, Chikadzi and Lusenga (2013) state that through social capital, new friendships are formed and very important information is exchanged amongst members. It was apparent from the study that members relied on one another for social support and even for matters that did not concern the stokvel business. There was thus a sense of belonging and togetherness within the stokvels. This sense of belonging was even more pronounced when members lived closer to one another, as they made an effort to visit one another outside the stokvel (Chikadzi & Lusenga, 2013). This showed the social cohesion and strong bonds that existed within these informal savings groups. Participant 1 from the individual interviews explained:

> *Basically, we function like a family and we are always there for each one of us.*

This was also confirmed by participant 15 from the second FGD who summarised this as follows:

Yes, if we stay close to each other we do visit one another and we live like siblings.

Participant 6 from the first FGD added:

> *We have been long in this stokvel for years, we know and understand each other very well. We open to each other like a normal family. So allowing new members would create problems for us, we are doing this to keep this stokvel intact from possible disruptions from the outsiders.*

Similarly, participant 5 from the first FGD mentioned:

> *Yes we regard each other as family members. We have been part of this stokvel for years. We understand each other better than anyone. I can even anticipate her [pointing at another member] reactions to a particular situation because I have been with her for some time.*

Participant 2 in the first FGD elaborated as follows:

> *We also have a 'whatsapp group', where we greet each other daily and share our challenges. Another thing that is important to know is that our conversations as stokvel members do not only revolve around this stokvel.*

These responses from the participants show that the strong sense of belonging and social cohesion that existed within the burial stokvel allowed members to feel as if they were within a proper family system. This is particularly pertinent given the weakening of the extended family system, particularly in urban areas. Stokvels are therefore filling this gap. This reinforces the idea that the burial stokvel members had created a strong social network with one another, which had made it even easier for them to communicate and share their life stories with other members without any hesitation. These findings support the observation by MacLean (2011), that stokvels have the characteristics of a family which promote belonging and reciprocity. In addition, stokvels are now regarded as a substitute for the family because of the weakening of the extended family ties caused by urbanisation and globalisation (Maclean, 2011).

It was also found that some participants lived far away from their families, and so used the social capital available in stokvels to their advantage, through allowing stokvels to perform roles that normally would be performed by the family. This was emphasised by participant 6 from the first FGD who noted:

> *We are open to each other like a normal family and if I have a problem, members are the first to know because my family is far in Mpumalanga.*

Participant 11 from the second FGD professed similar sentiments:

> *Some of us live away from our families and these clubs become our families and we rely on them for most things that we will ask from a family, so we need to respect that, yes.*

The above findings highlight the fact that stokvel members relied on one another in times of need and that members had developed trust as they were able to share and seek guidance from other members without having to go to their families. To elaborate on this finding, the key informant noted:

> *What you must appreciate is the rich legacy of the stokvel in the form of trust and peer pressure, they don't default among themselves because of the strong family like bond that they have, but they can default at Edgars and other stores, because they don't have that personal relationship with those guys, they can lie to you but they can't lie amongst themselves, if there's a death in one of the member's family, members will be the first to know because of the closeness that exists between them and I might be the second one to know because I live in that neighbourhood. Word of mouth goes fast, and there's no way you can take somebody for a ride because we live in that community and we live like one big extended family because of these mutual aid associations.*

This finding highlights the important role played by trust in the stokvels and that it is the one that nurtures the development of a strong bond between members. It is also this personal connection that the members had that makes them to be loyal to one another and to live happily like a big extended family. The commitment that the members showed for one another was strong to the fact that if a member experienced an adversity, stokvel members were the ones most likely to know about it first. This finding supports the argument by Mohanty (2011) that, because of urbanisation and industrialisation, the effectiveness of the family system has been eroded. The weakening of the family system has "led to the emergence of new forms of informal support such as urban reciprocal social networks and market associations" such as stokvels that have now assumed some of the functions of the family (Mohanty, 2011, p. 11). This is in line with the findings of Muhanguzi et al., (2014) and Oduro, (2010), which show that the family is seen as the first line of protection and the main source of support against risks or contingencies. Therefore, in the absence of an effective family system in modern day communities, stokvels have since taken over some of the family responsibilities, especially in urban and peri-urban areas.

However, it is important to note that this finding is relevant mainly to the first and second FGDs but was not necessarily strongly communicated in the third FGD, which was purely a burial stokvel. One of the possible reasons and explanation for this might be that participants from the first FGD had been together since 1982 when their stokvel was formed and, since its formation, they have kept it as a closed group. One would therefore assume that members now know and understand one another well and might also have developed trust, very strong bonds and appreciation for one another. Similarly, the majority of the participants who participated in the second FGD had been together since 1996, which is also a long enough time to develop trust bonds and appreciation for one another. However, the study revealed that stokvel members who participated in the third FGD showed very little cohesion within the group, as they indicated that there was lack of trust within their stokvel. This was aptly put by participant 17 from the third FGD when she said:

> *I am part of this burial society which helps during funerals; however, these people disappointed me. I paid them well every month, but at the end they did absolutely nothing for me when I lost my daughter, but anyway it's the past now.*

The tone of this response was indicative of the fact that even though the participant said it was in the past now, there was still some bitterness within her, and it revealed the lack of cohesion within the group and a very poor support system, which was a threat to the survival of the group. Participant 20 from the third FGD added:

> *You know, it is always a better solution to just save your own money instead of depending on other people, since people are crooks out there.*

The researcher observed that there were problems in this stokvel which made it difficult for members to support one another in difficult times and also to develop bonds that could resemble the characteristic features of a family system. This finding is also contrary to the assertion made by the key informant about the strong bonds that existed within stokvels because of the depth of trust and the influence of peer pressure within the stokvels. However, participant 3 from the individual interviews showed confidence that one day when she dies, stokvel members were going to take her body for burial in her home town, which was Durban. She said:

> *They will help because I live far and if I die they will take my body home. They will bury my family members too…that is why I got in to it in the first place because my family is far, it is not around. I know that I have support to get my body home when I die. The family is in Durban.*

This participant was optimistic that this was going to happen one day, while other members were complaining about how things were handled in the stokvel. Therefore, there seemed to be divisions within the stokvel, and this was said to be a common problem associated with informal organisations. This finding confirms the argument by Mwangi and Kimani (2015b) and Makhura (2015) that conflict amongst members and the lack of clear operational structures, discipline and order in these informal organisations pose challenges to these groups that might sometimes lead to the disbandment of the group. This assertion by Mwangi and Kimani (2015b) and Makhura (2015) was evident in this stokvel even though it had been in existence for over nine years. However, it was surprising that people were still members and had no plans of leaving, even though they were not satisfied in the group. This might be an area for further exploration in future studies.

The study revealed that, apart from the provision of finance to pay for health care related costs, participants also benefited and enhanced their access to health through information sharing and health informal education sessions that they had in their stokvels. This was echoed by participant 2 from the individual interviews when she said:

> *We share with each other information on how to live a healthy life and to encourage people to go to hospital and not wait until they are too sick. We don't stop educating and supporting our members throughout in whatever means possible.*

The above response shows that within the burial stokvel, members valued sharing information with one another on certain health issues that they were familiar with, and this was an indication that members of burial stokvels regarded their health related needs seriously. Although the members knew that they were protected against income insecurity arising from death, they valued healthy living to improve their life expectancies by providing one another with information that promoted longevity. This finding suggests that stokvels contribute immensely to preventive social protection, and this is in line with Muhanguzi et al. (2014) who state that preventive social protection minimises deprivation through different social insurance interventions including pensions and maternity benefits and health insurance. It also reinforces the notion of togetherness that the members practice, especially by providing the required financial, material and emotional needs when one of their members fell ill.

It also emerged that participants valued being physically present to support members of the stokvel who were confronted with different health challenges. This allowed members to benefit from the solidarity, comfort and support that they could not have got if they were not members of a stokvel. This was revealed by participant number 3 from the first FGD when she said:

> *…sometimes we learn that a particular member is sick and we make an effort to go and offer support to that particular member and to check if the situation requires medical attention or not, if so, we escort the member to the clinic or to a doctor, depending on the issue. And I believe that this practice has kept us going up to today as you see us.*

This is indicative of the idea that as much as burial stokvel members viewed health seeking behaviour as an individual's duty and responsibility, they made it a point that when one of their members was confronted with a health challenge, they did everything possible to make sure that the member sought and received the necessary medical attention. Similarly, participant 1 in the individual interviews explained:

> *…but then if a member is sick we do go and see how she is doing...we do so because naturally some people hate clinics and going to a doctor, so they need a push to do so, and remember you do not want to go while you are very sick, it is dangerous, thus we force our members to go and see a doctor as soon as possible and to learn to do voluntary check-ups.*

This further shows the concern and effort that burial stokvel members put in encouraging one another to visit health care centres and to even do random check-ups. This assertion was also supported by the key informant when he explained:

> *There was a time when people were sick and also dying in large numbers, even during the emergency of the mining industry in the past, you must have picked up in the book, even today HID/AIDS and cancer kill a lot of people. The good thing is that within these stokvels they educate, encourage and sometimes force other members to go for treatment and to stop procrastinating and / or only relying on traditional medicine, so members now look after each other and they keep a check on one another too.*

Similarly, participant 2 in the first FGD said:

> *As women we also speak about our health, relationships and marital problems and guide and support each other.*

The fact that guidance and health information sharing does take place in burial stokvels might be an indication that stokvels enhance access to health care information for their members, and at the same time advancing preventive care which is one of the different forms of social protection. In addition, this reinforces the idea that burial stokvels play a significant role in enhancing members' access to health, and that the contribution is not only through the provision of the required finance to pay for medication, transport and hospital fees, but also through health information sharing and education. In addition, the key informant, when he commented on the contribution of stokvels in protecting members against income insecurity, highlighted the observation that burial stokvel members visited both traditional and bio-medical practitioners as a means of diagnosis; however, in cases where members observed that the sick member was relying only on traditional medicine, they encouraged the member to consider using alternative means by visiting a medical doctor for further examinations. All these efforts were done in a bid to enhance members' access to health. This notion concurs with the observation by Oduro (2009) that over and above death related shocks, funeral associations protect their members against other adverse shocks such as illness and job losses.

As a participant observer at one of the meetings that took place in the stokvel which participated in the second FGD, the researcher observed that when the meeting had been officially adjourned, one member began sharing information with other members about a herbal tea she had come across in a local supermarket, which was said to have a potential to minimise or cure a particular health condition. This finding concurs with an observation by Bornstein and Bradley (2014) who point out that friendship networks enhance access to healthcare. Irving (2005, p. 11) states that networks created on stokvel platforms “play a significant role in reducing the costs of obtaining certain information” for their members. The author further emphasises that social capital channels provide important means for the dissemination of this information. Stokvel members can share information related to recipes for cooking, green products, recommendations of a reliable plumber and also about a job opening at a particular shop.

In addition, Umukoro (2015) also states that informal social security systems play a pivotal role in advancing preventive care through health education and family planning. Similarly, Dalufeya (2012) states that stokvels assist members by paying hospital fees when members are admitted to hospital and, through this, stokvels enhance members’ access to health. Furthermore, in order to realise social development, health issues need to be addressed and to achieve better health outcomes, people need to be educated and given information about the importance of health. It should be noted that the elements of the sustainable livelihoods approach, which is the theoretical framework that underpinned the study, was evident in these findings. The emphasis on networks and connections, together with mutual support and understanding, reinforces the elements of the theoretical framework, as outlined by the ADB (2017). The sustainable livelihoods approach calls for an “investigation of relationships amongst different activities, especially those that constitute livelihoods, with attention being drawn to social relations” (ADB, 2017, p. 16). This further cements the manifestation of the approach’s elements in the findings.

6.5 Strengthening Livelihoods

The study revealed that both burial and accumulating savings and grocery stokvels played a pivotal role in strengthening members’ livelihoods, thereby realising the developmental function of social protection. It was revealed that stokvels could not only provide financial support that was used for burial and subsistence-related social protection benefits to their members, but members were also able to borrow money from the stokvels for use for different purposes. It was revealed that participants were able to venture into small businesses through the support that they got from their respective stokvels (Mbizi & Gwangwava, 2013).

Participant 1 from the individual interviews explained how she ventured into her cake baking business after she lost her job. This is what she said:

> *… I borrowed money from the stokvel and bought a stove for cake baking and I started a small business of baking and selling cakes for different occasions. It was hard at the beginning but now it is doing well and I have a good customer base and the money I get is able to cater for my needs and beyond. However, this needs dedication and you need to be strong and not give up. This to me is a huge benefit which I could not have realised if I was not with these women.*

The response shows that by being a member of the stokvel, the participant gained enhanced access to capital that she used to start up a small business. In a related situation, participant 3 from the interviews also highlighted that, through her stokvels, she managed to venture into a coffin building business. She explained:

> *You see I am even building coffins, I got funds from the stokvel and started a coffin making company, even though it is struggling and not doing so great, I am trying to make it work and be able to supply affordable standard coffins to our people. The challenge is that we do not have big machines to help us and we also do not have sufficient money to buy the machines as well.*

Similarly, participant 15 from the second FGD indicated that through her accumulating savings and grocery stokvel, she managed to empower herself by venturing into electrical supplies business within Soweto and in surrounding areas. This is what she said:

> *I think this stokvel has been of great benefit to me because two years after I joined I managed to raise money and started a Tupperware business, where I was buying and reselling to people in my neighbourhood, and when I saw that I was not making enough profit through Tupperware, I then opened a small electrical supplies company, doing household electrical repairs and tubing business in newly constructed houses in and around Soweto. Honestly, this is doing well and I am happy because most of the financial support I got from this group.*

The above comment shows that the collectivist nature of stokvels enhanced members' capacity to invest in projects that they could not have managed to do on their own (Mbizi & Gwangwava, 2013). The key informant also highlighted that some stokvels do strengthen livelihoods by affording the poor access to credit and loans that they cannot get from the banks or formal institutions. However, he also warned about the complexities that arise due to the money lending business of stokvels. He commented:

> *By providing credit and loans to their members, stokvels afforded the poor access to much needed capital to start up or expand their income generating projects and small businesses; however, this led to stokvels being seen as groups of people who were conducting the activities of the bank without the Banking License. The fact that people take money from each other, authorities [policy makers] thought this should be done by banks, and it is banks that must take deposits from people and borrow people money at a reasonable interest rate. Therefore, stokvels were seen and are still perceived as groups of people who are competing with the banks without the license to do so. For that reason most stokvels have never shared their activities with strangers in fear of being exposed, and yet they are playing a huge empowerment function to their members.*

The above responses show that stokvels played an important role in meeting the developmental needs of their members, highlighting as they do the point that members were able to venture into different income generating projects and small business through the support that they got from their stokvels, especially the financial support. The key informant also supported the findings that stokvels were seen as vehicles to accessing major investment opportunities for the poor. It was highlighted that stokvels provided loans to their members that enabled them to start up and/or expand their small to medium scale businesses and other income generating projects. These findings are similar to the assertion by Chikadzi and Lusenga (2013), who state that stokvels enhance members' access to economic and major investment opportunities, and in so doing promoting a developmental function of social protection. In addition, these findings concur with the assertion by Lukhele (1990) that stokvels play an important role in the promotion of black economic empowerment. Therefore, stokvels played a significant role in empowering their members, thereby contributing to the strengthening of members' livelihoods and the promotion of the developmental function of social protection. However, it is important to note that the key informant also indicated that while stokvels, especially the accumulating savings and grocery stokvels, enhanced members' access to credit, this was viewed as being against the law as most of the stokvels are not registered with the Credit Regulatory Authority of South Africa, and so not licensed to perform such financial duties.

6.6 Conclusion

Chapter six focused on the presentation and discussion of the findings on the second objective of the study. The second objective of the study was to explore how members of stokvels address their social protection needs. Participants gave varied responses on how being a member of a stokvel contributed to their social protection needs. The study revealed that stokvels contributed towards meeting funeral costs and basic needs. The stokvels also help members to develop and enhance a sense of belonging and togetherness. It was clear that different stokvels met different needs of members. However, all stokvels contributed towards addressing the problem of income insecurity.

The next chapter explores what linkages exist between stokvels and the formal social security system and how these can help to enhance the level of social protection.

CHAPTER SEVEN

LINKAGES BETWEEN STOKVELS AND FORMAL SOCIAL SECURITY SYSTEMS

7.1 Introduction

This chapter presents and discusses findings on the third objective of the study. The third objective was to investigate *the linkages between stokvels and formal social security systems*. Participants in the study were asked whether or not there were linkages between stokvels and formal social security and, if there were any, how these linkages enhanced the level of social protection amongst the poor. This question interrogated the views and perspectives of stokvel members regarding how informal and formal social security systems support and reinforce each other with an ultimate goal of improving the social protection of their members. It emerged that informal and formal social security system worked together in partnership, and this was highlighted through the fact that burial stokvels relied on formal funeral undertakers when they had death in their group. In addition, most stokvels banked their money with formal finance institutions and, also, grocery stokvels worked closely with formal retailers to purchase groceries. The linkages and the interface that happens between the informal and the formal social security systems, and participants' views on the contributions thereof to the social protection of the stokvel members are discussed below.

7.2 Linkages between Informal and Formal Social Security Systems

The study revealed links between the informal and the formal social security systems. Participants reported that burial societies worked together with the formal institutions and that burial societies maintained group funeral policies with commercial insurers. One of the burial societies that took part in the study had a group funeral policy with Old Mutual where they registered all the members of their stokvel together with their dependants. When they experienced death in the burial stokvel, Old Mutual paid them a lump-sum amount to help cover the funeral costs. Participant 1 from the individual interviews explained:

> *In 2009 we joined Old Mutual and took a group policy and registered all the members and their dependents. This was after the realisation that burial costs were*

skyrocketing all the time and we needed some assistance in making sure that members receive a decent burial. Also, these women are growing older and older each day and we thought it was time to get something that was going to be more reliable and sustainable in future.

This response suggests that working with a formal institution enhanced the sustainability of their burial stokvel, and ensured that they would be able to meet the ever increasing costs of funerals. What was quite important within this link with Old Mutual was the fact that while the burial stokvel had a group policy, only a portion of members' monthly contributions was used to pay the group policy and the other portion remained within the stokvel's coffers. This meant that when stokvel members had death in their group, the bereaved family received a double pay out, one from Old Mutual and another from the stokvel, and this enhanced the social protection of the members. Participant 4 in the individual interviews commented as follows:

When the group decided that we join Old Mutual, I was not sure if it was a right decision to do but when my husband died, the money that we received was quite good and it covered all the expenses we incurred and over and above that we had a very decent funeral. This was an unforgettable benefit to us as a family, because the support from Old Mutual was significant.

The key informant contextualised this finding and confirmed that there was a need for these two systems to continue working together and sharing best practices in order to enhance the level of protection that they provided. He explained:

…also, when these two systems work together, stokvels might benefit a lot in terms of financial management skills which might improve their sustainability, because some of them collapse after making one or two pay-outs because they do not have proper structures in place on how to reimburse the used funds. Therefore, if stokvels can maintain the link and working together with the formal social security system, they might benefit a lot through that.

