

# CHAPTER 1

## Background and Context to Internal Savings and Lending Schemes

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Internal Savings and Lending Schemes (ISALS) have been implemented particularly in developing countries since the 1970s. Maguire, Ruelas & Torre (2016) posit that Internal Savings and Lending Schemes were presented to enhance women empowerment and to enhance their economic well-being and agency. Empowerment programmes aim to improve rural women's skills, economic aptitudes and access to productive resources at the same time enhancing the dignity of the women (Murray *et al.*, 2015). Women's economic advancement has gained traction over the years and led to increased investments in children's education and health, and reduced household poverty (World Bank, 2012; 2013). As such, this study sought to understand the empowerment of marginalised women through Internal Savings and Lending Schemes in Mt Darwin, Zimbabwe. The study is premised on the principle that empowerment of the marginalised people is essential for sustainable development. Empowerment of women has become one of the most salient concerns of modern societies and is gaining currency as a gateway to gender equity and gender justice (Wangari, 2006).

The researcher anticipated getting rich information on reasons why women engage in ISALS, life-changing stories and socio-economic changes in women participating in ISALS projects, knowledge of existing policies, legal framework and their relevance in the promotion of women's socio-economic empowerment and constrains in women-run ISALS from women Chairpersons, Secretaries and ISALS groups. The study explored a rarely researched area of women's socio-economic empowerment to ensure a holistic understanding of ISALS as an empowering business model.

This chapter introduces the current study paying special attention to the background of the study, statement of the problem, aim of the study, research questions and objectives, significance of the study to policy and practice, delimitations of the study and the definition of key terms.

In recent times, critical thinking and debates at international, regional and national levels have leaned towards intellectual tropes on women empowerment and women emancipation from poverty, economic exclusion, male domination and many other challenges. The United Nations, prompted into action by human rights advocates and women's movements, found it necessary to put measures which were designed to empower women to claim their rightful social and economic position in a civilised society. Several gender-based international conferences were convened to promote gender parity in all human activities. Chief among the conferences which were convened by the United Nations are the:

- First World Conference on Women, Mexico City, 1975:
- 1979 Convention on the Elimination of all forms of Discrimination against Women:
- Second World Conference of the United Nations Decade for Women, Copenhagen, 1980;
- Third World Conference to Review and Appraise the Achievements of the UN Decade for Women, Nairobi, Kenya 1985; and
- Fourth World Conference on Women, Beijing, 1995.
- (<http://www.un.org/en/conferences/women>).

Evidently, the women empowerment discourse has become a mainstream topic of the international development agenda, and it is shaping international policies on social and economic rights. International development agencies have adopted women empowerment as one of the key approaches to gender equality. Women empowerment mainstreaming is construed as a conduit for sustainable growth (Cornwall, 2016). Angelucci & Heath (2020) opine that women empowerment is an antidote to feminisation of labour and feminisation of poverty. The discourse on women emancipation prompted liberal and social feminists to oppose

Modernisation Theory of the 1950s and 1960s which focused on a patriarchal and androcentric approach to development. They also opposed the Dependency Theory of the 1960-70's that posited that the global capitalist system is designed to perpetuate dependency of the less advantaged on the privileged groups. They also opposed neo-liberalism of the 1980's which sought to address women's subordination and patriarchal patterns of power distribution in the society by introducing market reforms (Rehman & Moazzam, 2020). The liberal economic paradigm that focuses on economic performance through effective allocation of resources was questioned for its gender blindness and exclusion of women from development processes and decisions (Cornwall, 2016).

Apart from multiple economic issues central to the critique of dominant discourses was the homogenisation of women's lived realities and ignored different socio-economic and geo-political situatedness of women without acknowledging differences of class, status, race, religion and other factors between them. Ahuru (2019) argues that feminism opposed this generalised approach to women through advocating concise consideration of women's different histories and backgrounds where differences between women around the world in specific contexts should be acknowledged. As a response to modernisation constraints, the Women in Development Approach (WID) emerged from liberal feminism through bringing women into the development agenda and aimed at providing them with equal access to resources. It marked an important milestone in identifying women's development needs in terms of accessing education and employment (Al-shami, Razali & Rashid, 2018).

Many of the development institutions such as the United Nations, International Monetary Fund, African Union followed this framework by introducing women to previously gender-neutral governance to reach economic development goals. Entrepreneurship and credit access interventions could serve as an example here. Their primary focus was on stimulating economic activity among women by providing resources to foster growth. Yet this approach did not question other factors of women's

disempowerment such as personal conditions and aspirations and social and cultural dimensions. Maguire *et al.* (2016) point out that, in later years, Internal Savings and Lending Schemes and cooperatives were then presented to also enhance women empowerment, but the question remains whether these have been really helpful in empowering women globally.