This finding concurs with the assertion by Verhoef (1999, p. 48), that "a more successful link between stokvels and the formal sector was the design of funeral schemes or policies for burial societies by insurance companies"; the aim of the policy being to provide cover and some burial related costs for the member and his/her family when a death occurred. Further developments were made to the policy and it covered a wide range of people including children, who were covered in reduced premiums. Important to note is the fact that these funeral policies operated within the boundaries of existing burial societies' structures, thereby maintaining the societies' common bond and mutual trust that exist within different groups. Moreover, members of these burial societies continue to pay their premiums as usual to the burial society while it is the burial society that pays the insurance company. In addition, the finding concurs with the assertion by Olivier et al., (2008) that when a link is introduced between formal and informal systems, the outcome should be that more people are covered and protected from risks, and that the coverage should be a little more comprehensive than before. The findings showed that there were links that existed between the stokvels and the formal systems as indicated in the discussion above. There are elements of the theoretical framework of sustainable livelihoods evident in these findings. According to the ADB (2017, p. 25), the sustainable livelihoods framework "stresses the importance of understanding institutions by mapping the institutional framework and linking the micro to the macro and the formal to the informal." Thus, the findings show that there is movement beyond narrow sectorial perspectives and a focus on the linkages between sectors (stokvels and insurance companies).

Another interface that was revealed between formal and informal institutions was that both burial, and accumulating savings and grocery stokvels banked their money with formal financial institutions. Some banks have even tailor made products for informal groups such as stokvels; for example, the club account which is now common in most banks in South Africa. Most stokvels rely on formal institutions to keep their money in order to protect themselves from moral hazards such as being defrauded of their funds by unscrupulous members. However, participants complained about the low interest rates that they usually got from the banking sector, while the charges of maintaining an account with a bank were high. This was revealed by participant 8 in the second FGD who said:

> *We bank with two different banks and we want these banks to give us money [referring to interests], there are a lot of stokvels in South Africa which save their money with banks and that amount to millions of Rand. Banks makes lot of money using other people's and stokvels' money. Banks lends our money on higher interests,*

but pays little to the actual investors. The government need to ensure that the banks increases the interests in return for our investments.

Similarly, participant 1 in the individual interviews said:

> *We have our money in two different banks but we are not happy with the interest that we get, versus the monthly account charges. We just have our money there for the sake of safe keeping and not for interest because their interest is good as nothing.*

In a related view, participant 9 in the second FGD added:

> *We do work with the banks but in our view the government or NASASA can engage the banks to try and convince them to better their services especially their current low interest rates.*

In addition, the key informant also commented on the relationship between financial institutions and stokvels. He explained:

> *…as NASASA we didn't just explain to the reserve bank how stokvels operate, but we went deeper into influencing the financial services sector by way of encouraging the sector to design certain products which never existed before, products which are today available using the stokvel phenomenon and which are meant to benefit stokvels in South Africa…as early as 1988 we managed to team up with PERM Building Society to launch a product called the PERM Club Account, which is a savings account tailor made for stokvel groups. Before then no financial institution in South Africa had designed a relationship or a specific product targeting stokvels, so we think that contribution was very phenomenal because from the success of that club account with the PERM, all the big banks in South Africa today have a product which is designed along the lines of the club account that we initiated through the PERM Building Society.*

The above responses are indicative of existing linkages between the informal and the formal social security systems, and that the two systems supported one another in different ways. Even though there was an outcry about the low interests rates and/or very low returns that stokvels got from banking their money with banks, this practice was seen to be the best way to improve the reliability of the stokvels, and to also reduce the moral hazards that the members might fall prey to if individuals were to keep the money on behalf of the stokvel. One of the common moral hazards is when an individual or the individuals use the money for personal purposes with the aim of replacing it, and fail to replace it, as can sometimes happen. This would render the stokvels unable to pay benefits to their members.

In addition, the above responses reflect the reality that different stokvels had linkages with the banking sector and worked together at different levels, especially regarding the safekeeping of the stokvel funds. However, even though participants used a number of banks to keep their savings, they could not see how the two systems could be integrated. This therefore suggests that stokvels might not be using the relationship that they have with the banks to their advantage. This comes from the observation that participants complained about the low interest rates that banks gave them, which might be an indication that stokvels might be underutilising the banks, and/or not using the relationship to their advantage. The other possible explanation might be that the products offered by financial institutions might not be tailored to match the needs of the stokvels. This indicates that there is need for alignment in order for this linkage to mutually benefit both the informal and formal institutions. Therefore, a review of the bank-provided products is required in order to align them with the needs of the stokvels. In addition, there might be an opportunity for banks to fulfil an educational function and share more information, i.e., explain right from the beginning how the earned interest will be calculated, and the period of time that the money needs to be in the account before it is withdrawn. This will therefore help both systems to have a clear understanding of what to expect when they engage the services of formal institutions and at the same time, formal institutions will also know the needs of stokvels, so that whatever product is developed, will endeavour to meet the specific needs of the stokvel members.

The response from the key informant also suggests that efforts have been made to create linkages between informal and formal institutions, with several avenues being explored in order to ensure a harmonious integration between the two systems. However, there is an opportunity to develop strategies for promoting such products as the club account to different stokvel groups and to devise a mechanism that would assist stokvel members in understanding the benefits of having a club account as compared to having a normal savings account. The researcher is of the opinion that the lack of information revealed by stokvel members about different products available from formal institutions might be hindering some stokvels from benefiting from linkages with formal institutions. The fact that a product named ‘a club account’ was developed solely to cater for the needs of stokvels is indicative of possible future synergies between the two systems in terms of collaboration and working together, and not against each other. The other challenge was that even though these products were created and developed, there was minimal or no consultation at all with stokvels as the prospective service users, thus these products remained underutilised.

The observed linkage between informal and formal social security systems is in line with the assertion by Hartwig (2001), that ROSCAs (such as stokvels in South Africa) have a number of financial needs that might need the intervention of formal market players. These needs might include skills to deal with liquidity issues and to select a product that might yield good returns for stokvels, skills on how to secure their investments and also some general advice regarding the handling of financial matters. Seibel (2007) notes that formal financial institutions such as banks may work together with stokvels, with stokvels distributing or collecting funds, and the banks acting as guarantors “for credit security through collective responsibility or peer monitoring” (p. 38). This observation is also similar to an assertion by Olivier et al. (2008), that most informal financial institutions such as burial, rotating savings and credit clubs usually bank their money with formal institutions. The authors further indicate that this linkage between the formal and the informal systems might “provide a good opportunity for enhancing, in a mutually beneficial way, the relationship between informal and formal institutions” (p.10). The authors suggest that financial institutions should ensure that their products yield more returns to informal groups, and also match their needs. Informal financial groups are a significant force. To date, it is estimated that there are about “800 000 stokvels in the form of burial societies, rotating savings and credit associations in South Africa, with about 8.25 million members, and an estimated R400 million a month in savings” (African Response, 2014, p. 17). Other estimates have put stokvels savings rates at over R13 billion per year (ILO, 2014). According to NASASA (2016), the challenge that stokvels encounter through this linkage is that banks do not consult stokvels when developing products that are meant to benefit stokvels.

The researcher also observed that although accumulating savings and grocery stokvels had very little confidence with the formal banking sector, due to low interest rates, they had a strong linkage with formal retail businesses. Some retailers have introduced grocery stamps that stokvels buy for use in December when they will be buying their groceries, while some just issue a receipt to the group every time a payment is made to the retailer by stokvels. This interface between accumulating savings and grocery stokvels on the one hand and formal retail business on the other is also indicative of the fact that these two systems work closely together for the enhancement of members' social protection needs. The fact that accumulating savings and grocery stokvels partnered with big retail groups and bought grocery stamps from big retail companies such as Shoprite, Pick n Pay and Makro, shows that the two systems, are collaborating and relying on each other when it is time to buy the groceries. This collaboration usually takes place during the October/November period, and resulted in stokvels receiving different kinds of discounts, which then boosted their purchases. This linkage encourages bulk buying, which in most cases comes with reduced prices and discounts that are earmarked for the stokvels, which in turn boosts their purchases thereby enhancing their food security. It is therefore suggested that for both parties to mutually benefit from this practice and/or envisaged link, there should be a negotiation and an agreement on the selling price that will be considered when the stokvels buy their groceries in the November/December period.

Furthermore, it emerged that some stokvel members who participated in the study were also beneficiaries of different types of grants, and they used part of their grant money to pay the monthly contributions to their respective stokvels. Participants who were recipients of the old age grant are an example of this. Participant 11 from the second FGD commented as follows:

> *…yes some of us are not working and we use part of our pension money to pay the stokvel contributions every month because it is important to do that.*

This shows that even though they had a reliable source of income, it was insufficient to meet all their needs, and they supplemented that by participating in stokvels. Thus, stokvel members who were unemployed, but in receipt of an income from the formal social security system, managed to make their regular contributions. It can therefore be argued that the formal social security system aided the survival of some stokvels, through being a reliable source of income for stokvel members. Also, it should be noted that if there were no formal social security schemes, some stokvel members would not be able to pay their contributions. This applied to both burial and accumulating savings and grocery stokvels.

Findings also revealed that burial stokvels that took part in the study did not have their own mortuaries and/or funeral parlours. Consequently, in the event of the death of a member, they made use of formal funeral parlours and undertakers. Some burial stokvels also maintained a group policy with these funeral parlours. Participant 3 form the interviews indicated:

> *When we have death in the stokvel, we notify Wings of Deliverance Funeral undertakers who will then assist us with the burial of the body. These people handle our burials within and outside Johannesburg, for example if we are to go and bury outside Johannesburg, in areas like North West and other provinces in South Africa.*

It should be noted that the use of formal funeral service providers was unavoidable, particularly in urban areas, as certain procedures have to be followed and adhered to when someone dies. These procedures, which included the removal and storage of dead bodies, grave bookings and burial procedures, are carried out by certified and registered funeral undertakers. Thus, burial stokvels had to partner with these formal funeral service providers in order for them to be able to bury the bodies of their deceased members.

7.3 Conclusion

Chapter seven focused on the presentation and discussion of the findings on the third objective of the study. The third objective of the study was to explore the linkages that exist between stokvels and the formal social security system and how these help to enhance the level of social protection. Existing and envisaged linkages were identified and discussed. It was highlighted that the partnership between burial stokvels and commercial insurers such as Old Mutual enhanced their financial capacity. Additionally, the fact that one burial stokvel opened an investment policy with Old Mutual, which is a formal commercial insurer, is an indication that the stokvel was going to boost its income and also benefit from financial expertise and advice. In addition, the discounts that grocery stokvels received from retailers boosted their food security because they were then able to buy more than the expected quantities. Furthermore, the interest that accumulating savings and credit stokvels earned from different financial institutions enhanced their savings. However, there is need to look into the partnership between the formal and the informal sectors because some stokvel members complained about the low interest rates and the high charges associated with partnership with the financial institutions. In addition, the grocery stokvel participants wished that there were price locks for stokvels because when they buy their goods between October and December of each year, the price will have doubled.

The next chapter discusses the views of stokvel members on how stokvels can be strengthened in order to provide meaningful social protection.

CHAPTER EIGHT

STRENGTHENING STOKVELS TO PROVIDE MEANINGFUL SOCIAL PROTECTION

8.1 Introduction

This chapter presents and discusses the findings on the fourth objective of the study. The fourth objective of the study was to *explore the views of stokvel members on how stokvels can be strengthened to provide meaningful social protection*. The relevant research question was: *How can stokvels be strengthened to provide meaningful social protection?* This question sought to investigate the views of participants on how stokvels can be strengthened in order to provide meaningful social protection, and to be a sustainable form of social protection for the poor. Participants gave varied responses on how stokvels can be strengthened in order to provide meaningful social protection for their members. The majority of the responses revolved around the provision of financial support by the government through subsidies and the recognition of stokvels as a viable livelihood and poverty reduction strategy. Themes that emerged from the data, that specifically related to the strengthening of stokvels to provide meaningful social protection were as follows: regulation and integration of stokvels with formal institutions, provision of financial support through government subsidies, training of stokvel members on financial management skills, stokvels to be recognised as poverty reduction mechanisms, collaboration and networking with other stokvels, increase and diversification of membership, and flexibility and openness to new ideas. These themes are discussed in detail in the rest of this chapter.

8.2 Regulation and Integration of Stokvels with Formal Institutions

Findings from the study showed that integrating the informal and the formal social security systems might strengthen the social protection level provided by stokvels. It was highlighted that stokvels worked together with formal institutions at different levels and for different services, and this partnering applied to both burial and accumulating savings and grocery stokvels. Burial stokvels partnered with formal funeral undertakers, and sought the services of these formal institutions when a member died. The partnership was found to be a useful strategy to strengthen their level of social protection. This was highlighted by participant 1 from the individual interviews, who noted:

> *We have partnered with undertakers… so that when we experience death in the group, they will help us with all the burial related services at reasonable costs. I can confess that this partnership have helped us a lot because nowadays we experience too many deaths within a very short space of time, but with this collaboration we do not struggle that much and it has boosted our stokvel.*

Similarly, and supporting the above response, participant 4 from the individual interviews mentioned:

> *When the group decided that we join Old Mutual, I was not sure if it was a right decision to do but when my husband died, the money that we received was quite good and it covered all the expenses we incurred and over and above that we had a very decent funeral. This was an unforgettable benefit to us as a family, because the support from Old Mutual was significant.*

The above response is an attestation that the stokvel's partnership with Old Mutual strengthened its social protection provisioning, and improved the death benefits that members received after experiencing a risk related to death. This therefore highlights that as a result of the stokvel's integration with formal and/or commercial insurers, the benefits had improved enabling them to even handle multiple deaths or deaths that occurred within a very short space of time of one another. This partnership strengthened the stokvel in meeting the burial needs of the members including the repatriation of the remains to other provinces within South Africa. In addition, it had strengthened the stokvel in such a way that it could handle multiple deaths without struggling financially, as might have been the case without working together with undertakers. Again, one burial stokvel also opened a group policy with Old Mutual where they also made claims when a member died. It was revealed that the stokvel's partnership with Old Mutual enhanced and strengthened its financial capacity as well as the benefits that they were able to provide when a member passed on.

Similarly, accumulating savings and grocery stokvels also partnered with formal institutions in order to strengthen their social protection provision. They banked their money with formal financial institutions such as banks and this allowed them to grow their savings and at the same time to guard against moral hazards. Participant 8 from the second FGD remarked:

> *We bank with two different banks and we want these banks to give us money [referring to interests], there are a lot of stokvels in South Africa which save their money with banks and that amount to millions of Rand…so the banks really help us a lot because it is risky to keep the money in our houses.*

To reinforce the partnership that the stokvels have with the banks and to highlight the growing of funds through interests, participant 1 from the individual interviews said:

> *We have our money in two different banks but we are not happy with the interest that we get, versus the monthly account charges…thus we ended up investing some of it to get better returns at the end of the year.*

Similarly, grocery stokvels also formed partnerships with big retail stores where they bought their goods in bulk, which earned them some discounts and as a result of which they could buy more than what they would have been able to if they were to use normal retail prices. This therefore meant that there was an enhanced protection of the members against deprivation, thereby strengthening the stokvel's social protection provision. Even though the grocery could not last for the entire year, it was reported in some cases that it could last for a period of five or more months. Participants expressed some gratitude concerning the discounts that they got through bulk buying. To support this finding, participant 13 from the second FGD noted:

> *…Through the grocery I am able to live with it for more than five months without having to buy any groceries, and the grocery is enough for the entire family, thank you to the collaboration that we have with Shoprite because now we can buy more items for less.*

The key informant also highlighted that stokvels, through working together with formal retail businesses, have enhanced their level of social protection. This was especially in relation to grocery stokvels. The key informant commented:

> *Some stokvels who are members of NASASA have capitalised on the partnership and relationship that we have with different retail companies and they have used the*

> *different packages that these retailers offer to boost their grocery purchases and at the end of the day they are able to buy groceries that last for a long period of time. This has been a good way of strengthening their social protection provision, especially in relation to food security.*

The above responses suggest that through linking with formal institutions that provide various services, stokvels were able to enhance their social protection provisioning. It was highlighted that through partnering with funeral undertakers and commercial insurers, stokvels were able to provide members with benefits even if they experienced numerous deaths within their stokvels. In addition, through working with financial institutions such as banks, stokvels were able to grow their savings and also to protect themselves against moral hazards; while, through working together with retailers, stokvels were able to boost their grocery purchases, thereby protecting members against food insecurity.

The study also discovered that regulating informal social security systems might also strengthen the level of social protection provision by stokvels. This assertion was made by the key informant when he indicated that for stokvels to be considered for any funding and/or subsidies that can boost their financial capacity, they would have to be regulated and legally registered. This was captured when the key informant said:

> *… We are also looking for ways of eventually having these groups [stokvels] regulated and legally registered so that they can be eligible for funding through the treasury. But there is a challenge because most of them are not coming forth. Or maybe we need to do a nationwide indaba* [a community gathering or conference] *so that we get the stokvels to know about NASASA and that they need to register their stokvels so that collectively they can lobby for government support in order for them to provide better services for their members. But this will require so much resources and a proper plan so that it also covers stokvels in the rural areas.*

The above response suggests that once stokvels become registered and recognised by a formal body such as NASASA, they can collectively approach the treasurer for financial and technical support that might improve their financial capacity and social protection provision. This is in light of the fact that in South Africa, most stokvels are currently not regulated, and therefore unknown to the authorities, which makes it difficult for the government to intervene. It is important to note that participants suggested that regulating stokvels might be one of the ways and/or strategies that can be employed in order to strengthen their level of social protection. However, the key informant stated that to embark on a registration exercise for stokvels might be costly, and might require a large amount of financial resources, which might pose a challenge to NASASA. Therefore, in order to ease the regulation of stokvels in South Africa, there is a need to consider the adoption of an obligatory linkage between the formal and the informal social security systems.

According to Ngwenya (2001), obligatory linkages are common only in Botswana, within the Southern African region. It is stated that Botswana made it mandatory for burial societies to be registered with the Ministry of Labour and Home Affairs. It is presumed that when regulated, stokvels, especially burial stokvels may be able to provide meaningful social protection against death related risks, as they might benefit profoundly from the expertise of the formal sector institutions, especially on financial management skills. It should be noted that, because of the large number of burial stokvels in South Africa, the process to regulate them may focus on larger societies and not the smaller ones, as it is argued that regulation might lead to the collapse of small burial societies. Again, it might be a tedious process to ensure compliance of each and every society, large and small. Olivier, et al. (2008) state that most burial societies that operate in South Africa are not regulated, thus there is a need to establish a regulatory framework that will monitor their operations and strengthen the level of protection that they provide. Also, the authors state that there is a need "for the establishment of a proper regulatory framework for burial societies" through the government regulator, the Financial Services Board (FSB) of South Africa (p. 49). Additionally, it is stated that as much as regulation might be needed for the future, burial stokvels that provide benefits that are less than R5000 may be excluded from the regulation in order to avoid the tediousness of the linking process (Oliver et al., 2008).

In addition to what the key informant highlighted, the researcher also observed that every year, since 2013, NASASA holds a monthly stokvel *indaba* where different stakeholders and different types of stokvels meet to deliberate on issues that can enhance the social protection provided by different stokvels. This stokvel *indaba* also becomes a platform where different companies showcase their grocery, burial and investment products that they can offer stokvels. Apart from the stokvels indaba, NASASA also publishes one of South Africa's largest stokvel lifestyle magazine called '*Sonke*', which is distributed free of charge to the general public on a yearly basis. In the stokvel lifestyle magazine, several companies, commercial insurers and investment companies market themselves to the stokvels and explain what they can do for the stokvels, while at the same time, different stokvel groups share their experiences regarding some of the companies and also comment on how these companies can meet the needs of their stokvels.

As an example of such products and services, in February 2016, the Pick ‘n Pay Hypermarket introduced smart shopper cards for stokvel groups, especially grocery stokvels so that they ‘shop smart’ and at the same time earn loyalty points, together with the ‘just for you’ vouchers, which are customised discount vouchers based on the spending pattern of different stokvel groups (NASASA, 2016). These initiatives are regarded as efforts to strengthen and enhance the social protection levels of stokvels. Linking the informal with the formal institutions might overcome the gap that currently exists in the financial product offerings to stokvels and strengthen the social protection provision of stokvels (Aryeetey, 1994; Mwangi & Kimani, 2015a; Seibel, 2007). The authors also state that the linkage might encourage commercial banks to provide on-lending to informal lenders such as stokvels in order to improve their financial capacity. However, in order to successfully execute this process, banks may “link up with the informal groups which will distribute or collect funds, or act as a guarantor for credit security through collective responsibility or peer monitoring” (Seibel, 2007, p. 11).

In as much as there are observations indicating the possibility of linking the informal and formal social security systems as discussed above, Olivier et al. (2008) warn that the following considerations need to be taken into account regarding stokvels. It is argued that for the informal and the formal systems to be integrated, assurance should be made that prospective stokvels to be linked with the formal social security system are properly managed, have the capacity to collect monthly agreed upon contributions, have a sound financial capacity, have a stable membership base and that there is a balance between contribution obligation and benefit entitlement. Pre-screening might be a paramount process to be undertaken to ensure the capability of the informal social security arrangements before they are linked with formal social security systems for the purposes of enhanced social protection provision. This pre-screening process will help to ensure that schemes that are purely family and kinship based are excluded from the envisaged partnership, and that group based schemes that have properly built in mutuality and have embedded insurance mechanisms, might be the ones to be considered for the linkages (Olivier et al., 2008).

In addition, it is argued that the process should not be haphazard or random, but must be a properly planned process that will be carefully implemented and appropriately monitored in order for it to yield the envisaged outcomes of enhanced social protection for the poor (Kaseke, 2013). Furthermore, other important issues to be considered in order to realise successful outcomes after the linkages is that, firstly, there should be a clear identification of areas to be linked and integrated in both the informal and the formal systems. It is important to make sure that there is a clearly drawn plan detailing the linkages and the perceived benefits thereafter. This will ensure that stokvel members and other stakeholders have an understanding of the process because they are regarded as the most important stakeholders who can drive or steer the process in the right direction. This observation is in line with the assertion by Olivier et al. (2008, p. 17), who state: “linking and integrating informal and formal social security should not be seen as a goal in itself. Unless the integration serves a wider societal and supportive purpose, there would be little justification in embarking on this route.” Thus, it is advisable that the process be well planned, carefully implemented and appropriately monitored. In addition, the above assertion is in line with one of the assumptions of the Sustainable Livelihoods Approach as outlined by Toner (2003), that one of the major strength of the approach is its recognition that formal institutional arrangements can both shape and constrain the livelihoods strategies, such as stokvels, that poor people are dependent on. Therefore, if the formal and the informal systems are to work together in partnership and in a bid to strengthen the informal, “a greater understanding of how formal institutions are created and evolve is required in both theoretical and practical terms” (Toner, 2003, p. 780).

8.3 Provision of Financial Support through Government Subsidies

Findings from the study show that the provision of subsidies and financial support to stokvels can strengthen their social protection provision to their members. It was revealed that government financial support in the form of government subsidies may strengthen stokvels to provide meaningful social protection. Participant 12 from the second FGD commented:

> *We need to be given subsidies through government because we are doing a great job in putting food on many people’s houses. Also the government can give us subsidies to complement what we do. Surely, if the government used to fund cooperatives, why are they not funding us as stokvels?*

Similarly, participant 3 from the individual interviews said:

> *For our stokvel to provide better benefits, the government can provide us with money to grow our coffin making business so that we are able to assist our members who cannot afford fancy coffins from undertakers. This will also allow us to assist members who struggle along the way. Also the government can meet us half way, for example, say the total cost of the funeral is R10000, we pay R5000 from our stokvel money and then the other R5000 be paid by the government.*

In a similar vein, participant 11 from the second FGD noted:

> *We need government support in terms of financial assistance, so that we boost our stokvel savings and finances and be able to assist members who struggle to contribute every month. It is sad to lose members as they need these stokvels to survive. Therefore, government subsidies will help this stokvel to grow.*

To support the findings on the provision of financial support to stokvels, the key informant remarked:

> *Some stokvels have great potential and play a pivotal role in enhancing livelihoods for many poor people; however, they lack financial capacity to enable them to provide better protection for their members. Therefore, I think through government provided financial support, these groups can be in a position to assist their members better and to survive for a long period of time.*

The above responses show that there is a need for financial support from the government for the stokvels to be strengthened to provide better social security for their members. Participants indicated that the government may provide subsidies to the stokvels through different channels. It was highlighted that another way of subsidising stokvels might be through subsidised funeral or burial related costs, whereby half of the total costs would be met by the stokvel and the other half by the government. The key informant also indicated that some stokvels have great potential of providing meaningful and/or better protection to their members but mentioned that most of the stokvels lacked financial strength. It was therefore suggested that the government had to provide subsidies to stokvels in order to boost their financial capacity and social protection provisioning. However, what was of particular importance regarding this subsidisation process was that neither the participants nor the key informant could provide a model and/or a framework for how this subsidisation process was to be executed. This therefore poses a challenge as most stokvels, especially burial stokvels, are not registered with NASASA or other financial bodies in South Africa. However, according to Olivier et al. (2008), in Botswana, informal arrangements, especially burial societies, are required by law to register with the Register of Societies within the Ministry of Labour and Home Affairs. A similar model could be employed in the South African context. In addition, Mwangi & Kimani (2015) state that in Kenya, the government has made it mandatory for all societies to be registered with the Department of Social Services and to be issued with a certificate that they use to open a bank account. This shows that there are models that could be employed in a bid to have informal organisations registered.

Findings from the study also highlighted that in order to strengthen stokvels, there was a need to extend protection to cover the surviving children, those who are over 18 years and unemployed, of stokvel members especially when a principal member of the stokvel has died or become incapacitated so that she could not continue her membership in the stokvel. Participants indicated that some stokvels lack sustainability strategies and guidelines which make it impossible for children of deceased members to remain covered for different risks after the death of their parents. Participants indicated that it was important to have strategies in place that were intended to assist the children of the deceased to take over membership after the death of their parents. It is assumed that with such an initiative in place, the level of protection that would be provided by the stokvel would be enhanced, as there would be continuity and extended cover for the children. In addition, it was also revealed that such support may also be beneficial to the principal member in cases where she becomes incapacitated and unable to contribute regularly due to circumstances. In support of this finding, participant 4 from the individual interviews said:

> *I mentioned subsidy as one of the support mechanisms which government can help us with to ensure that we are sustainable. The government can consider subsiding us, so when I am unable to make the monthly payment, they do so on our behalf through the subsidy. The government can also help our children to maintain membership in the stokvel after our death.*

To reinforce the above finding, participant 19 from the third FGD explained:

Government should subsidise the children of the stokvel members after they pass on. The government can, for example pay the stokvel its dues and ensure that the children of the deceased are supported to continue paying the stokvel contributions so that when they die too they can be buried also. I think that would be a better way of supporting us to improve the benefits of the stokvel.

In a similar vein, participant 4 from the individual interviews noted:

I think the government can consider helping those long serving members who happen to lose their jobs. It is sad when a member who had served the stokvel for more than 30 years have to terminate membership because of financial problems. That person would have paid a lot of money into the stokvel only to leave with nothing. I think that is what we need for this stokvel for it to be able to offer and / or take better care of its members.

Similarly, participant 3 from the individual interviews reported:

Sometimes I fear that when I die, I will have a decent funeral, but I wonder what might happen to my children when they die because they are all not working, they rely on casual or 'piece' jobs within the township to survive. It might be better if they die first because then the stokvel will bury them as they are covered under my name. But if I die first they might not have the money to continue paying the stokvel contribution every month. I feel that we need to work on this issue if this stokvel is to work for our children after we die and if possible the government can assist them through these subsidies, and that will be better because money is the only challenge that makes this difficult to happen.

The key informant also added:

We need to take a holistic approach, all of us have that responsibility to educate our members that for stokvels to be able to provide meaningful protection, there is a need to have sustainability strategies in place that will help in making sure that even when the main member dies, there will be strategies in place which will help the stokvel to continue its business without losing its financial and membership base. Thus, stokvels with senior members as the majority need to consider their children as part of the stokvel or admitting younger members.

The above responses reinforce the need for government intervention through subsidies so that in the event of a principal member dying, support can be given to the surviving members of the family to ensure continuation of their membership in the stokvel. It was assumed that this might improve the stokvel's social protection coverage and also strengthen its capacity for providing meaningful social protection to the members. Even though the finding reiterated the need for financial support and the provision of financial resources to stokvels by the government, the finding also highlights the sustainability and continuity issue in stokvels. In most stokvels, when a principal member died, there would be no one in the family able to take over and continue the contributions, and the reasons for this were usually finance related. In addition, the key informant indicated a need for a clear strategy in terms of sustainability measures for stokvels, and he highlighted the need for younger members who might take over the payment of the contribution after the death of their parents. The key informant further reiterated that this practice or initiative might help in the strengthening of social protection provisioning by stokvels. It should be noted that this strategy of involving younger members was currently practised by some stokvels, especially burial related stokvels, but only to a limited extent. However, what was common was the lack of continuity once the principal members died. Debates in the literature (Dalufeya, 2013; Kaseke, 2013; Olivier et al., 2008) have also paid very little attention to the issue of continuity in different types of stokvels.

In addition, participants also highlighted the need to support financially struggling long serving stokvel members. This was viewed as a mechanism that would help to retain members in the stokvel and to attract new members, thereby strengthening and increasing membership and the financial capacity of the stokvel. These responses were mostly related to the burial stokvels. The findings support the assertion by Mwangi and Kimani (2015b) that one way of improving the protection provided by informal finance groups is through the provision of the much needed finance to these groups so that they can embark on sustainable income generating ventures that might trigger an effective entrepreneurship spirit thereby improving their financial capacity and social security provisioning. Similarly, Akinrinola and Mafimisebi (2009) also state that resource mobilisation can be another way of building capacity for ROSCAs and for strengthening their financial capacities. In addition, Anderson and Alexander (2016, p. 173) also argue that "government can mobilise substantial resources and deploy the efforts of several departments in an impartial manner towards an integrated local development process" spanning informal financial arrangements and formal institutions.

8.4 Training Stokvel Members in Financial Management Skills

Findings from the study revealed that creating awareness and educating or training members of stokvels in financial management skills, might equip them with the necessary knowledge and skills to grow their stokvels. It was highlighted that with proper knowledge and skills, members of stokvels might have a better understanding of different ways of doing business with the commercial insurers and investment companies which could help them to grow their savings for better returns, thereby strengthening their stokvels' social protection provision. Participant 1 from the first FGD said the following:

> *We need to be assisted or trained through workshops on how to grow our money. As much as our stokvel has family like characteristics, it is also a business and we wish that one day we can provide better services to the members. Therefore, for this stokvel to continue surviving it needs proper management and there should be procedures, regulations and rules governing the members. Furthermore, there should also be terms and conditions which are always adhered to, and I think we need training on these.*

In a similar vein, participant 20 from the third FGD noted:

> *As a stokvel we sometimes wish to invest some of our monies but because we hear people saying if you invest you need to be prepared to take a risk, and for us we do not want to lose our hard earned cash to some investment company. So we need to be educated on how these things work so that whatever decision we take, we will not regret it, but instead, we will be able to gain from it as well. Therefore, we need a better financial institution which can be the best in terms of handling our money. That is the reason we are interested in learning about how NASASA may help us in terms of training and attending their workshops on investing our money, because we want to learn about investment options or maybe buy shares for stokvel.*

Similarly, participant 3 from the first FGD commented:

> *I think this stokvel has made money over the years but our money is not growing and it is not giving us the returns that we expect, so we need support on how we can invest our money for our benefit and so that the stokvel can continue to grow in order for*

our children to benefit as well. I also feel that training will help so that we have insights on how to do proper and rewarding investments.

To contextualise the findings, the key informant also made the following remarks:

…there should be an improved access to knowledge in order for these informal institutions to grow… if stokvel members are not educated, I think they might not be able to drive investment initiatives as they might think that it is not their core business and yet the returns that they can get might help to strengthen the services provided by their stokvel. Therefore education goes a long way…if they are well equipped to understand the dynamics of the stock exchange, their stokvels might be able to provide better protection. So, I think with education, good access to knowledge and other financial management skills will help these stokvels to strengthen their social protection services.

In addition, the key informant reinforced the finding on the need for educating stokvel members in order for them to understand different financial skills, by saying:

…there is financial illiteracy in this informal social security sector…and this needs to be dealt with first so that people will be able to use the knowledge that they have to explore ways of growing their stokvels in order for them to widen the protection that their stokvels provide, especially being able to protect members against different multiple risks and not focussing of one risk, such as death for burial stokvels.

The above responses highlight participants' views that for stokvels to be strengthened to provide meaningful social protection, there was a need to train and educate members on financial management skills and also on different types of investments that they can sign up for in order to grow their capital base, with an ultimate goal of providing better social protection to their members. This finding was also reinforced by the key informant who highlighted that financial illiteracy was high among stokvel members, and who indicated that it hindered the growth of their stokvels. The key informant highlighted the need to educate stokvel members about different investment opportunities that they might explore in order to diversify their stokvel income, with the aim of strengthening and improving the social protection of their members. It was also highlighted that, through income diversification, the stokvel might end up having the capacity to protect its members against different types of risks, instead of focusing on just one risk. This finding is in line with the assertion by Olivier et al., (2008) that in order for informal social security schemes to participate effectively in social security provisioning, there is a need for the promotion of government intervention through different mechanisms, such as training, with an aim of improving the managerial skills and investment abilities of stokvel members.

In addition, Anderson and Alexander (2016, p. 174) also state that "development is not about the delivery of goods to a passive citizenry, however, it is about the active involvement and growing empowerment of people". Thus, participants acknowledged that it was important to train and educate stokvel members about different financial management skills so that they become actively involved in the running of their stokvels and in choosing the investment packages for their stokvels. Mwangi and Kimani (2015b, p. 33) also state that members of stokvels need to be trained in order to improve capacity building, and that training should focus on "resource mobilization, empowerment, leadership, financial management and simple book keeping skills". It was envisaged that having proper skills might enhance and improve the informal finance groups' levels of social protection as members would be well equipped to effectively manage their stokvels (Akinrinola & Mafimisebi, 2010; Mwangi & Kimani, 2015b).

8.5 Stokvels to be Recognised as Poverty Reduction Mechanisms

The study findings highlighted that stokvels could also be strengthened by being formally recognised as poverty alleviation strategies and as forms of social protection against risks for the poor. It was indicated that by recognising stokvels as a form of social protection for the poor, government could then allocate stokvels with much needed finance in order for them to strengthen their social protection provision. Participant 15 from the second FGD supported this finding:

> *I think our stokvel needs to be recognised for its contribution in our community as a poverty reduction measure and to be allocated funds just like small to medium scale businesses. We save lives and boost livelihoods through this stokvel and we need monetary support from the government to boost our stokvel and to be able to support more people. If the government used to recognise and fund cooperatives, why is it difficult to fund stokvels? I think the first step towards improving this stokvel is recognition and funding from the government.*

In a similar vein, participant 10 from the second FGD also commented and said:

> *I think first the Minister of Finance must recognise stokvels and allocate funds for stokvels from the budget, so that we boost our finances. It is really sad to see people drop out of the stokvel because they cannot afford to pay monthly contributions yet government has money. They should offer support to stokvels for us to grow and improve our services.*

Similarly, participant 13 from the second FGD also stated that stokvels must be given freedom to operate and to charge interest as they please in order for them to improve their level of social protection.

> *…I think if the government does not want to give us money, they should allow us to borrow people in the township money and charge them 50% interest so that we can have more money for the stokvel. And this could be a better way of strengthening our stokvel, especially in terms of financial benefits.*

The key informant also highlighted the need to find a strategy of consensus and end the illegality associated with stokvels in South Africa, so that they may come forth and register in order to ease the funding process, should the government agree to it. The key informant remarked:

> *I think there is a need to formally recognise stokvels and to legalize their operations because at the present moment, stokvels are still regarded as doing illegal business transactions by lending money to their members and other community members in need. And yet they do this solely to improve their savings, grow their money and to have better returns later in the year. Therefore, I think that these stokvel practices should be legalized and stokvel members educated on how to charge their interest, which will be in line with the FSB requirements.*

All the above comments show that participants agreed that there was a need to recognise the contributions that were made by stokvels in improving the livelihoods of the poor. In addition, the responses also indicate that the need is not only to recognise the social protection contribution of stokvels, but also to recognise them as having the potential to grow into small to mediums scale businesses that are eligible for government support through both the provision of finance and mentorship, aimed at strengthening their level of social protection for the poor. It was established that some stokvels, especially accumulating savings and grocery stokvels grew their money and savings through lending people their money and charging exorbitant interest rates, thus participants highlighted that this process needs to be encouraged if stokvels were to provide meaningful protection for their members. The key informant also echoed similar sentiments and highlighted the need to officially recognise and legalise the operations of stokvels in order for them to provide meaningful social protection. In addition, the key informant also highlighted the need to acknowledge stokvels as a poverty alleviation strategy and also as an opportunity and strategy that can be used to reduce different pathologies amongst the poor. Anderson and Alexander (2016, p. 174) state that by the failure to recognise stokvels as a poverty alleviation strategy, there is "a danger that an opportunity to reduce deprivation and tackle poverty and associated pathologies in being missed". Thus, it is important to recognise stokvels as poverty reduction mechanisms.

8.6 Collaboration and Networking with other Stokvels

Findings from the study revealed that stokvels could also be strengthened by collaborating and networking with other stokvels in order to share knowledge and experiences, and to learn best practices from one another. It was emphasised that members of stokvels might share with members of other stokvels strategies and techniques that may assist emerging stokvels to be sustainable and to guard against moral hazards. Participant 14 from the second FGD remarked:

> *We need to support each other as stokvels in all ways possible, and through that we will be able to progress. Some of us have been in the stokvel business for many years and we have been successfully conducting our stokvel business and we can share with emerging stokvels how we have succeeded so that they can learn from us and we learn from them. I believe that through that, we can grow our stokvels and be able to provide better services to our members.*

Similarly, participant 6 from the first FGD also commented:

> *I think as stokvels we can organise ourselves and come together and share the secrets that we do in order for our stokvels to continue operating. I say so because there are many stokvels these days, and some are formed just to rob people their hard earned*

money and after that the group collapses. So, we need to share with other stokvels so that we grow and have better returns.