The discourse on women empowerment still surges on, as policy makers, academia and think tanks labour in search for a sustainable strategy of emancipating rural women from chronic and systematic poverty and dependency on men for survival. Women's economic empowerment is the process of achieving women's equal access to and control over economic resources, and ensuring they can use them to exert increased control over other areas of their lives (Taylor & Perezniето, 2014). Women's empowerment is a process of personal and social change, taking place over interlinked and mutually reinforcing psychological, political, social and economic domains, and through which women individually and collectively gain power, and meaningful choices and control over their lives (O'Neil *et al.*, 2014). The current study is therefore timely, given that most rural women in Zimbabwe are still poor and remain with a low-class status. It remains essential to establish the significance of ISALS in achieving women empowerment.

Gender issues and women's empowerment are global issues that impact countries around the world in several ways as the examples from Asian and African countries show. Compared to countries in Europe and North America, women in Nepal have significantly different positions and prospects in society than women in more economically developed countries. In Nepal, most people who cannot read or write are women; they have a much shorter life expectancy than men, and most women depend on men for their basic needs of shelter, food, and economic stability. The Nepalese Women's Empowerment Programme builds upon the initiatives and work of the government and NGOs at a local level, addressing the problems faced by women and meeting the needs of communities (Taylor & Perezniето, 2014). Microcredit/Microfinance by cooperatives allow women to better manage their finances, resulting in increased family recognition and social standing. Hundreds of women have received loans

in Jitpurphedi and Okhaldhnga, and thousands of social activities have been held to raise awareness about the importance of women being financially self-sufficient, however, some women still have no access to all these facilities and the question still remains as to what extent these credit facilities are really leading to broad-based economic empowerment.

Women economic empowerment in Africa is no exception especially bearing in mind women's adverse economic susceptibility which entwines with their geo-political situatedness in the Global South. Although both the common and statutory laws in most parts of Africa forbid segregation of people by gender, in practice women are generally regarded as sub-citizens of mother earth. The social setting of women living in the rural economy in southern Africa seems to be more male dominated than their peers in the developed world. Culture and tradition seem to plunge the women in the doldrums of poverty, dependency and helplessness. The need to emancipate these women is therefore undeniably necessary. ISALS are one of the several strategies that have been developed to lift the impoverished women out of the bondage of social and economic poverty.

ISALS have been used in many parts of the world, particularly in the developing countries at different times. In Bangladesh, the ISALS started around 1976 with Muhammad Yunus and Grameen Bank according to Jon Westover (as cited in Chikuvadze, 2018). Jon Westover viewed the ISALS as a system intended to boost the welfare of households and groups out of poverty through activities which help them generate income that eventually leads to a sustainable livelihood strategy. Ncube (2019) alluded that Internal Savings and Lending Schemes were introduced to address the challenges faced by the small-scale traders and farmers who find it difficult to raise business start-up finances. The ISALS open opportunities for savings and investment for the future where communities assist each other in raising income for business start-ups. Originally this concept was introduced as the Village Savings and Lending Schemes (VSALS) where it started in communal villages, but it has evolved over time to ISALS where it is not limited to villages only but to any members of like mind sharing a common vision (Ncube, 2019). The opportunities presented by ISALS saw many rural women embracing to improve their poor socio-economic status. ISALS are about increasing women's inclusivity in the financial and economic sectors of their economies as illustrated by the following examples.

Sangtam and Yaden (2017) noted that women Savings and Lending groups in India are called Self Help Groups (SHGs) and are informal in nature where members come together towards collective actions for the common cause. SHGs act as the building blocks of organising poor and disadvantaged households in the community (Sangtam & Yaden, 2017). The vision behind SHGs approach in a village is to promote self-reliance and a collective woman force towards increased economic and livelihood opportunities in a sustainable manner. However, there is still lack of a clear picture as to whether these groups are indeed helping the women in a sustainable way.

Women in the Karamoja villages in a poverty-stricken region in Uganda who were involved in Village Savings Loans were able to improve their livelihoods (Care International Uganda, 2014). Many people in Karamoja survive on meagre and erratic earnings and as such access to the Village Savings Loans is therefore assisting the villagers stabilise their incomes through their engagement in various projects. Again, through their engagement in Village Savings Loans women are able to contribute significantly to the welfare of their families. For example, they are now able to pay tuition fees for their children, meet the family's medical bills and provide a balanced diet to their families (Care International Uganda, 2014). To ensure safety of their loans, Care International Uganda provides each group with a ledger book where transactions are recorded, a savings box, calculator, blue and red pens, ink pad and stamp for each member. The savings box has three locks and the keys are kept by three different group members while the fourth keeps the box (Care International Uganda, 2014). This ensures that no one can get into the box easily. Keeping records is essential in case some members fail to pay back the loans which must be accounted for properly and proper measures taken.