In a similar vein, participant 3 from the first FGD added:

Yes, I think as stokvels we do not work together and we hardly share our experiences with other groups and I think we need to start organising ourselves and do such things. We can even start a Union that we can use to advocate for us so that government can give us money to grow our stokvels and to assist members who struggle at a later stage in their lives.

In addition, participant 2 from the individual interviews said:

I think one thing that can grow our stokvel is through working with other stokvels that have a grocery component, so that we approach manufacturers of different commodities, that we normally buy, and we buy in bulk direct from manufacturers at factory prices. This will allow us to buy more groceries that can last us for a longer period of time, thereby boosting our food security. I think this can really help our stokvel to grow and to cater for the needs of members for a long time.

To reinforce the above responses, participant 1 from the individual interviews also added:

… as stokvels we need to trust each other and be able to use each other when necessary, because what I have seen is that these ladies have so much wisdom and experience in stokvel issues and they can share their success stories with other stokvel members. Also, they can share with others the benefits of having a policy with Old Mutual because most stokvels do not like that, and yet, it can help them so much by boosting their benefits when someone dies.

To contextualise the findings, the key informant also mentioned:

… in order for stokvels to provide better services or protection, members need to first organise themselves and share both positive and negative experiences so that they can grow and at the same time avoid things that would be negative and which can subsequently lead to the collapse of the group. They can also join NASASA and enjoy access to a variety of tips that NASASA provides through its different forms of communication and also benefit from interacting with different service providers such

as retail shops, investors and other organisations that NASASA work with. I think this can help enhance their level of protection.

The above responses suggest that stokvels can also be strengthened by collaboration and working together through information sharing on how to successfully run a stokvel. Participants highlighted that it was the duty of the long serving stokvels to mentor emerging stokvels and to share with them techniques that they can employ in order to guard against hazards. However, emerging stokvels should also make it a point to seek help and guidance when necessary. In order to achieve some of the collaborative efforts, participants suggested that there was a need to unionise stokvels so that they form a strong advocacy group that can advocate on their behalf, in a bid to try and engage government to support them financially. According to Lukhele (1990), the attempt to unionise stokvels in South Africa started a long time ago with the formation of different organisations. Some of the organisations that were formed in the attempt include the Soweto Funda Centre (SFC) of 1988, Association of African Credit Unions (AACU) the Soweto Stokvel Association (SSA) and the current NASASA (Lukhele, 1990). The key informant also highlighted that one of the avenues that stokvels might use to organise themselves and to collaborate with one another was through joining and being members of NASASA, which is a legally recognised umbrella body of stokvels in South Africa. It was highlighted that NASASA provides an avenue that is conducive to information sharing, and over and above this, also provided a platform where stokvels could get to interact with different service providers, investors and retail businesses (Lukhele, 1990). It is assumed that through such interaction, stokvels and different service providers can share knowledge and expertise, together with technical skills, thereby strengthening the level of social protection provision by stokvels (Kaseke, 2013).

8.7 Increase and Diversification of Membership

Findings from the study showed that, for stokvels to strengthen their social protection provision, there is a need for them to increase and to diversify their membership. It was found that stokvels increasing their membership base was believed to boost their financial capacity and their ability to provide meaningful social protection to their members. This was particularly related to accumulating savings and grocery stokvels. Participant 7 from the second FGD noted:

We now have only 23 members in our stokvel and this has reduced our financial power. Our membership has dropped over the years and this has significantly decreased our buying power for our groceries because we have less people in our stokvel now. I think for this stokvel to have strength; we need to increase our membership so that the money that we raise will be able to cover our needs.

The above response confirms that participants believed that membership dropouts in their stokvel affected their finances, thereby reducing the strength of their stokvel in terms of its ability to protect its members against risks. This was due to the resultant inability of the stokvel to purchase commodities that would sustain members for a long period of time, thereby exposing them to deprivation. It should be noted that having many members was preferred for burial and grocery stokvels and yet, for accumulating savings stokvels, it was not preferred because this might mean that members would have to wait for a long time to get their pool of savings. In addition, findings revealed that having diversified membership in stokvels was also viewed as another way that could strengthen the social protection provision by stokvels. It was highlighted that bringing in young and energetic members in the stokvel might revitalise its strategies and ways of growing the capital. This finding was related particularly to one burial stokvel which was a closed group formed by friends in the early 1980s. This stokvel had had significant growth and had started linking with formal institutions in a bid to improve its social protection provision. However, participants highlighted that most of the members were now over 60 years of age, which was a concern considering that the group had only 19 members, and it needed young, energetic and educated members who could help them to grow the stokvel funds and to select investment opportunities that could improve the stokvel's level of social protection.

Participant 2 from the first FGD said:

*I think what is needed here is to have a few young people like Patie** [not her real name] *who understand how to do modern day business, because I feel that this stokvel has a lot of money but the money is just sitting in a bank account because we don't know how we can invest it and we do not want to take chances as we are also not that educated, so we do not want to lose our money to unscrupulous people. Check what MMM did to people and we do not want that to happen to us as well, so we need* *people who will understand these things and who will also read the contracts before they sign.*

Similarly, participant 4 from the first FGD added:

Yes… that is true, Patie introduced us to Old Mutual policies and she took the initiative of making sure that the process work and to explain to us step by step what was happening and what was needed, and now, we are happy with the support that we get from them [Old Mutual] when we lose a member. Therefore, I also think that young people might help us strengthen this stokvel, because most of us no longer have the energy and patience of doing such things and let alone of having to go to their offices almost every day until the process is completed. Thus, I also think we need to have more young people if this stokvel is to continue growing.*

In a similar vein, participant 4 from the first FGD also commented:

Most of us in this stokvel are in their late 50s and early 60s, which means we will soon be aged and unable to run-around during difficult times and yet our stokvel has no clear plan or strategy on how our errands will be managed when we are frail and unable to do things for ourselves. We need to start thinking about involving our children as members so that they can take over from us in the near future. Also, young people might bring about innovative ways of growing our income and / or on the best ways of investing our money. And, I think that through such initiatives, we will be strengthening the capacity of our stokvel.

The above responses show that participants feel a need to have young and energetic members in their stokvel to help in the revitalisation of the stokvel and help the stokvel link with service providers who can help to grow the stokvel income. It was also noted that participants did not just want any young members, but they needed members who were going to be able to help in finding suitable and genuine investments that were going to help grow the financial base of the group. The key informant did not have any comments that spoke to this finding.

8.8 Flexibility and Openness to New Ideas

The findings of the study revealed a need was felt for stokvels to be more flexible, and to open up to new ideas that were meant to boost their social protection provisioning. It was highlighted that some stokvels, especially burial related stokvels, have been in existence for many years and have significant amounts of money in different formal financial institutions such as banks; however, their money was kept in normal savings accounts where it did not attract much interest. It was therefore evident that there was a need for stokvels to be flexible and to explore investment ideas that would grow their finances, thereby strengthening their level of social protection provision.

Participant 1 from the individual interviews remarked:

> *Things are constantly changing in the globe and within South Africa and for our stokvel to survive and to provide meaningful social protection; I think it should also strive to remain relevant to the current conditions. For example, our stokvel have money in different banks but that money is not generating much interest and we need to sit down and see how we can invest so that we get better returns that can strengthen our stokvel. We also need to consider joining NASASA so that we benefit from their yearly Indabas and expert opinion about stokvels. NASASA also provides information that could be useful in the in strengthening our stokvel.*

Participant 6 from the first FGD echoed:

> *I think we also need to take the initiative and start finding more information about NASASA so that we become members of this stokvels body, who knows; maybe they can help us strengthen our stokvel as well.*

The above responses also suggest that it was felt to be of paramount importance for stokvels to keep up and be in line with current changes within the South African context if they were to provide meaningful social protection to their members. This might suggest that they need to be flexible and to partner with other businesses to deal with the ever increasing prices of basic commodities. Also, by joining NASASA, they might also learn other innovative ways of being resilient under the prevailing socio-economic conditions in South Africa. The key informant did not have comments related to this finding.

8.9 Conclusion

Chapter eight focused on the presentation and discussion of the findings on the fourth objective of the study. The fourth objective of the study was to explore the views of stokvel members on how stokvels can be strengthened to provide meaningful social protection. Participants gave varied views on this subject that were discussed in this chapter. Some of the views on strengthening stokvels included the regulation of stokvels and integration with formal institutions; the provision of financial support through subsidies; training stokvels members about financial management skills; recognising stokvels as a viable poverty alleviation strategy; sharing knowledge through collaborating and networking with other stokvels; increasing and diversifying their membership and also by being flexible and open to new ideas and developments.

The next chapter discusses the development of policy proposals for enhancing the capacity of stokvels to provide better social protection.

CHAPTER NINE

GUIDELINES FOR POLICY PROPOSALS FOR ENHANCING THE CAPACITY OF STOKVELS

9.1 Introduction

This chapter discusses the fifth objective that focused on the *development of guidelines for policy proposals for enhancing the capacity of stokvels to provide better social protection*. This is an analysis based chapter, and the guidelines are based on the observations of the researcher and the findings from the earlier objectives. In addition, the proposed guidelines for policy proposals are also informed by the current debates in literature regarding the formalisation of stokvels, and what other authors have put forward as possible policy interventions. These are discussed in detail below.

9.2 The Formalisation Debate

At the centre of social policy debates on the informal systems and the informal economy is policy development and formalisation. According to Chen (2012, p. 15), the question is "whether and how to formalise the informal economy" in order to enhance its capacity. It is noted that the meaning of formalisation of the informal economy does not have a universally accepted definition and means different notions for different observers. For some, the term relates to shifting informal workers to formal wage jobs; however, this requires the creation of more formal wage jobs. For others, it relates to the registration and taxing of informal organisations (Chen, 2005; Chen, 2012). For organisations, the latter might mean gaining access to legal and social protection together with other support services, such as skills training and business management skills, and to be afforded an opportunity to organise and to be represented in relevant policy making, collective bargaining and rule setting processes. It is crucial to bear in mind that formalisation has varied and diverse meanings for different categories of informal organisations and that, to date, it has mainly focused on those who are self-employed within the informal enterprises.

It is therefore important that formalisation "distinguish between wage workers in informal jobs and the self-employed in informal organisations" (Chen, 2012, p. 13). This, according to

Chen (2005), is due to the fact that each of these segments has its own needs and constraints. In addition, it is of paramount importance to ensure that formalisation "offers the benefits and protections that come with being formal, and that it does not simply impose the costs of becoming formal" (Chen, 2012, p. 15). This assertion suggests that for the self-employed, including stokvel members, formalisation should not mean the mere process of "obtaining a license, registering their accounts and paying taxes because, to them, these represent the costs of entry into the formal economy" (p. 16). What is important to them is to receive the benefits of operating formally in return for paying the aforementioned costs, and these benefits include; enforceable commercial contracts, social protection, tax breaks and incentive packages in order to scale up their competitiveness, legal ownership of their places of business and means of production, protection against creditors and clear bankruptcy rules, and membership in trade associations. Formalisation has different dimensions and goes beyond just registering with formal bodies and paying taxes. It is argued that formalisation encompasses:

> ...receiving the legal and social protections enjoyed by the formal firms and formal workers, receiving the tax holidays and incentive packages enjoyed by formal firms and being allowed to organize and to have representative voice in the rule-setting and policymaking processes. (Chen, 2012, p. 15)

It is therefore argued that policymakers should be aware of the different dimensions of formalisation and the fact that it "is not a one-step process, but rather an on-going process of extending benefits of formalisation incrementally to informal organisations and workers" (Chen, 2012, p. 16). In addition, it is also argued that during the formalisation process, informal organisations should be asked about the benefits that they think will be important to secure their livelihoods, in order to enable policymakers to "consider the optimal dimensions and sequence of formalisation from the perspective of different categories of informal organisations" (p. 17). This concept is also fundamental to stokvels as they are diverse and also focus on achieving different objectives. This will also avoid a situation whereby a 'one size fits all' concept is applied during the formalisation process. Chen (2012) also states that what is needed is an approach to formalisation of the informal economy that is comprehensive but at the same time context-specific in design and practice.

According to Chen (2012), a comprehensive formalisation approach should clearly state the following:

1. *Registration and taxation* – it has to be seen that simplified registration procedures and progressive registration fees are adopted.
2. *Appropriate legal and regulatory frameworks,* including private property rights, use of public space, occupational health and safety regulations, together with enforceable commercial contracts are put in place and understood by all the stakeholders involved.
3. *The benefits of operating formally must also be outlined,* and these include, access to finance and market information, limited liability, clear bankruptcy and default rules, access to government subsidies and incentives, membership in formal business associations, access to a formal system of social security, access to public infrastructure and services and enforceable commercial contracts.

While the above three issues constitute the comprehensive view of the formalisation process, it is not clearly stated what could constitute a simplified registration process and what needs to be done in order to get into that kind of process. Therefore, it is important to understand the limits and gaps in the formalisation debate. According to Chen (2012, p. 16), there are three limits to formalisation that one needs to be aware of. The first one is that it should be noted that formalisation is not "a one-time process involving a specified set of steps", but should rather be seen as a "gradual on-going process involving incremental steps and different dimensions leading towards varying degrees and types of formality". Secondly, it should be recognised that formalisation "will not proceed quickly or automatically for all those who choose to formalize." This assertion suggests that there is a need to retool and streamline the bureaucratic and time consuming procedures and incentives and rewards for registered informal businesses.

Thirdly, it should also be recognised that formalisation "will not be feasible or desirable for all informal" organisations or arrangements; however, it should be "assumed that many informal organisations will continue to do what they do and remain informal or semi-formal for the foreseeable future" (Chen, 2012, p. 16). Thus, when developing the policy guidelines, it should be noted that among the stokvels, not all might be in a position to formalise due to different reasons, which include their capacity and size among others. Chen (2005) states that in most cases, the feasibility of formalising the informal economy remains unclear because of the fact that some bureaucracies might not be able to handle the license applications if all informal organisations were to be formalised. This notion might be applicable to stokvels as well, because, of late, the number of stokvels has skyrocketed in South Africa, and it might require a complex management system to handle their formalisation.

Chen (2012) argues that within the development policy circles, there is a growing consensus on the need to prioritise the coverage of social protection and to extend it to other excluded groups, such as people in the informal economy. In addition, there is a need to work extensively on the partnership between informal and private and/or commercial insurers through the provision of fiscal and other incentives for successful partnerships (Kaseke, 2013). This could also be done through the coordination of diverse forms of social protection that poor people rely on for protection against different risks. There is a need for universal pensions and health coverage; however, there is very little agreement on the role that the government can play, and the degree of responsibility it should have (Kaseke, 2013). For informal systems to be well integrated into the formal system, there is a need to equip informal systems with productive assets, business skills, technical support and infrastructure services in order for them to better compete and function within the formal system (Andersson & Alexander, 2016). This, therefore, suggests that policy developed should also take the aforementioned issues into account.

In addition, if the informal systems are to be successfully integrated into the formal economy, there is a need to also effect changes within a wider institutional environment in order to encourage a favourable policy environment that will be supportive to informal operators (Chen, 2012). This will require designing and implementing targeted policies that will address economic biases that currently exist between the informal and the formal systems. Again, there is a need for the development of appropriate legal frameworks to make sure that the purpose and mandate of informal systems is not lost during the formalisation process (Olivier, et al., 2008). Also,

> given that the informal economy is here to stay, and that the informal and the formal economies are intrinsically linked, what is needed is an appropriate policy response that promotes more equitable linkages and that balances the relative costs and benefits of working formally and informally. (Chen, 2005, p. 11).

Therefore, the formalisation debate should focus on stating explicitly the benefits that informal arrangements might gain when they go formal.

According to Dalufeya (2013), some countries within the Southern African region relied heavily on the development and implementation of policies that focused on market interventions in both goods and financial markets in order to improve social protection provisioning for the poor. These policies focused mainly on the adoption of price subsidies on strategic commodities, together with price controls on most basic food products. In addition, interest rates were fixed, while exchange rates varied between a defined floor and ceiling. This was arguably seen as a form of social protection "addressed through state interventions in markets of non-state actors in order to stabilize food security and reduce household vulnerability due to negative price and interest rate variability" (Dalufeya, 2013, p. 3). However, it should be noted that, besides the seemingly effective nature of this intervention, the intervention was universally implemented and did not target only the poor and vulnerable households within given communities, and hence it proved fiscally unsustainable (Dalufeya, 2013). The researcher is of the opinion that even though the debates regarding social protection provisioning revert to state intervention in markets, especially labour markets, this strategy has not yielded much benefit for the poor and vulnerable who do not have formal sources of income.

Most countries, including South Africa, have adopted a neo-liberal policy agenda that allows the markets to regulate themselves through the forces of supply and demand, with less government or state intervention. Notably, within the South African context, government intervention in labour markets and neo-liberal policies has been through the development and implementation of labour legislative frameworks aimed at ensuring decent working conditions, to gazetting a statutory minimum wage. This form of intervention is seen by Devereux (2013) as inadequately comprehensive and sustainable for the non-working poor. Thus, the question remains how the poor benefit from this policy framework, as most of them are not involved in any form of paid or formal employment. For all that debates point towards interventions within the markets, this researcher is of the opinion that this might not be a viable policy option for the enhancement of stokvels in order for them to provide better social protection.

In most cases, debates regarding formal and informal social protection have largely focused on formalising the informal social security systems, that is, to encourage informal systems to register with formal bodies so that their activities can be regulated and easily monitored by the government (Andersson & Alexander, 2016; Dalufeya, 2013; Mwangi & Kimani, 2015a;

Olivier, Kaseke & Mpedi, 2008). As much as this might appear to be an innovative process, it should be noted that in some cases, there is no proposed framework and/or strategy on how this regulation and registration can be conducted. Dalufeya (2013, p. 3) states that “the debate about registering and regulating informal systems of social protection in Africa is not clear”, as most governments have not bothered to take the initiative to register and regulate informal systems. Chen (2005) states that the regulatory environment overlooks some categories of the informal economy purposely with the intention of trying to eliminate them and/or turn a blind eye to their existence. Consequently, this lack of registrations can lead to a number of stokvels, especially burial societies, operating without any form of registration, and yet government does not consider them illegal (Dalufeya, 2012; Olivier et al., 2008). In addition, Bester et. al. (2004) state that this phenomenon is also found within the Southern African region, for example, in South Africa, where a burial society can operate without any form of registration or regulation.

The researcher concurs with the above assertion by Dalufeya (2013) that most African governments, including the South African government, have not seriously considered the existence of stokvels as a form of social protection for the poor. If one takes a closer look at the stokvels in South Africa, if the government of South Africa had had any interest in developing policy frameworks on the registration and regularisation of these groups, it could have done so some time ago. However, because of the lack of interest and commitment on the government’s part to date, there is no tangible policy document aimed at facilitating and regulating these groups. Thus, it is of critical importance to develop guidelines that can guide the process. South Africa may also learn from other countries such as Botswana and Kenya that have regulated, or attempted to regulate, the operations of informal organisations such as stokvels.