Moreover, according to a study conducted by Alice (2016), in Zambia, although policies like the introduction of savings and credit schemes, have been put in place towards women economic empowerment, some women especially rural women continue to suffer from poverty and have a low social and economic status. Maffioli, *et al.* (2021), conducted a study on

the role of ISALS in improving household wealth and financial preparedness of expecting mothers in rural Zambia. The results of the study revealed that ISALS participation led to an average increase of 7.32 items of 13 household wealth items. Female participants who had their most recent childbirth after joining ISALS were more likely to be financially prepared for birth than participants who had their most recent childbirth before joining ISALS. Females were more likely to be financially prepared for birth than males if they had their most recent birth after joining an ISALS and ISALS participation is shown to increase household wealth and financial preparedness for birth for both men and women. The study concluded that the ISALS are a promising intervention that can help poor rural populations by increasing financial resources and financially preparing parents for childbirth.

In Zimbabwe, empowering women has been an area of interest among various stakeholders. As such, ISALS were adopted as one of the solutions to some of the challenges faced by most micro-entrepreneurs. The ISALS came to bridge some of the challenges that are faced by rural communities which include limited formal financial services, savings, credit and insurance services for most rural Zimbabweans especially the poor. In addition, many rural women desire to engage in income generating activities but meet the major hurdle of business financing. Mainline banks require collateral support for business financing which the small-scale informal traders and farmers are unable to provide (Ncube, 2019).

Women, as a disadvantaged group and economic demographic occupying the periphery of mainstream economic grid, caught the attention of various stakeholders which include the government, Non-Governmental Organisations (NGOs) such as World Vision, FAO, FACHIG, Care International, Msasa Project and Ministry of Women Affairs, Community, Small and Medium Enterprises Development amongst many others. These organisations are in the forefront in mainstreaming the ISALS in their projects as an endeavour to socio-economically empower communities, particularly women. The ISALS model is an adaptation and extension of traditional schemes, often labelled as informal savings clubs which were

initiated in 1998 (Care International Zimbabwe, 2006). Members save funds regularly and use the saved funds to give loans to members of the group. Most participants in ISALS are women. This therefore, indicates and resonates well with previous studies that stated that females are more interested in ISALS than men, (Manirampa, 2014). Members repay the loans with an agreed rate of interest which contributes to the growth of the group fund. After an agreed period of savings and lending, the group fund will be shared, and a new cycle begins (Adato *et al.*, 2004). Care Zimbabwe is responsible for promoting ISALS projects, but it does not give financial aid to members of the community. It only provides ISALS training workshops in collaboration with the Ministry of Women Affairs, Community, Small and Medium Enterprises Development, where women are taught the basics of how to run the projects.

ISALS resonate well with Longwe's Women Empowerment Framework. Women engaging in ISALS are placed on the different levels of empowerment in Longwe's Framework, starting with the lower levels up to the highest level. The current study chose ISALS because they form a fertile starting point for improved women's participation in the formal financial system. Most schemes that empower women like the Women Bank in Zimbabwe mostly benefit women in urban areas than rural areas and very few studies have been conducted to find out the extent to which Internal Savings and Lending Schemes have been helpful in empowering women especially rural women. The thrust of this study was to establish the impact of ISALS in uplifting the socio-economic status of participating women in Mt Darwin District of Zimbabwe. The study also sought to examine some factors that constrain women-run ISALS from growing into formally registered entities such as SACCOS.

Contextualising ISALS to Zimbabwe The global community has advanced measures to promote women empowerment as seen by a repertoire of international conventions; notably, Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) of 1991, the Millennium Declaration of 2000 and the Sustainable Development Goals (SDGs). The efforts also trickle down to individual countries, Zimbabwe included. ISALS have been held by state and non-state actors as a potential

mechanism for women empowerment including state and non-state actors in Zimbabwe like Care International. While studies have been conducted by Chuma *et al.* (2013), Gudza (2014), DAPP (2015) and Chikuvadze (2018) in Zimbabwe on ISALS very few studies have been done to ascertain their impact on women empowerment in rural areas especially in Mt Darwin District. Chuma *et al.* (2013) examined ISALS as a survival strategy for female headed households in Mucheke, Masvingo, Zimbabwe. In their research they concluded that ISALS played a crucial role in meeting human basic needs. In addition, owing to ISALS, female headed households in Mucheke managed to purchase furniture and pay tuition fees for their children. However, the study was based on an urban area.