For example, in Botswana, informal arrangements, especially burial societies, are required by law “to register with the Register of Societies in the Ministry of Labour and Home Affairs” (Olivier, Kaseke & Mpedi, 2008, p 7). In addition, in Kenya, even though a number of informal savings groups are not registered, the Kenyan government has made it mandatory for all societies to be registered with the Department of Social Services and to be issued with a certificate that they use to open a bank account (Mwangi & Kimani, 2015). All these are efforts to enhance the capacity of social protection provisioning by the informal arrangements. Thus, the researcher also believes that mechanisms should be developed in

South Africa to enforce the registration of stokvels, as this might be a step towards their recognition by authorities.

Formalisation is therefore viewed as a possible policy option for the enhancement of stokvels' social protection provisioning. However, it should be noted that the process has both merits and demerits that need to be considered. Debates have shown that formalisation can improve the financial and managerial ability of the stokvels, as stokvels may benefit from the expertise of the formal system. Olivier et al. (2008) argue that there is a need to strengthen the existing linkages between the informal and the formal systems of social protection provision. Thus, in order to develop policies and/or frameworks of action regarding the partnerships between informal and the formal systems, there is a need to understand the characteristic values that inform their existence. This understanding might help in the development of proper and sound policies that might guide the process. In addition, the state should also play an active role regarding the amalgamation of the two systems if proper policies are to be developed. It is noted that the state has an obligation to take the necessary steps to "create an environment for recognition, accommodation and support of the informal forms of support" (Olivier et. al, 2008, p. 13). Guidelines should be developed to ensure that the state, as it regulates the informal social security system, adopts a sensitive approach, and that it regulates to the extent necessary. Also, it is argued that the state can, through regulation, "ensure that the rights and expectations of members under these schemes are protected against abuse, fraud and mismanagement" (Olivier et. al, 2008, p. 64).

Moreover, it is argued that the state may actively provide support in the form of funding and training to informal schemes, as most of them lack expertise and financial ability. Periodical reviews and monitoring of the process should be done in order to guard against abuse of the system. For this reason, it is argued that the contributions and the benefits are to be preserved and that proper governance, management and financial controls are put in place together with a proper regulatory framework. In addition, Olivier et al., (2008) highlight that it is important that those who are entrusted with the management of informal systems, and with overseeing the integration and formalisation process, are well equipped and conversant with their task, in order to ensure that all stakeholders are well informed, especially individual beneficiaries.

It is noted that there are positive outcomes that are a result of the integration of the informal and the formal systems; for example, most accumulating savings and grocery stokvels "bank their money with formal financial institutions thereby creating informal-formal links" (Kaseke, 2013, p. 13), that helps them to guard against moral hazards. In relation to burial related stokvels, guidelines must focus on the reinforcement of relationships between burial stokvels and formal and/or commercial insurers, together with registered funeral undertakers. The researcher agrees with this assertion because, in order to gain the support from the informal systems, there is a need to involve them in the process through the adoption of a participatory approach to the policies that are to be developed in support of this integration. Toner (2003) also states that for project strategies to work, it is necessary to rely heavily on the bottom-up empowerment of the poor, in order to make sure that all policies to be developed and/or adopted are participatory at all levels starting from the design, right up to the implementation and evaluation of the policy.

Mwangi and Kimani (2015b) also suggest that the ever increasing number of informal arrangements is an indication that more and more people continue to be excluded from the mainstream economy. Thus, they are calling for the formulation of government policies that will facilitate accessibility of financial means to the poor and marginalised and/or those who are at the periphery of the economy. It is argued by Mwangi and Kimani (2015b) that the government should formulate policies that promote financial accessibility for all people. In addition, these authors maintain that policies to be developed must ensure that formal financial institutions "adopt flexible financial rules, offer low interest rates on loans borrowed, reduce the minimum amount to be borrowed as a loan to accommodate the financial needs of the poor and minimize the bureaucracy which is characteristic of financial institutions" (p. 34).

Again, it is noted that these financial policies should focus on improving the financial security of the poor by regulating the activities of informal financial groups through an Act of Parliament or by-laws at county level that will oversee their operations (Mwangi & Kimani, 2015b). As much as the researcher agrees with the idea of regulating stokvels and other informal financial groups, it should be cautioned that this could be a complex and cumbersome process that requires careful thinking before its execution. Thus, what is missing in these debates is that there are no proposed frameworks or strategies for action on how the process could unfold. There is little or no evidence at all in literature to suggest how this exercise could be carried out, which the researcher finds problematic because suggestions should always be accompanied by developed procedures that people could follow.

Also, in view of the above debates on formalisation and on partnerships between the informal and the formal systems as a way of enhancing the capacity of the informal systems, especially stokvels, there seem to be gaps within the policy processes and, as a result, it is not clear how the process could unfold in practical ways. This is so because the debates do not suggest clear guidelines that could be followed to make sure that the process is participatory and inclusive in nature. Thus, the policy considerations and guidelines that follow in the next section are proposed in order to develop a policy aimed at enhancing and strengthening the capacity of stokvels, while at the same time being supported by all stakeholders involved. However, before outlining the proposed guidelines, the section that follows below Figure 9.1 highlights the current thinking regarding policy interventions aimed at enhancing the capacity of informal systems. The diagrammatic presentation below was developed by the researcher using the current thinking in literature regarding the formalisation of informal systems.

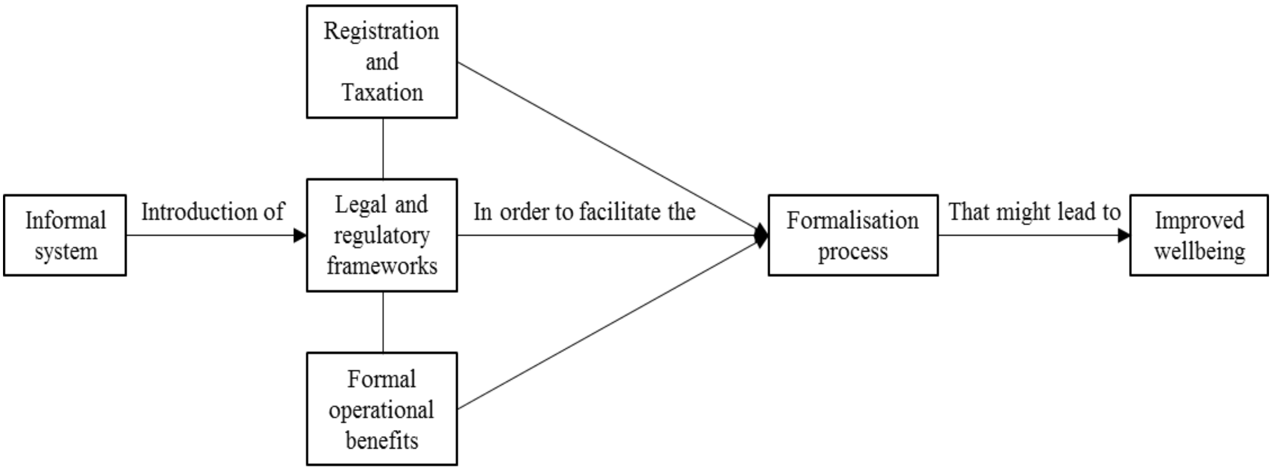


Figure 9.1 Current Policy Guidelines for Enhancing the Capacity of Informal Systems

The figure above highlights some of the policy related interventions that have been suggested in the literature to enhance the social protection provisioning of informal systems. Three areas that dominate the debates in literature regarding how to enhance the social protection provisioning of informal systems (Andersson & Alexander, 2016; Chen, 2012; Kaseke, 2013) are: through the regulation of markets, formal registration and taxation of informal systems and through the integration of informal and the formal systems. It should be noted that the idea of market regulation, as much as it is seen as a pro-poor intervention, does not address the social protection needs of the poor and, in this study, it could only be relevant to grocery stokvels, thereby excluding some of the stokvels that have a different focus. Thus, it is suggested that the policy debate initiative has some gaps that need to be taken into account in order to benefit all the informal arrangements. The other notable issue is that most of the broad policy areas mentioned above are more aligned to informal enterprises, with a limited focus on informal networks such as stokvels. In addition, when one takes a closer look at the issue of registration and taxation, the process that should be followed in order to register informal organisations is not specifically highlighted. This makes it difficult to ascertain its effectiveness as most stokvels and other informal sector businesses are not registered.

Therefore, the researcher is of the opinion that there should be guidelines that could be followed when embarking on this noble, but very complicated process.

Finally, the debates also highlight the issue of linking the informal systems with the formal systems as one of the policy areas that could enhance the capacity of the stokvels. As much as the researcher agrees with this policy issue, there should also be clear guidelines on how the envisaged linkages would work, because some members of informal organisations perceive formal organisations as working against them. Thus, it is of paramount importance to first understand this thinking. This kind of demystification is also missing within this important policy framework. It is therefore against these shortfalls of the current policy debates that the researcher is proposing guidelines in Figure 9.2 that should be taken into consideration when developing a policy framework aimed at enhancing the capacity of stokvels. The diagram below showing the suggested policy guidelines for informal organisations (stokvels in Soweto), was developed by the researcher based on the findings of the study.

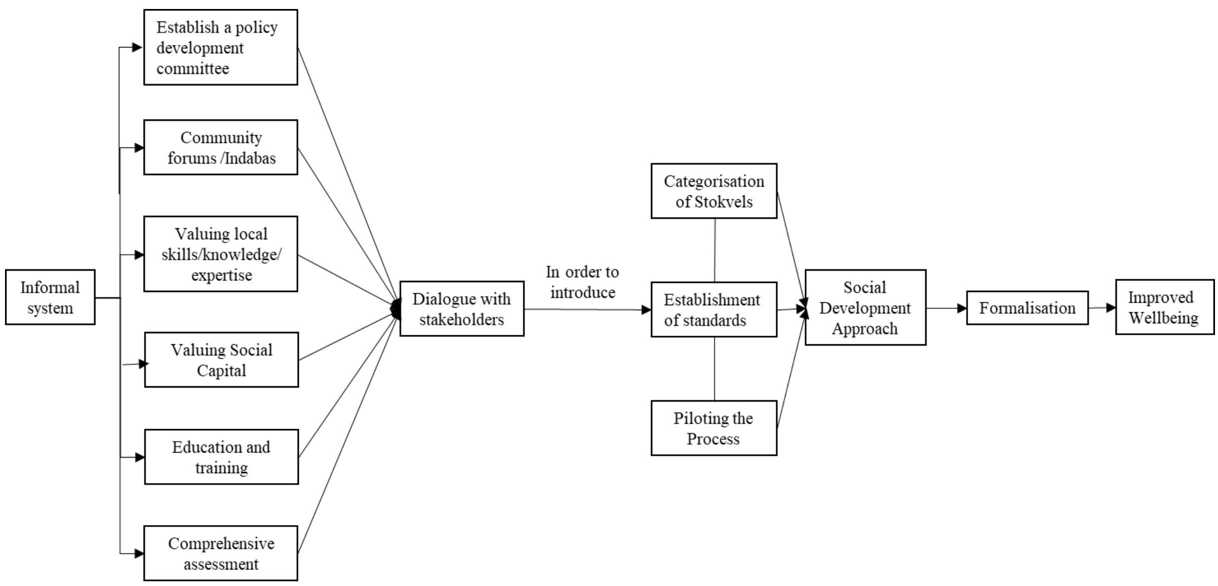


Figure 9.2 Suggested Policy Guidelines for Informal Organisations - Stokvels in Soweto

Figure 9.2 highlights the suggested policy guidelines for informal organisations – stokvels – in Soweto. Stokvels are a people's initiative, especially the poor with no other means of social protection. In the light of this, the literature and the findings of this study, the policy guidelines that follow are therefore suggested to guide the development of policy for the enhancement of social protection provisioning of these informal organisations.

9.3 Suggested Policy Guidelines for Informal Organisations (Stokvels in Soweto)

9.3.1 Establish a policy development committee

In view of the findings, it is suggested that a policy development committee should be established. When a working committee is selected, it should be comprised of stokvel members, formal organisations' representatives and those representing the government or the treasury in the process. This committee will oversee the full participation of the stokvel members within the Soweto community in all processes of the formalisation process. The committee will then see to it that most, if not all, the questions that any stakeholder has regarding the formalisation process, are answered and also that any unclear issues get clarified. This might encourage full participation of all the stakeholders. Swanepoel and De Beer (2013) state that participation is one of the key principles of community development and that participation should not just mean taking part in an initiative, however, it should entail playing a leading role and being part of the decision making and planning team. Thus, it is suggested that such a committee be established.

9.3.2 Conducting community forums or Indabas

It is suggested that in order to develop a sound and responsive policy, community forums must be conducted in different parts of Soweto, whereby dialogue will be initiated with stokvel members in a bid to understand their organisations better. According to NASASA (2016), conducting community forums is important because it is a platform where different stokvel groups share ideas and concerns. These forums might also be a platform for stokvel members, together with representatives from formal institutions, to meet and air their views regarding the formalisation process. It might also be an opportunity for stokvel members to seek clarity with regards to their thoughts and perceptions about the formal institutions.

Targeting such spaces might work because these forums have previously shown good attendance by stokvel members and this might be an opportunity to market the idea of formalisation.

9.3.3 Valuing Local Knowledge and Expertise

During the community forums, stokvel members will be able to share their experiences and expertise of running and managing their stokvels. This is an important step during the policy development process as it will take into account the skills and expertise that stokvel members have been using over a number of years to keep their stokvels running and able to meet the social protection needs of their members. According to Ife and Tesoriero (2006), change from below, or the principle of bottom-up development, is essential to the idea of community development. Adopting these kinds of principles is central as it values the local as opposed to privileging knowledge, resources, skills and processes that might be imposed on a community from above (Ife & Tesoriero, 2006). It is further argued that in most cases useful knowledge in any developmental projects is the local knowledge (Ife & Tesoriero, 2006). In addition, processes involving community development should seek to identify local knowledge, assess the local expertise available and acknowledge that external expertise can only help the community in a more generalised manner (Ife & Tesoriero, 2006). By so doing, members of the community may be persuaded to realise that they might have the necessary knowledge that they can employ to work on their issues, and this could be the first step in the right direction for action for change (Ife & Tesoriero, 2006). It is in light of this explanation by Ife regarding community development that if stokvels are to be formalised, it will be of greater value to acknowledge and value the local expertise as people have been in the stokvel business for years immemorial.

9.3.4 Maintaining the Social Capital Provided by Stokvels

It is suggested that the formalisation process should not take away the social capital that stokvels provide. Most people who participate in stokvels benefit from the solid social capital base that these informal arrangements provide (Chikadzi & Lusenga, 2013), which is why it is of paramount importance to make it a point that the social capital value of stokvels is preserved and nurtured even after the formalisation process. One of the critiques about formal institutions is that most of them lack this very important value. Even though linking the formal and the informal social security systems is part of the current debates in policy proposals, it is not clearly spelt out how the concept of social capital will be maintained and enhanced (Kaseke, 2013). Thus, it is suggested that social capital be part of the guidelines that inform policy development during the formalisation process. Stokvels are not only about the money and other benefits, but they also promote friendships and social networking, and also act as vehicles for linking members to other opportunities. Ife and Tesoriero (2006, p. 212) also states that culture is essential to one's identity, "and a community that does not value its local culture is denying its members the opportunity for a strong local identity, which is essential to an experience of a community." It is therefore against this view that social capital should be maintained as it is one of the distinguishing features of stokvels. The stokvels that were studied revealed that access to a broader social capital base is regarded as one of the benefits that women gain by being members of the stokvels.

9.3.5 Education and Training

Study findings indicated that close to half of the stokvel members might be considered illiterate as they could neither read nor write. Therefore, because of this deficit in the education of stokvel members it is suggested that education and training be carried out. Educating and training stokvels members in financial management skills is likely to equip them with the necessary skills and knowledge that they might then use to effectively run and manage their stokvels. Education and training will also help in improving the current low levels of education that are evident in the stokvels studied. Popple (1995) states that education provides an opportunity for people to validate their values, histories, experiences and dreams; he also states that it is important to begin from a person's own understanding. The assertion by Popple (1995) is important as it reminds us to recognise that even though some stokvel members were not that well-educated, they had still managed to successfully run their stokvels, which is why it would be vital to start off with what they know. If this is not done, it might be a serious drawback when it comes to formalisation because most stokvel members might not be able to understand how formal institutions operate and do their businesses. While the current debates talk about registration and taxation as part of policy proposals aimed at enhancing the capacity of stokvels, it is noted that most people might not understand why they need to register their stokvels and why they should be subjected to paying tax (Chen, 2012). Therefore, there will be a need to train and to educate stokvel members about the whole process so that they understand some of these processes and also what they could be signing on for.

9.3.6 Comprehensive Assessments

Debates have indicated that the formalisation process might be a complicated one if all stokvels are to be involved and included in the envisaged process. Therefore, it is indicated that only certain stokvels must be considered, especially bigger and better-functioning ones. As much as this could be seen as a noble idea, there are no set criteria on how the selection process would be carried out. Thus, it is suggested that before the stokvels are selected for formalisation, proper and thorough assessments must be done in order to ascertain the eligibility and suitability of stokvels. However, it should be noted that for that to be done, there should be very clear guidelines on how those other stokvels who cannot meet the selection criteria will be supported. Also, the researcher is of the opinion that if only well-functioning stokvels are to be included in the process, thought should be given to what will happen to the emerging and/or those that might be struggling. Thus, it might be through these thorough assessments that strategies could be proposed on how to handle some of the stokvels who might be falling below the minimum required standards for formalisation. Olivier, et al. (2008) also propose what they call the in-country analysis that will focus on the nature and the different characteristics of the informal arrangements including geographical and sector spread in order to develop appropriate interventional strategies for different places and sections of the community.

9.3.7 Dialogue with all Stakeholders

The process of formalisation should include different role players, and it is suggested that all concerned stakeholders must meet to have a discussion on how the process could unfold. In this case, it would include members from different stokvels together with different role players who currently interface with stokvels in the formal sector, such as the banking, retail and the commercial insurance sectors. Public or citizen participation can be encouraged through the initiation of dialogue with all stakeholders involved in the formalisation process. According to Green and Haines (2008, p. 13), public participation “requires the involvement and participation of local residents in identifying the strategies they wish to use to improve their quality of life”. In this case, it should be noted that involving stokvel members as part of the stakeholders in the formalisation process will enhance their involvement and participation in the development of strategies that could be used in the formalisation process. Also, this dialogue will help to address all the concerns that different stakeholders have and clarify grey areas. Thus, it is important for it to happen in order to map the way forward regarding formalisation.

9.3.8 Categorisation of Stokvels

It is suggested that when conducting the community forums/*indabas*, stokvels should be clustered into mini-groups according to their types. There are a number of different types of stokvels in South Africa. Chikadzi and Lusenga (2013), Lukhele (1990), and Matuku and Kaseke (2013) state that different types of stokvels serve different purposes and confront diverse challenges. Therefore, it is suggested that before the process of formalisation is started, these informal organisations should be grouped according to their type. This will ensure that policies developed are specific to the needs and mandates of specific stokvels. Categorising stokvels might also help in identifying those that are concerned with the social protection needs of the poor and the improvement of livelihoods. It is therefore important to have this process in order to develop well-informed, unique and responsive policies that will lead to better social protection provisioning by stokvels in Soweto.

9.3.9 Establishment of Standards to be Followed during Formalisation

It is suggested that for the process of formalisation to be fair and transparent, there should be an establishment of standards to be followed during the formalisation process. These will entail the development of qualifying criteria for all stokvels that might be formalised. In doing so, the current standards and the philosophy that underpin these informal organisations must be retained. According to Kaseke and Olivier (2008, p. 180), informal social security systems are "underpinned by the African values that promote collective responsibility and solidarity". It is important that when standards are developed, emphasis is placed on the current standards that underpin stokvels in South Africa. These standards might help in maintaining the values and culture of stokvels and in safeguarding these from being eroded by the formalisation process.

9.3.10 Piloting the Process

Once standards are established, it is suggested that piloting be done, whereby a few stokvels will be selected and used in the piloting phase to determine the areas in the process that might still need further strengthening and/or tightening. It is envisaged that this will assist in making sure that when roll-out begins the process will be simple and easier to manage as most issues and challenges might have become mitigated during the piloting stage. According to Strydom (2011), a pilot study involves a small study undertaken before the larger study commences, and this helps to check the appropriateness and the adequacy of the selected methods and instruments. Therefore, piloting the formalisation process might also add value regarding the strengthening of weaker areas and the mitigation of anomalies that might be observed during the piloting process. Piloting can be done in collaboration with NASASA and other stakeholders.

9.3.11 Adoption of the Social Development Approach to Policy Formulation

Although the study findings point to formalisation as one of the ways in which stokvels could be strengthened to provide meaningful social protection, it should be safeguarded that they do not lose their identity in the process. This identity is concerned with their ability to enhance both the social and economic needs of their members. According to Midgley (1995, p. 250), social development is defined as "a process of planned social change designed to promote the wellbeing of the population as a whole in conjunction with a dynamic process of economic development". However, in the South African context, the term 'social development' is used interchangeably with 'developmental welfare' (Patel, 2015), and is defined as "the policies and programmes that meet needs, protect and promote rights, manage social problems, facilitate the optimal use of opportunities, empowerment of people and social inclusion" (p. 29).

What is important here is that in as much as the suggested policy guidelines will focus on issues around strengthening the social security provisioning, the policy should also be in a position to balance both the social and economic aspects of the poor. Thus, it is suggested that social development approach principles be adopted during the process of formalising the informal systems. The principles of the social development approach might help in guiding the formalisation process so that in the end, stokvel members in Soweto are empowered through the enhancement of their social and economic issues.

9.4 Conclusion

Chapter nine focused on the discussion of the fifth objective of the study. The fifth objective of the study focused on the development of guidelines for policy proposals for enhancing the capacity of stokvels to provide better social protection. The chapter began with a discussion about the current thinking regarding the enhancement of the capacity of stokvels, which revolves around formalisation. Three key formalisation processes have been discussed and these include registration and taxation, legal and regulatory frameworks and the envisaged formal operational benefits. The discussion highlighted both the strengths and shortfalls of the current guidelines. The chapter concluded by a discussion of the proposed policy guidelines or steps that could be adopted in order to enhance the capacity of stokvels following a formalisation model.

The next, and concluding, chapter presents and discusses the main findings, conclusions and recommendations that emanated from the study.

CHAPTER TEN

MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

10.1 Introduction

There have been stokvels for many years in South Africa and they remain an important source of social protection for poor black South Africans. The purpose of the research study was to explore the contributions of stokvels towards meeting the social security needs of the poor in Johannesburg's Soweto Township. In essence, the study sought to contribute to the understanding of how stokvels contribute to the social protection needs of the poor and how they can be strengthened to provide meaningful social protection. In addition, the study explored the linkages between formal and informal social security systems, with an aim of developing policy guidelines based on the current formalisation debates and the observations of the researcher. Therefore, this chapter provides a summary of the main findings, conclusions and the recommendations that emanated from the study.

10.2 Summary of the Main Findings

The summary of the study findings will be presented according to the objectives of the study.

The first objective of the study was to establish the socio-economic profile of persons who participate in stokvels.

This objective was achieved by asking participants to provide their socio-demographic details, which highlighted their socio-economic statuses. The sample of people who participated in stokvels selected for this study revealed most to be women between the ages of 20 and 75 years of age. It was established that some of the women were formally married, some cohabiting with their male partners; while some of the women participants were widows. The majority of the women had five or less children, with only a few who indicated that they had more than five, but less than ten children. Findings further revealed that the majority of the women were of low socio-economic status, and this was highlighted against the following indicators:

- *Level of education*

The majority of the participants revealed that they did not have a matric certificate as they did not complete their high school education. Just less than half of the participants indicated that they completed their matric education and were in possession of a matric certificate. It was found that the majority of the participants highlighted that they did not complete matric level of education. However, a few stokvel members from the stokvels that participated in the study, indicated that they possessed post matric qualifications such as diplomas and/or degrees. Consequently, even though most of the participants had low levels of education, some have had some form of formal education.

- *Employment status*

The majority of the participants was informally employed, and was engaged in activities such as domestic work – both full time and part time, baby sitting and street vending. Some participants were not employed at all; however, they managed to pay their monthly stokvel contribution through their engagement with informal sector activities. In addition, it was found that a small number of participants were formally employed and had regular income. This therefore highlighted the fact that stokvels also accommodate people with formal jobs, as a way of supplementing their income. It emerged that with poor people, even though they had formal employment, their wages could not meet their day to day needs, which forced to engage in stokvel activities to boost their livelihoods. This case was as Lukhele (1990) highlighted, that most people used stokvels to meet costs that they could not cover using their meagre wages. Also, the fact that those who were formally employed also used stokvels might be an indication that theses informal arrangements are no longer solely utilised by the poor.

- *Sources of income*

It emerged that stokvel members used various sources of income in order to meet their month on month stokvel contributions. For some participants, they raised the capital for contribution in their respective stokvels through their involvement in informal sector activities such as the buying and selling of different wares in their neighbourhoods and doing part-time and domestic related jobs for payment. In addition, it was revealed that some participants, especially those who were not working at all, used their social assistance benefits as their sources of income. It emerged that participants who were not working at all used part of their pension to contribute to their respective stokvels. Finally, another source of income that was revealed was earned wages, especially for those who had formal jobs.

- *Family socio-economic status*

The findings of the study showed that almost half of the participants who took part in the study were home owners. It was noted that most of the homes were RDP houses, with a few bond houses. However, even though some participants were home owners, it was evident that some also rented houses and rooms within the Soweto Township, with some also residing in informal settlements around the area. It was noted that although there is a strong observation in literature (Chikadzi & Lusenga, 2013; Dekker & Olivier, 2003; Matuku & Kaseke, 2014; Verhoef, 2001) about the socio-economic status of people who participate in stokvels, very little is highlighted on the socio-economic diversity that is evident in these groups. Thus, this finding is useful in building literature and in enhancing the understanding of this diversity.

- *Level of responsibility within the family*

It was revealed that the majority of the participants were the sole providers and breadwinners within their families. This meant that over and above their commitment to contributing to the stokvel on a monthly basis, they also carried the responsibility of making sure that the day to day survival needs of their families were met. Only a few participants shared the family responsibilities with other family members, such as their partners and/or with their live-in boyfriends. The fact that only a few of these women had shared responsibilities when it came to family provisioning, is congruent with the findings highlighted by Muhanguzi, (2016), that informal social security measures such as stokvels exploited women for the benefit of the entire family.

Conclusion

The conclusions drawn from the first objective of the study showed that the phenomenon of stokvels remained a major form of social protection for the poor within Soweto Township. Women also constituted the majority of membership in these informal arrangements, and most of the women were of low socio-economic status. As socio-economic status indicators, the level of education, employment status and property ownership, level of responsibility within the family and sources of income were used. The majority of the participants were poorly educated and relied solely on the activities of the informal sector in order to be able to pay their monthly contributions. This was suggestive of the fact that most women were still not actively involved in the formal sector activities as they were still excluded from the mainstream economy, more than 20 years into the democratic dispensation in South Africa. For the few participants who were employed and had a reliable source of income, the findings showed that they used stokvels to supplement their incomes and to meet some of their social protection needs.

The second objective of the study sought to explore how members of stokvels address their social protection needs.

To achieve the second objective of the study, participants were asked to outline the benefits of being a member of a stokvel and to indicate the extent to which these benefits contributed to their social protection needs. Findings showed that participants used stokvels to address the following social protection needs.

- *Addressing income insecurity*

Participants revealed that they used stokvels to address their income insecurity. It emerged that stokvels protected their members and their families against the financial risks associated with death. Thus, conclusions were drawn that burial stokvels provided death benefits to their members. It should be noted that these death benefits included not only the purchase of a coffin and the costs of the grave, but also emotional support to the family and food to be consumed by the mourners at the funeral. In addition, variations were noted amongst two burial stokvels and these were in terms of the benefits provided. In one of the burial stokvels, family members who wanted to have the body of the deceased transported to rural areas for burial were afforded the opportunity to do so, and the stokvel covered all associated costs. This allowed members not to panic when confronted by death as a contingency, and this protected the poor from resorting to pauper's burials of their loved ones. However, for these benefits to be realised, it was highlighted that members were obligated to keep their monthly contribution up to date. Through this, the stokvel was seen as playing a preventive and protective role of social protection.

It also emerged that stokvels played a significant role in empowering their members through the provision of soft loans. This finding was associated in particular with the accumulating savings and grocery stokvel included in the study. Findings showed that participants benefited from the soft loans that they got from their stokvels and they used these to meet different needs. For example, some participants indicated that they used the money to hire private transport operators to transport their sick family members to hospital, especially when the members were too frail or too sick to use the cheaper public transport; thus stokvels played a preventive and promotional role of social protection through the provision of soft loans to their members, which improved their ability to meet their families' health related needs. Similarly, findings also indicated that stokvels contributed to the strengthening of their members' livelihoods in different ways, allowing members to meet their families' developmental social protection needs. It emerged that participants were able to borrow funds from the pooled resources for use in different health and other related needs. Through this, stokvel members were able to use their benefits to advance and enhance their social protection needs related to health and empowerment. However, even though the borrowing practice within stokvels was seen to be advancing meeting the developmental needs of the poor, it was also viewed by others as a risky practice that created tensions and divisions within the stokvels, especially when the members failed to pay back the borrowed money.

Apart from protection against income insecurity, findings revealed that stokvel members together with their families, benefited from the social and emotional support that was provided by stokvels, specifically burial stokvels. It was revealed that these support mechanisms were solid as they were built on trust and sisterhood. The presence of emotional and social support within stokvels, especially burial stokvels, was an indication that even though burial stokvels focussed mainly on financial benefits to their members, they also had valuable social functions. This is a distinguishing factor between stokvels and formal insurers, as the latter do not offer any form of social and emotional support. It was also established that stokvels addressed the problem of income insecurity by promoting savings that enabled members to meet their basic needs. This was mainly found in accumulating savings and grocery stokvels, and it enhanced members' food security needs. The findings highlighted that indeed, accumulating savings and grocery stokvels played a pivotal role in advancing protective and preventive roles of social protection for the poor. It also emerged that stokvels promoted social inclusion within the community. It was also revealed that stokvels enabled members to have access to capital that they used for developmental purposes, such as the renovation of their houses. It was revealed that through savings, members were able to renovate and extend their houses. In addition, participants who did not own houses were able to meet their rental expenses using the money that they got from their stokvels.

- *Provision for children's educational needs*

The study found that stokvels promoted the transformative role of social protection. It was revealed that participants placed great value on their children's education, and it was found that participants were able to meet their children's educational needs through being members of stokvels. This was found especially in relation to accumulating savings and grocery stokvels. Through the shared savings and money borrowed from the stokvels, participants were able to pay the school fees for their children and to buy other required school materials. It should be noted that due to the legacy of apartheid in South Africa, the government is failing to fulfil its responsibility of providing free education, thus stokvel participants took the initiative in funding their children's education. A variation between stokvels was also noted within this section - accumulating savings and grocery stokvels were the ones that highlighted that they used part of their savings for their children's educational needs. However, on the other hand, participants from the burial stokvels did not mention using their savings to fund their children's education. Possibly, this might have been the fact that the majority of the participants who were members of burial stokvels were 55 years and older, which might suggest that they did not have any school-going children, and so they did not mention tuition fees as a priority to them.

- *Enhancing access to a broader social capital base*

The study revealed that both burial and accumulating savings and grocery stokvels enhanced members' access to a broader social capital base. It was found that participants benefited from social support, even on matters that did not concern the stokvel's business, which enhanced their sense of belonging and togetherness within their respective stokvels. Findings indicated that the sense of belonging was even more pronounced when members lived closer to another, as they made an effort to visit one another outside the stokvel. Thus, the findings highlighted the strong social cohesion and bonds that existed within these informal savings groups. This therefore reinforced the finding that stokvels were viewed as an alternative to the family, whereby participants shared their life stories and other information that they might ordinarily have shared with their families. However, what was quite instrumental in this finding was the time members had spent together in the stokvel. Thus, stokvel members who had been together since 1982 showed more understanding of one another when compared to members of a stokvel that was formed in 2008, which had a very poor support system and also lacked cohesion, which was a threat to the long-term survival of the stokvel.

It was noted that because of the strong social capital base of stokvels, participants benefited and enhanced their access to health through health information sharing and informal health education sessions that took place in stokvels. Even though stokvel members knew that they were protected against income insecurity in the event of death, they valued healthy living as they shared information that improved their life expectancies and promoted longevity. This therefore reinforced the preventive social protection role of stokvels. In addition, it was an indication that due to the social capital base that existed in stokvels, members benefited from a reduced cost of obtaining certain information due to the strong social networks that they formed within their respective stokvels.

- *Strengthening livelihoods*

Findings of the study revealed that stokvels played a significant role in strengthening members' livelihoods, which promoted the developmental function of social protection. It emerged that stokvels did not only provide financial support that members used for burial and subsistence support, but members used the money for different purposes. It was revealed that participants were able to venture into small businesses using the financial support that they got from their respective stokvels. This empowered the members as it enabled them to access finances that aided them to venture into major investments opportunities that they could not have had access to otherwise.

Conclusion

Stokvels protected the poor against different kinds of contingencies and risks, such as death, income and food insecurity. It emerged that stokvels served different functions of social protection, and these included the three broad functions of social protection, which are: to address income insecurity by putting in place measures to prevent and alleviate poverty, to enhance access to education, health and other social services, and to strengthen livelihoods. Strengthening livelihoods represents the developmental function of social protection. Addressing income insecurity enabled the poor and vulnerable groups to meet their basic needs. In addition, it was revealed that stokvels were a good source of social capital; the friendships and social networking that happened within stokvels connected and linked the poor to opportunities that they could not have benefited from if they were not members of these informal arrangements. This might also be an indication that stokvels promoted social inclusion within different communities in Soweto. It was therefore clear that stokvels were not only used by the poor for monetary gains and benefits, but also for social networking and cohesion, which enhanced their livelihoods and health needs. Also, it was clear that stokvels were used by the poor to address and meet their children's educational needs.

The third objective of the study investigated the <u>linkages between stokvels and formal social security systems</u>.

In order to achieve this objective of the study, participants were asked whether or not there were linkages between stokvels and formal social security systems and, if any, how these linkages enhanced the level of social protection amongst their members.

The study revealed that there were linkages and interfaces between the informal and the formal social security systems. It emerged that different types of stokvels conducted their business in partnership with different formal institutions. The study showed that burial societies worked together with commercial insurers and formal funeral undertakers. This was through the maintenance of group funeral policies with commercial insurance companies. One burial stokvel indicated that they maintained a group funeral policy with Old Mutual and that when they experienced a death, the company paid them out a lump sum to cover the funeral costs. This was seen as a strategic move as it helped members to guard against times when they experienced too many deaths in the stokvels and they had to do too many pay-outs. In addition, this allowed burial stokvels to guard against the ever increasing cost of funerals. Again, this was seen as a move to enhance the protection that is provided by stokvels as they benefited from the financial capacity provided by the formal system, together with best their practices strategies.

Findings revealed that both burial and accumulating savings and grocery stokvels banked their money with formal financial institutions, such as banks. It emerged that, following this move, some banks had even created products that were tailor made for informal groups such as stokvels; for example, the club account which is now common to most banks in South Africa. The findings showed that most stokvels relied on formal institutions to keep their money in order to protect themselves from moral hazards, such as being defrauded of their funds by unscrupulous members. Thus, formal institutions such as banks were seen as safe havens for keeping money on behalf of stokvels. However, it emerged that some participants complained about the low interest rates that stokvels usually got from the banking sector, and yet the charges of maintaining an account with the bank were said to be high. This therefore strained the relationship and/or partnership between the formal banking sector and some stokvels, and it resulted in some stokvels, especially accumulating savings and grocery stokvels, resorting to lending people their money and charging them very high interest rates as a way of growing their capital.

It also emerged that although there were possibilities for the linkages, it was indicated that there should be consultations with all stakeholders if certain products are to be developed and / or to encourage the partnership. This was highlighted with regards to the current club account that most formal banks have for stokvels. It was revealed that even though this was an initiative to have most stokvels banking their money with formal institutions, there was very minimal or no consultation with different stokvels regarding the product, of which, some indicated that they did not utilise it as it was deemed to be expensive to maintain. Thus, even though the product was there for the stokvels, it remained underutilised due to lack of knowledge and also due to the fact that stokvels regarded it as an expensive and cumbersome process to engage with it. This was so because part of the requirements to open a club account was that a stokvel must have a constitution and most of them only operated on verbal agreements as they trusted one another.

In addition, the findings showed that even though the accumulating savings and grocery stokvels had very little confidence in the formal banking sector – due to low interest returns, they had strong linkages with the formal retail businesses. It was highlighted that stokvels worked closely with the retail businesses and that they enjoyed different benefits that were as a result of partnership with a particular retailer. For example, it emerged that some big retail companies such as Shoprite Checkers, offered stokvels a stamps benefit system, whereby stokvels were allowed to purchase stamps on a monthly basis and when it was grocery buying time, they then used the stamps to buy grocery from the said retailer. This also became another safer way of keeping the stokvel money. However, Pick ‘n Pay stores and Makro (other big retail companies) offered different kinds of discounts for stokvels’ bulk grocery purchases. Therefore, it was observed that these linkages boosted the stokvels purchases, thereby enhancing their members’ food security. On the other hand, it was revealed that burial stokvels worked closely with formal funeral undertakers, especially when they experienced the death of a member. It was revealed that burial stokvels made use of these formal funeral service providers for services such as the removal and storage of the corpse, grave booking and burial procedures, because these services are normally carried out by certified and registered funeral undertakers. It was therefore difficult for this interface between burial stokvels and formal funeral undertakers to be avoided.