On the other hand, Gudza (2014) examined the impact of ISALS on the poor in Gokwe South. He observed that ISALS have been a funding mechanism which has been utilised to fight poverty, especially in rural areas. He went on to conclude that ISALS that emerged in response to failure of the formal financial system to reach out to the poor has been successful in reaching poor women through innovative measures to address gender specific constraints. While research has been conducted to assess the impact of ISALS on poverty alleviation and on livelihood strategies in different parts of the country, including Bikita, Gokwe, Mucheke and Rushinga in Zimbabwe, none have really looked at the impact of ISALS on women's socio-economic empowerment. The current study therefore investigated this issue from a developmental perspective using African feminist lens that place emphasis on women's empowerment. This study contributes to the understanding of the impact of ISALS, vis-à-vis the women empowerment and aids re-thinking by development practitioners and policy makers in adopting ISALS as a model of choice in empowering women. The researcher developed a conceptual model and key documents that could be used by project programmers in sustaining and empowering the women through ISALS in Mt Darwin District and beyond. Below is an exposition of the Aim of this study.

The study was aimed at proffering theoretical insights and empirical evidence on the significance of ISALS in addressing the socio-economic imperatives of women's marginalisation taking Mt Darwin District as a case study. It further explored the factors that constrain the growth and progression of ISALS into entities which by all intents and purposes provide enhanced opportunities for the women to achieve social and economic empowerment in a geo-political space that is male-dominated. To achieve the above aim, the researcher generated the following specific objectives. The study sought to achieve the following objectives:

1. To establish why women engage in ISALS in Mt Darwin District;
2. To examine the types of ISALS projects run by women in Mt Darwin District;
3. To explore the socio-economic changes that are brought about by women's participation in ISALS in Mt Darwin District;
4. To identify factors that constrain the growth of rural women-run ISALS in Mt Darwin District;
5. To assess women's knowledge of existing policies and their relevance in the promotion of women's socio-economic empowerment in Mt Darwin District.

The study sought to answer the following research questions:

1. Why do rural women engage in ISALS in Mt Darwin District?
2. What types of projects do rural women-run ISALS engage in Mt Darwin District?
3. What are the socio-economic changes that are brought about by women's participation in ISALS in Mt Darwin District?
4. What are the factors that constrain the growth of rural women-run ISALS in Mt Darwin District?
5. What knowledge on existing policies on women empowerment do rural women engaging in ISALS have in Mt Darwin District?

## **SIGNIFICANCE OF THE STUDY**

The study derives its substance and intellectual purchase and utility in the sense that its research findings are fundamental in helping rural women

fight poverty and enhance their social status. This research could also improve the knowledge base of rural women engaging in ISALS. It is envisaged that more rural women could engage in ISALS and in the process improve their social and economic standing. Moreover, the dependency of women on men may also be reduced as this study could shed light on how ISALS can be used to make women financially independent. The research merited undertaking because its research findings and recommendations are essential in educating women on the importance of utilising ISALS towards their empowerment.

This research is critical in equipping the researcher with deeper understanding of the impact of ISALS on rural women's socio-economic empowerment. In addition, the research adds to developing research skills and knowledge of the researcher. Economic empowerment is also a key area of interest to the researcher hence the research helped the researcher to have more insight into women empowerment policies. Lastly, it is hoped that the research skills attained from this study will enhance professional consultancy on ISALS.

The study makes contributions towards new knowledge and understanding of the impact of the Internal Savings and Lending Schemes on rural women's socio-economic empowerment. Results generated in this study highlight some of the strategies that could be used to motivate women especially in utilising the schemes. The study also contributes to the body of knowledge on women empowerment in Africa in general and Zimbabwe in particular. Lastly, the study also serves as a basis for future further research. The university also benefits since the study is going to be made available to the university's library for further reference by undergraduate and postgraduate students.

The study could be useful to those who have been mandated to draft policies related to women empowerment and those who are responsible for ensuring the successful implementation of strategies for the support of women. It could also enable government policy makers and other government agencies to understand some of the underlying issues that

can be worked on to improve women's utilisation of ISALS for the attainment of the Zimbabwe 2030 Vision of achieving upper economic status for everyone, including women.

The study was confined to 18 ISALS in 10 wards in Mount Darwin District selected to evaluate the socio-economic impact of ISALS on rural women. This study confined itself to ISALS with female members only though there were instances where men were part of the group members. The inclusion of men was going to distort the main objective of the study which was to explore the socio-economic impact of ISALS on women empowerment hence the justification why the researcher confined the study to women only.