Conclusion

In conclusion, the findings revealed that there were linkages between the formal and the informal systems, and these linkages strengthened the social security provision of informal systems, as they boosted the financial capacity of the stokvels. In addition, it was found that the formal and informal systems interfaced at different levels, for example, most stokvels made use of the banking services provided by formal financial institutions. Through this service, stokvels earned interest that improved their savings and boosted their financial needs. On a different note, it was also revealed that burial societies also worked closely with formal funeral insurers and undertakers, which provided them with the necessary services when one of their members died. The same applied to grocery related stokvels as they also worked hand in hand with formal retailer companies, where they were given different forms of discounts when they purchased their grocery items in bulk, and this enhanced their food security needs and boosted their livelihoods. Therefore, even though there seemed to be tensions between the formal and the informal systems, especially regarding the low interest rates that were provided by the financial institutions, one would argue that the benefits outweighed the drawbacks, as linkages between these two systems enhanced the social protection provisioning of stokvels. This might be suggestive of the fact that if formalised, stokvels might be able to contribute meaningfully to the social protection needs of the poor.

The fourth objective of the study explored <u>the views of stokvel members on how stokvels can be strengthened to provide meaningful social protection</u>.

To achieve this objective of the study, the relevant research question that participants were asked was: How can stokvels be strengthened to provide meaningful social protection? The question resulted in varied views from participants with regards to strategies that could be employed in order to strengthen the social protection provisioning by stokvels. These included the following:

- *Through regulation and integration of stokvels with formal institutions*

Findings highlighted that regulating and integrating stokvels with the formal institutions might strengthen their social protection provision. It was highlighted that by partnering with Old Mutual, burial stokvels were able to meet their death related risks. In addition, it was revealed that burial stokvels enhanced their benefits by partnering with formal commercial insurers. It also emerged that the integration also boosted the financial capacity of burial stokvels who were therefore able to meet the demand even during times when several claims were made. Findings highlighted that burial stokvels used to struggle financially in trying to handle multiple funerals; however, their partnership with formal institutions boosted their financial capacity.

Similarly, findings showed that accumulating savings and credit associations together with grocery stokvels also needed to partner or to work closely with different formal institutions in a bid to strengthen their social protection provisioning. It was revealed that in order for members to get better returns they needed to invest and grow their capital in formal institutions and earn interest. This also protected these informal arrangements from falling into the trap of moral hazards. In addition, grocery stokvels also linked with formal retail institutions in order to strengthen their social protection provisioning. This partnership brought about negotiations on price reductions when buying in bulk and also for stokvels to ask for special discounts. This then boosted their buying power and enhanced their level of social protection and food security.

Findings also showed that regulating stokvels might boost their financial capacity. It was highlighted that if stokvels were regulated and legally registered, they might qualify for funding and subsidies from the national treasury, thereby enhancing their financial capacity. Findings, however, revealed that, if regulation and registration of stokvels is to be done, it might be a taxing and very costly exercise that might require a large amount of capital to be successfully executed. Suggestions were also made to borrow best practice knowledge from countries that have made it a requirement for stokvels to be registered, especially Botswana, where burial stokvels are formally registered. In addition, Kenya may also be explored as it also has a policy that requiring all stokvels to register with the Department of Social Services.

- *Provision of financial support through Government subsidies*

Findings showed that another way that could strengthen stokvels to provide meaningful social protection would be the provision of financial support in the form of subsidies from the government. It was highlighted that the major challenge that confronted stokvels in providing meaningful social protection was the lack of financial strength. It was therefore revealed that there was a need for the government to subsidise the activities of stokvels. However, even though this was seen as one way of strengthening the financial capacity of stokvels, both the participants and the key informant did not suggest a model and / or a framework on how this exercise of subsidising stokvels could be carried out. This was in light of the fact that currently, the majority of these stokvels are not formally registered with NASASA and other financial bodies in South Africa, which might pose a challenge to the successful execution of the process of subsidisation. However, it was revealed that subsidies may also assist members who might struggle to pay their contributions due to unforeseen circumstances such as illness, leading to incapacitation and being retrenched from work and / or being unable to go about their informal work activities.

Findings also revealed that besides subsidies, it was essential for stokvels to have sustainability strategies that would see cover being extended to members' children even when principal members die. It was showed that some stokvels lacked the necessary financial strength because they did not have clear continuity strategies. This lack of continuity also affected their financial capacity. It was therefore revealed that there was a need to involve the children of stokvel members so that on the death of the principal member, there could be continuity and financial stability within the stokvels. This was more pronounced in the burial stokvel that had the majority of the members older than 50 years. A particular difficulty faced by this stokvel was that this stokvel was a closed group and if they lost a member, it also meant loss of income to the group, thus there was a need for the involvement of members' children as a way of sustaining the existence of the stokvel and cultivating its financial base.

- *By training stokvel members in financial management skills*

Findings of the study showed that there was a need to educate and train members of stokvels on different financial management skills in order to equip them with the necessary knowledge and skills that they could use to grow their stokvels and improve their social protection provisioning. It was envisaged that equipping stokvel members with the appropriate knowledge and skills might boost their understanding of different ways that they can employ in order to do business with commercial insurers and formal financial institutions. It was highlighted that if stokvels can properly invest their capital, they might earn better returns that could improve their savings capacity, and in turn strengthen their level of social protection. In addition, it was revealed that if stokvel members were well trained and educated, they might be able to invest in different investment opportunities for the purpose of diversifying their income. The findings showed that through income diversification, stokvels might be able to protect their members against a number of different risks, rather than focussing on just one risk. Findings also revealed that by educating and training stokvel members on basic financial management skills, they might get empowered and be actively involved in the running of their stokvels. Again, it was envisaged that educating and training stokvel members might result in effective and efficient management of stokvels, thereby strengthening their social protection provisioning.

- *Stokvels to be recognised as poverty reduction mechanisms*

Findings revealed that, currently, stokvels are not formally recognised by the government and other authorities as poverty reduction mechanisms and as forms of social protection against risks for the poor. The failure to recognise stokvels as forms of social protection for the poor has resulted in the failure by the government to financially support these informal arrangements. Thus, the findings revealed that in order for stokvels to be strengthened, there was a need for them to be recognised as important strategies for poverty alleviation amongst the poorest of the poor. The findings showed that stokvels contributed to the enhancement of the livelihoods of the poor and that they should not only be recognised as being having the potential of enhancing the social protection needs of the poor only, but also as having potential of growing into small to medium scale businesses eligible for government support and mentorship. Thus, it was revealed that it was of paramount importance for stokvels to be formally recognised so that they can be supported to provide meaningful social protection.

- *Collaboration and networking with other stokvels*

Findings revealed that in order for stokvels to grow and to be strengthened, there was a need for them to work collaboratively with other stokvels. It was highlighted that small and emerging stokvels might benefit from this collaboration as they might learn best practice models from older stokvels. Therefore, it was hoped that by learning best practice models form older stokvels, the emerging stokvels might gain knowledge and expertise on how to effectively run their stokvels and also on how to effectively guard against moral hazards, which have been identified as one of the challenges that are seen to weaken the social protection provisioning of stokvels. Information sharing and mentoring were also said to be some of the benefits that stokvels could gain through collaborating with each other. In addition, it was revealed that through collaborating and partnering with each other, stokvels could form a strong union or an advocacy group that could advocate on their behalf for better services and benefits from both retail companies and commercial insurers. This was said to be one of the mechanisms that stokvels could employ in order to strengthen their level of social protection.

- *Increase and diversification of membership*

Findings of the study showed that increased and diversification of membership was also indicated to be one of the strategies that stokvels could employ in order to provide meaningful social protection to their members. It emerged that stokvels, especially accumulating savings and grocery stokvels, could consider increasing their membership numbers by allowing more people to join their stokvels in order for them to boost their membership base, which might in turn increase their financial base as well. This was also in line with the fact that the stokvels suffered too much member dropout, which in turn negatively affected their finances and their ability to provide meaningful social protection to their members. This was because, with too little capital, the stokvels were unable to purchase their groceries in bulk, which meant that they were also unable to successfully negotiate for meaningful discounts.

In addition, the findings revealed that stokvels should also consider diversifying their membership base by allowing young, energetic and innovative members to join their groups. This finding was especially related to one burial society that was a closed group with members who were sixty plus years old. This was viewed as being catastrophic in the sense that there seemed to be no young members in the stokvels who could think of innovative ways that the group could employ in order to grow their stokvel income. As well run as the stokvel was, with a healthy financial capacity, findings showed that the majority of the members were old and yet there were no contingency plans on how the stokvels was going to progress once the members died. Thus, it was highlighted that there was a need for stokvels to start increasing and diversifying their members to include younger, energetic members.

- *Flexibility and openness to new ideas*

Findings from the study revealed that stokvels should be flexible and show willingness to open up to new ideas that could grow their business and improve their social protection provisioning. The findings showed that some stokvels, especially burial and accumulating savings and grocery stokvels, had been in existence for many years and had significant amounts of money kept in different formal financial institutions such as banks. However, it was revealed that even though this was the case, their money was kept in ordinary savings accounts and did not attract or accumulate much interest. Thus, the findings highlighted that there was a need for the stokvels to start exploring, and opening up to new ideas that could be adopted in order to earn interest on their money. For example, it was suggested that they could explore different ways of growing their capital such as opening fixed deposit accounts, thirty-two day notice accounts and also through investing in money markets. It was revealed that this kind of innovation required stokvels to be flexible and willing to explore some of these services, as it was assumed that such services could boost their financial capacity and improve or strengthen their level of social protection provision. Again, it was revealed that by joining NASASA, stokvels may also learn other innovative ways of becoming resilient under the prevailing harsh economic conditions in the South African context.

Conclusion

The findings from the study show that formalising the stokvels might be one of the possible avenues that could be explored in order to strengthen their social protection provision. It was revealed that formalisation might bring about knowledge and expertise that could enhance the financial capacity of stokvels, and that it might also bring about investment opportunities that could also possibly grow the financial base of informal organisations. It was also noted that there was fragmentation in the stokvels system, which led to the failure of the informal arrangements to share best practice mechanisms with one another. Thus, it was revealed that if stokvels worked closely together, there was a possibility that they might learn from one another and help one another in different ways. Over and above the sharing of knowledge and skills amongst stokvels themselves, it also emerged that this lack of partnership made it difficult for them to form a coalition and advocate for formal recognition by the government, which could be another avenue to explore, in order to strengthen their financial capacity through government subsidies.

The fifth objective of the study focused on the <u>development of guidelines for policy proposals for enhancing the capacity of stokvels to provide better social protection</u>.

To achieve this objective, the researcher analysed the current debates in the literature together with the observations that the researcher made during the study in relation to the proposed policy interventions regarding the enhancement of the capacity of stokvels to provide meaningful social protection. Within the current literature, formalisation of these informal arrangements has been put forward as one of the ways that could be employed in order to enhance their capacity. Therefore, the formalisation debate and the observations of the researcher were used as a guide in developing the proposed guidelines that could be employed in order to enhance the capacity of stokvels.

- *The formalisation debate*

It was noted that formalisation has different meanings to different categories of informal organisations, and that, currently the debates on this subject matter have mainly focused on those who are self-employed within the informal enterprises. It is also highlighted that the formalisation process might be considered comprehensive if it covers the following three issues, that is, outlining *registration and taxation procedures*, *appropriate legal and regulatory frameworks* and the *benefits of operating formally*. As much as the researcher is in agreement that these areas are also crucial even within the category of stokvels, it is observed that the process might have skipped a number of important steps that should be considered if stokvels are to be formalised. This is because formalisation has its own limits that one needs to be aware of; for example, Chen (2012, p. 16) states that formalisation "is not a one-time process involving a specified set of steps", but should rather be seen as a "gradual on-going process involving incremental steps and different dimensions leading towards varying degrees and types of formality". In addition, it should be recognized that formalisation "will not proceed quickly or automatically for all those who choose to formalize". Finally, it should also be recognized that formalisation "will not be feasible or desirable for all informal" organisations or arrangements; instead, it should be "assumed that many informal organisations will continue to do what they do and remain informal or semi-formal for the foreseeable future".

Therefore, when developing the policy guidelines, it should be noted that amongst the stokvels, not all might be in a position to formalise due to different reasons, which include their capacity and size, among others. The researcher also thinks it might be important that if stokvels are to be formalised, a comprehensive understanding of their characteristic values must be pursued, as this may give guidance in terms of their reasons for existence. Even though the formalisation debate presents some ideas that seem feasible in enhancing the capacity of informal arrangements, it does not present clear policy guidelines on how the process of formalisation could unfold in relation to stokvels. It has been observed that current policy proposals have been focusing on issues that pertain to interventions through markets, which could prove difficult in the South African context as the country has adopted a neo-liberal paradigm in its policy formulations. It is therefore in response to this lack of clarity, or this gap in the current policy debates, that the following process is proposed. The researcher is proposing the following steps or guiding framework to be considered if stokvels are to be formalised with an aim of enhancing their social protection provisioning:

- *Establishment of a policy development committee*

A working committee is essential in all development projects. This committee will oversee the full participation of the stokvel members within the Soweto community in all processes of the formalisation process. The committee will also endeavour to make sure that issues of power relations are dealt with within the team in order to facilitate full participation of all members.

- *Conduction of community forums or* indabas

This might be the second step that may give all affected parties and/or stakeholders an opportunity to deliberate on issues that they think might be of benefit and/or of less benefit regarding formalisation. Key speakers will use the opportunity to sensitise the stokvel members and also to enlighten them about how the envisaged process might be conducted.

- *Valuing local knowledge and expertise*

As much as it might appear that stokvels might benefit more than the formal sector in terms of knowledge and expertise, there should be an acknowledgement and recognition that some of these stokvels have been in existence for many years, and it might be proper to recognise and tap into their ways of doing business so that it does not take away their knowledge and skills. This might also ease the integration process.

- *Maintaining the social capital provided by stokvels*

It is proposed that when developing the policy to enhance the capacity of stokvels, it should be mandatory to ensure that the social capital that is part of these informal arrangements becomes part of the guidelines that inform policy development during the formalisation process. Stokvels are not only about the money and other benefits, but they also promote friendships, social networking and also become vehicles for linking members to other opportunities. Thus, it is of paramount importance to ensure that these relationships are nurtured and maintained even after formalisation.

- *Education and training*

Findings showed that some stokvel members had low levels of education; given this situation, it is therefore important to have programmes that are aimed at training and educating stokvel members in how formal institutions work. In addition, stokvel members might need to be oriented on the paper work that is involved in formal institutions. Thus, it is very important to have, within the policy formulation, a programme that will look into the educational needs of stokvel members. A similar case – need for education and training – may also be made for formal institutions, as they might also need some idea of how stokvels operated.

- *Conducting comprehensive assessments*

The researcher observed that due to the ever increasing number of stokvels, it might be a challenge to include all stokvels in the formalisation process, and thus inclusion and exclusion criteria have to be developed. There should also be mechanisms in place to support those that might be deemed not qualifying and / or not meeting the required standards to be included in the formalisation process. This can only be done after thorough assessments are conducted, thus it is instrumental for this step to be considered.

- *Categorisation of stokvels*

It is proposed that after the assessments are done, stokvels should then be categorised according to their different types and objectives. This will allow for further screening to take place, especially with the focus being directed to those stokvels with a social protection role.

- *Dialogue with all stakeholders*

After the conduction of assessments, it will be important to have a dialogue with all the members and stakeholders to map the way forward. It is envisaged that this might be an opportunity to clarify issues and to clear any ambiguities regarding the formalisation process.

- *Establishment of standards to be followed*

The next step should then be to establish standards that will guide the formalisation process. These standards might help in simplifying the process and in making sure that there is transparency and fairness during the process.

- *Piloting the process*

It is proposed that the process be piloted, whereby a few stokvels might be selected and used in the piloting phase to determine the areas that might still need further strengthening and / or adjustment. It is envisaged that this might assist in ensuring that during the initial roll-out, the process might be simple and easier to manage as most issues and challenges might get mitigated during the piloting stage.

- *Adoption of the social development approach to policy formulation*

Once all the above processes have been done, it is proposed that the process should be, at all times, be guided by the principles of the social development approach. These might ensure that the formalisation process adhere to both the social and economic advancements and needs of stokvels.

Conclusion

In conclusion, it was highlighted that the formalisation process and / or debate was not that clear in relation to stokvels, because the bulk of the debate seemed to align with informal sector workers and not with informal arrangements. Thus, it was proposed that when promoting formalisation, a people-centred approach to development should be employed, partnered with the principles of social development, in order to enhance both the social and the economic needs of the poor. Therefore, in view of the findings, together with the observations of the researcher, it is proposed that if informal arrangements are to be formalised in a bid to provide meaningful social protection, the focus of the formalisation process should not only look at the registration and taxation, legal and regulatory frameworks, and an outline of the benefits of operating formally. However, broader and more participatory guidelines should be taken into account when developing the policy guidelines in relation to formalisation and these could include: holding of community forums, valuing local knowledge and expertise, social capital, education and training, assessments, dialogue with stakeholders, categorisation of stokvels, development of standards, piloting the process and the use of social development approach principles. This might enhance the participation of ordinary stokvels members and help ease the complexity of the formalisation process.

10.3 Concluding Comment

Stokvels, as part of informal economic arrangements, play an important role in contributing to the social protection needs of the poor, especially their members, and those who have no formal means of social protection. Stokvels, through their developmental function, have empowered and linked their members to different opportunities and enhanced their livelihoods through the provision of short-term loans to their members. In addition, stokvels are used by the poor not only for financial benefits and risk protection but, as has become clear, also as a vehicle for social cohesion and social networking; thus they need to be nurtured and supported to provide meaningful social protection. Again, findings from the study showed that the provision of subsidies and financial support to stokvels can strengthen their social protection provision. Hence, it is suggested that if the current discourse on 'radical economic transformation' is to be implemented, there is a need to formally recognise informal arrangements such as stokvels, as they are instrumental in social protection provisioning for the poor.

10.4 Recommendations

Based on the aforementioned findings and conclusions, the following recommendations are suggested:

10.4.1 The development of policy guidelines regarding the process of formalising stokvels

The findings from the study highlighted that the interface that occurred between stokvels included in the current study, and the formal social security systems strengthened their social protection provisioning. This applied to both burial oriented stokvels and the rotating savings and credit associations. Findings revealed that the reliance of stokvels on formal financial institutions boosted their interests and savings and helped the stokvels to reduce moral hazards associated with the misuse of financial resources by those in power in the stokvels. It was also confirmed that for burial stokvels that worked closely with commercial life insurers, they did not have any problems related to the shortage of resources when an adversity befell members of the stokvel. In addition, it was also revealed that the partnership that existed between grocery stokvels and big retailers boosted the stokvels' food security, as they could buy in bulk at discounted rates. It is against this background that it is recommended that more areas of interface between the formal and the informal systems need to be identified, developed and nurtured.

However, still on formalisation, it was also revealed that some participants were sceptical about the idea of formalisation and the benefits that are derived from the process. They viewed formal institutions as being stingy when it came to rewarding them with interest for their savings.

It is therefore, in light of these assertions that it is recommended that:

- Policy guidelines be developed in order to facilitate a smooth, inclusive and participatory process if stokvels are to be formalised;
- Consultations with different stakeholders be done before the formalisation process is initiated;
- Assessments be done in order to develop strategies and guidelines that will benefit both the formal and the informal sectors;
- Practice standards and guidelines to be developed in order to maintain transparency during the implementation process.

10.4.2 Stokvels to be recognised by government and other private sector authorities

Findings and conclusions from this study, together with the literature, have shown that there is a lack of formal documented evidence about the existence of stokvels in South Africa and in Soweto, and yet stokvels contribute immensely to the social protection needs of the poor. The lack of documented evidence on stokvels is an indication that they have not received any attention and / or recognition from the authorities and government. This, therefore, could be the reason why they have not been formally documented and regarded as innovative and people-centred forms of dealing with social protection needs of the poor.

It is because of this gap in literature and the confirmation provided by the findings of this study that it is recommended that stokvels be regarded as important forms of social protection for the poor. In addition, it is recommended that once the recognition is done, stokvels should be regarded as eligible for government subsidies and funding to enhance their financial capacity, which might improve or enhance their social protection provision. It is recommended that NASASA should take a leading role in the facilitation of this process, as it is the sole umbrella body of stokvels in South Africa.

10.4.3 Stokvel members to be trained in financial management skills

The findings and the conclusions indicated that the majority of stokvel members did not have formal education, and that they did not know how they could grow their financial capacity, especially through different investment opportunities available. This was also highlighted within the literature where it was indicated that one of the benefits that stokvels could gain from their interface with formal institutions was the expertise from the staff who are qualified consultants on financial management. The aim of training stokvel members would be to build capacity within stokvels as stokvel members would be trained in basic financial management skills. This might improve their understanding of financial markets and equip them with the necessary knowledge that they may use to grow their stokvels' financial capacity.

10.4.4 To use stokvels as vehicles for women's participation in the mainstream economy

Findings and conclusions of the study together with the literature have confirmed that women are the majority in terms of membership in different stokvels. This might be viewed as a result of the historical development of stokvels in South Africa; however, it is also important that the idea raised in literature that women are sometimes exploited by the rest of their family members as they are provide for the entire family, should not be ignored. The fact that the findings confirmed this notion of women being the majority of stokvel members might be an indication that, indeed, women are being exploited by having to carry the burden on providing for their families. It is therefore recommended that because the majority of the members are women, stokvels must be viewed as strategies that could be used to economically empower women and move them from being on the periphery of the economy, to being active participants and beneficiaries within the economic issues of South Africa. Through this, stokvels will have been used to facilitate the participation of women in the mainstream economy of South Africa.

10.4.5 Recommendations for future research

Based on the findings and conclusions of the study, it is envisaged that this study may be used as a foundational basis for further research on the contribution of informal social security systems, especially stokvels, towards meeting the needs of the poor. In addition, this study has shown the potential of initiating new debates within the field of social protection and social security, especially when looking at informal means of this phenomenon. Several possible research areas have been identified for future research on stokvels to focus on, and these are:

- The possibility of using stokvels as strategies for radically transforming the economic provision of the poor and marginalised, especially within different townships in South Africa.
- The development of theoretical perspectives and frameworks that could be employed to better understand and explain the phenomenon of stokvels beyond their social protection contribution and their being reliable livelihood strategies for the poor.
- The investigation of informal networks, such as stokvels, as possible avenues that could be used for the acceleration of health care needs of the poor.
- The exploration of formalisation as a possible avenue that could be used to enhance the financial and human capacity of stokvels.

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APPENDIX A

PARTICIPANT INFORMATION SHEET

Good day,

My name is Nkosiyazi Dube, and I am a registered student for a Doctor of Philosophy degree at the University of the Witwatersrand in the Department of Social Work. As part of the requirements for the degree, I am conducting research that explores the phenomenon of informal social security in South Africa, with a specific focus on stokvels, and its contribution towards meeting the needs of the poor. It is hoped that the study might contribute to the theory on developmental social work. It is also envisaged that the study would inform social policy development and programmatic interventions by Non-Governmental Organisations (NGOs) involved in development work.

I therefore invite you to participate in my study. Your participation is entirely voluntary and refusal to participate will not be held against you in any way. There are also no financial or material benefits that you will get from participating in the study. If you agree to take part, I shall arrange to interview you at a time and place that is suitable for you. The interview will last approximately one hour. You may withdraw from the study at any time and you may also refuse to answer any questions that you feel uncomfortable with answering.

With your permission, the interview will be tape-recorded. No one other than my supervisor will have access to the tapes. The tapes and interview schedules will be kept for two years following any publications or for six years if no publications emanate from the study. Please be assured that your name and personal details will be kept confidential and no identifying information will be included in the final research report.

Please feel free to ask any questions regarding the study. I shall answer them to the best of my ability. I may be contacted on cell **073 093 3485 or email Nkosiyazi.Dube@students.wits.ac.za or my supervisor Professor Edwell Kaseke on 011 717 4472**. Should you wish to receive a summary of the results of the study; an abstract will be made available on request.

Thank you for taking time to consider participating in the study.

Yours sincerely

……………….

Nkosiyazi Dube

APPENDIX B

CONSENT FORM FOR PARTICIPATION IN THE STUDY

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

I ....hereby confirm that I have read the participant information sheet and fully understand the nature, aim and objectives of the study. I agree to participate in the study and I understand that my participation is voluntary and that I may refuse to answer any particular questions that I feel uncomfortable with or withdraw from the study at any time without any negative consequences. I understand that there will be no financial benefits or remuneration for participating in the study. I also understand that although the information from this report may be published, my identity will remain confidential and all raw data will be destroyed two years after publication of the final report or six years after the completion of the study.

Participant signature: …………………………………………Date:………………………..

Researcher's signature:………………………………………Date…………………………

APPENDIX C

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

CONSENT FORM FOR AUDIO-TAPING OF THE INTERVIEW

I.. hereby give my consent to be tape-recorded during the interview process. I understand that my confidentiality will be maintained at all times and that the tapes will be destroyed two years after any publication arising from the study or six years after completion of the study if there are no publications.

Participant signature: ……………………………………………Date:………………………..

Researcher's signature: ………………………………..………Date………………………..

APPENDIX D

WITS UNIVERSITY ETHICS CLEARANCE CERTIFICATE NON-MEDICAL

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Dube

CLEARANCE CERTIFICATE **PROTOCOL NUMBER: H15/05/9**

PROJECT TITLE	Informal social security and its contributions towards meeting the needs of the poor. The case of stokvels in Soweto, South Africa
INVESTIGATOR(S)	Mr N Dube
SCHOOL/DEPARTMENT	Human and Community Development/
DATE CONSIDERED	22 May 2015
DECISION OF THE COMMITTEE	Approved unconditionally
EXPIRY DATE	10 June 2017

DATE 11 June 2015 **CHAIRPERSON** (Professor T Milani)

cc: Supervisor : Professor E Kaseke

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10005, 10th Floor, Senate House, University.

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

Signature

13 / 06 / 2015
Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES

APPENDIX E

PERMISSION LETTER TO CONDUCT RESEARCH IN SOWETO

CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY
OFFICE OF THE SPEAKER

CITY OF JOHANNESBURG
WARD 25
TEL. (011) 938-9412
OFFICE OF CLR. V SHONGWE

27 November 2015

TO WHOM IT MAY CONCERN

RE: ACKNOWLEDGEMENT

Dear Sir/ Madam

This serves to confirms and acknowledge that, I as the ward Councillor of ward 25 am aware of the Research on Informal Social Security (Stokvels) in Soweto by University of Witwatersrand and from the bottom of my heart I fully endorse the project as it will also ensure that we update the database .

As a Councillor of the ward have no objection against the event for as long as proper procedures of organising an event are followed.

Yours sincerely,

Clr Vusi Shongwe
Ward 25
011 938-9412
078 142 0668

APPENDIX F

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

SEMI-SRTUCTURED INTERVIEW SCHEDULE – STOKVEL MEMBERS

Demographic data

Gender: Male

Female

Probe areas

- Age
- Employment status
- Marital status
- Level of education
- Family socio-economic condition (assets owned)
- Number of children and their age
- Level of responsibility within the family

Questions

1. To begin with, may you please tell me about the history of this stokvel?

2. What are some of the reasons why it was started? (Follow on question) What are the factors that have contributed to the survival of this stokvel from the time it was started?

3. Why did you join this stokvel?

4. What are the prerequisites for membership into this stokvel? (Follow on question) What happens if someone desires to be a member and does not meet the requirements?

5. How long have you been a member of this stokvel? (Follow on question) What have been the benefits of your participation since then?

6. How does your stokvel function? (Follow on question) Who is responsible for making sure that members adhere to the agreed upon procedures and how is that person selected or appointed and by whom?

7. What happens to non complying member(s)? (Follow on question) If action is taken, who warrants that kind of action?

8. How are the relations of the members like, both within and outside the stokvel environment?

9. In what ways have other people, especially your family and extended family members, benefited from your membership in this stokvel?

10. Are there any measures put in place to accommodate continuity by some of your family members, in case you lose your membership or discontinue due to some unforeseen events?

11. Have you encountered any challenges in this stokvel? (Follow on question) If yes, how did you deal with those challenges? (Another follow on question) Did that affect your relationship with other members in any way?

12. Have you experienced any membership drop-outs? (Follow on question) If so, how do you then recruit new members?

13. Have you experienced any tragic situation since you joined this stokvels? (Follow on question) If so, what kind of help did you get from being a member of this stokvels?

14. If you have not experienced any difficult moment, for example, illness and / or death in the family, what do you think your stokvels can help you with when confronted by such situations?

15. How can this stokvel be strengthened in order for it to provide meaningful social protection to its members? (Follow on question) Do you think the government and other corporate institutions should play a role in this stokvel, if so, in what way?

16. What are some of the strategies and / or policy proposals that you think can enhance the capacity of this stokvel?

17. Is there a link between stokvels and formal social security? If yes, what is the link? If not, what can be done in order to enhance the level of social protection?

18. What is NASASA?

19. What is the role of NASASA as the umbrella body of stokvels in South Africa?

20. Do you think NASASA is doing enough to assist stokvels? If so, how has your stokvel benefited? If not, what do you suggest can be done?

Thank you for your participation.

APPENDIX G

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

SEMI-SRTUCTURED INTERVIEW SCHEDULE - iSiZulu

Demographic data

Ubulili: Owesilisa

Owesifazane

Probe areas

- Iminyaka
- Umsebenzi
- Ukushada
- Izinga lokufunda
- Isimo sezomnotho emndenini (Ububikazi Bempahla)
- Inani lezingane kanye neminyaka yazo
- Iqophelo lomsebenzi onawo ekunakekeleni umndeni

Imibuzo

1. Okokuqala, bengicela ungitshele umlando walesi sitokfela?

2. Yiziphi izizathu ezaholela ekusungulweni kwaso? (Umbuzo wokulandelisisa) Iziphi izinto ezibe nomthelela ekutheni lesisitokfela siqhubeke kusukela ngesikhathi esasungulwa ngaso?

3. Kungani wajoyina lesi sitokfela?

4. Yini edingekayo kumuntu ufuna ukuba ilunga lalesi sitokfela? (Umbuzo wokulandelisisa) Kwenekni ke uma umutu efuna ukuba yilunga kodwa engenako lokhu okudingeka kuye?

5. Unesikhathi esingakanani uyilungu lalesi sitokfela? (umbuzo wokulandelisisa) Kukusize ngani ukuba yinxenye laleisi yaso kusukela ngesikhathi owajoyina ngaso?

6. Sisebenza kanjani isitokfela senu? (Umbuzo wokulandelisisa) Ubani oqinisekisa ukuthi amalungu alandela indlela yokwenza okuvunyelwane ngayo futh lowo muntu ukhethwa noma uqokwa kanjani futh uqokwa obani?

7. Kwenzekani kumalungu angenzi ngendlela efanele? (Umbuzo wokulandelisisa) Uma kuthathwa izinyathelo, ubani ogunyaza lolohlob wlezinyathelo?

8. Bunjani ubudlelwane bamalungu, ngaphakathi nangaphandle kwasesitokveleni?

9. Kubasiza kanjani bubulungu bakho kulesi sitokfela abomndeni wakho, ikakhulukhazi abomndeni wangaphandle noma izihlobo?

10. Kungabe zikhona yini izindlela ezibekiwe zokuthi kuqubeke elinye lamalungu omndeni wakho uma kwenzeka ulahlekelwa ubulungu bakho noma uma buphela ngenxa yezimo ezingalindelekanga?

11. Uke wahlangabezana nezinselelo kulesi sitokfela? (umbuzo wokulandelisisa) Uma zikhona, ubhekana kanjani nalezi zinselelo? (Omunye umbuzo wokulandelisisa) Ingabe lokho nomthelela ngandlela thize ebudlelwanenini bakho namanye amalunu?

12. Nike nalahlekelwa nagamalungu? (Umbuzo wokulandelisisa) Uma kuke kwenzeka, niwathole kaknjani amalunga amasha?

13. Uke wabhekana nesimo ezinzima selokhu wajoyina lesi sitokfela? (Umbuzo woukulandelisisa) Uma kunjalo, yiluphi usizo ulutholile ngokuba yilungu lalesi sitokfelawhat?

14. Uma ungakahlangabezani nezikhathi ezinzima, njengokugula nokushonelwa, ucabanga ukuthi isitokfela sakho singakusiza ngani uma uhlangabezana nezimo ezinje?

15. Singathuthukiswa kanjanin lesi sitokfela ukuze sibe usizo olufanele kumalungu aso? (umbuzo wokulandelisisa) Ingabe ucabanga ukuth uhulumeni Kanye nabezamabhizinisi kumele badlale indima kulesi sitokfela?Uma usabanga kanjalo, bangaydlala kanjani leyondima?

16. What are some of the strategies and / or policy proposals that you think can enhance the capacity of this stokvel?

17. Is there a link between stokvels and formal social security? If yes, what is the link? If not, what can be done in order to enhance the level of social protection?

18. Iyini i-NASASA?

19. Yini umsebenzi we NASASA njenge nhlangano enkulu yezitokfela e Ningizimu Afrika?
20. Ucabanga ukuthi i NASASA yenza okwanele ukulekelela izitokfela? Uma ingenzi okwanele, yini ongathi mayenziwe?

Ngiyabonga ngokuthi ube yingxenye.

APPENDIX H

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

SEMI-SRTUCTURED INTERVIEW SCHEDULE - SeSotho

Setjhaba

Boeng ba motho : Monna

Mosadi

Sehlopha sa dipatlisiso

- Dilemo:
- Seemo sa mosebetsi:
- Lenyalo:
- Thuto:
- Seemo sa lelapa (dithepa tse banang le tsona):
- Bana ba bakae , le dilemo tsa bona:
- Maikarabello a lelapa:

Dipotso

1. Re kopa ore qoqele kappa ore jwetse hore stokvel sa lona se qadile jwang?

2. Ke mabaka afeng aentseng hore leqale stokvel? (latella potso) ke mabaka afeng a susummeleditseng hore stokvel sa lona sehole hofeta nako eo lese qadileng ka sona?

3. Hobaneng okenetse stokvel?

4.Le lekola eng ha motho a batla ho kena stokvel sa lona?(latella potso) ho etsahalang ha motho a batla ho kena stokvel, empa asa kgone ho finyella ditlhoko tsa stokvel?

5.Ona le nako ekae ole leloko la stokvel?(latella potso) ke melemo efe o laka e thola haesale ole lelokong la stokvel?

6. Stokvel sa lona se sebetsa jwang?(latella potso) ke mang ai karabellang ho netefatsa hore maloko a latella molao motheo wa stokvel, hona motho oo o kgethuwe jwang? Kebo mang?

7.hoetsahalang ka maloko asa latelleng molao motheo?(latella potso) ke bohato bofeng bo nkuwang? Hona ke mang afanang ka tokelo bakeng sa bohato boo?

8.Dikamahano tsa maloko dijwang? Ka hare le kantle ho tikoloho ya stokvel?

9. Leloko la heno ,maloko a lapa leno le batho ba bang, ke molemo ofeng oo bao tholang ha wena ole leloko la stokvel ?

10. Ana hona le mehato ekenyelletsang tswelopele ke maloko a heno, ha oka etsahala hore otswe kapa o tlwelle stokvel? Ka mabaka ahlang a tshwaenyetso?

11. Sikile la kopana le diphephetso ho stokvel sa lona? (latella potso) haele eya, leile la sebetsana le tsona jwang diphephetso tseo? (latella potso) jwale haseo se etsahala hada senya dikamanyo pakeng tsa maloko a stokvel?

12.Sikile la bana le maloko a tlwellang stokvel? (latella potso) haole jwalo , le batla maloko amatjha jwang?

13. Osikile wa kopana le mathata a utlwisang bohloko haesale okena stokvel se? (latella potso) haole jwalo ola fumana thuso ejwang seka leloko la stokvel?

14. Haebane osoka o hlahelwa ke maemo a thata, seka ho kula kapa lefu lapeng la heno, onahana hore stokvel sa lona sekao thusa kang hao kaba seemomg seo?

15. Leka matlafatsa stokvel sa lona jwang hore le kgone ho fan aka tshireletso ya bohlokwa ehlokehang ho maloko? (latella potso) onahana hore mmuso le borakgwebo ba tshwanela ho bapala karolo eitseng ho stokvel sa lona, haole jwalo, ka tsela ejwang?

16. Ke tsela tse feng onahanang hore dika le thusa hore stokvel sa lona sehole ebile se atlehe?

17. Ana hona le dikamahano pakeng tsa stokvel le mekgolo emelaong ya ho tswa mmusong? Haole jwalo, di amaneha jwang? Haose jwalo , hoka etswa eng hore boemo ba stokvel bo matlafatswe hore bo fihle boemong bo atlehileng ebile boning le tshireletso?

18. NASASA ke eng?

19. Karolo ya NASASA ke eng? Seka ele mmele le molaodi wa di stokvel naheng ee ya Afrika Borwa

20.Onahana hore NASASA eetsa ka matla ho thusa di stokvel? Haole jwalo, stokvel sa lona sela fumana eng? Haose jwalo , onahana hore hoka etswang?

Rea leboha haonkile karolo dipotsong tsa rona

APPENDIX I

INFORMAL SOCIAL SECURITY AND ITS CONTRIBUTIONS TOWARDS MEETING THE NEEDS OF THE POOR. THE CASE OF STOKVELS IN SOUTH AFRICA

SEMI-SRTUCTURED INTERVIEW SCHEDULE – KEY INFORMANT

<u>Questions:</u>

Is it mandatory for all stokvels in South Africa to be registered with NASASA? (Yes / No).

What are the benefits of being a member of NASASA?

What are the consequences of non-registration? Follow up, how is this enforced?

What is the role of NASASA as the sole governing body of stokvels in South Africa?

What kind of support do stokvels get from NASASA?

In your view, are stokvels able to meet the social protection needs of their members? If yes, how? Please elaborate?

If not, how can stokvels be strengthened in order for them to provide meaningful social protection to their members?

Do you think the government and other corporate institutions, for example financial institutions, should play a role in stokvels?

If yes, in what way?

If no, why shouldn't they be involved?

What are some of the strategies and / or policy proposals that you think can enhance the capacity of stokvels in South Africa?

Is there a link between stokvels and formal social security?

If yes, what is the link?

If not, what can be done in order to enhance the level of social protection provided by stokvels?

Thank you for your participation.