Qualitative research methods were employed to gather data using in-depth interviews, focus group discussions and key informants. These methods were very relevant as they aided understanding of the lived experiences of the participants. Qualitative data were analysed at thematic, content and discourse levels. The study's intention was to identify issues affecting such women-run organisations and also make it easier to foster policy recommendations, exclusively for them.

This study used qualitative research that allows the researcher to conduct unstructured interviews. Data collection takes place until point of saturation is achieved. Besides these basic merits, the method has a fair share of challenges. The study collected primary data from people with lived experiences of their involvement in ISALS. This meant that the participants relied on personal memory when recalling their experiences that could have affected the richness of the collective account of the significance of ISALS in empowering women socially and economically in Mt Darwin District. To mitigate against this, data generated through interviews was corroborated with focus group discussions and documentary evidence such as minutes, training reports, attendance registers and constitutions. The researcher juxtaposed interview data with focusgroup discussions and documentary analysis and using data from the participants' peers. The groups used their meeting minutes whenever they

disagreed on certain facts, and this improved the trustworthiness of the study. Brocki & Wearden (2004) are of the view that ideally, a good study is dependent on the quality of the narrative it is derived from and limitations to the study are recognised in terms of the difficulties likely to be encountered in capturing the depth of experiences of all the rural women engaged in ISALS. To mitigate this limitation, the researcher conducted focus group discussions to enable the participants to remind each other of their experiences. The researcher was aware of fallibility of the mind as such she permitted the participants to bring and utilise their group reports during focus group discussions. The group documents included their constitutions, trainings and progress reports.

Mt Darwin is a politically polarised environment thus non-political research could be turned into politics (Mandondo, 2020). This might occur due to various reasons. Different political groups may attempt to use research to support their narratives or undermine their opponents. The community might view research through a political lens, affecting how findings are received and applied. Research funding and support can be influenced by political affiliations, leading to biases in research agendas. As such the researcher had to seek permission from local leaders and families and also hired two local Research Assistants who were very conversant with the local language (some participants had deep Kore-kore dialects), protocols, culture and norms in order for the participants to freely open up and participate. The researcher engaged these two Research Assistants throughout her study to ensure consistency, confirmability and trustworthiness of the study. This study was only confined to women in Mt Darwin and could pose challenges because some of the findings may not apply to women in other parts of the country. This was dealt with by using secondary data to extract information on women in other parts of the country like Bikita, Gokwe, Mucheke and Rushinga.

Time was a limiting factor as the research had to be conducted within the time frame stipulated by the university. However, the researcher made use of a sample that was small and manageable. Qualitative research utilises small sample sizes which allow for in-depth analysis by engaging with each

participant to understand their experiences concerning the research questions (Hennink *et al.*, 2011:17). A sample of between 10 and 20 interviews, or even fewer, might suffice according to Dukes & Bleijenbergh (cited in Sloodman, 2018). The qualitative research allows use of small samples unlike the quantitative research designs. Qualitative researchers focus on depth of study rather than on breadth.

The ISALS participants in this study were not English speakers. As such, the interviews were conducted in Shona that is their local language. The researcher is conversant with both Shona and English and so translating the field data into the English was therefore not a challenge at all.

Covid-19 also disturbed the flow of the study as lockdowns were the order of the day. However, the researcher took advantage of the uplifting of lockdowns to collect data. She made sure all Covid-19 protocols were observed during face-to-face meetings. The key terms used in this study are defined below.

***Empowerment*** – SDC (2000) conceptualises empowerment as an emancipation process in which the disadvantaged are empowered to exercise their rights, obtain access to resources and participate actively in the process of shaping society and making decisions. The study employed Longwe (1995)'s hierarchical framework which postulates that women can be empowered at different levels starting from the lowest to the highest level. This framework was also used to analyse women's engagement in ISALS in Mt Darwin and the different levels of empowerment.

***Economic Empowerment*** – is the ability to make and act on decisions that involve the control over and allocation of material resources (Golla *et al.*, 2011). It seeks to ensure that people have the appropriate skills, capabilities and resource access to secure and sustain incomes and livelihoods.

Internal Savings and Lending Schemes (ISALS) – ISALS were built on the Rotating Savings and Cooperative Associations (ROSCAs) model to bring

together groups of people (often women) who pool their savings to create a source of lending funds whereby members make savings contributions to the pool and can also borrow from it (Bauchet and Larsen, 2018). The Internal Savings and Lending Scheme comprises of a small group of people (mainly not exceeding 30, for manageability issues) having a mutual agreement to contribute a certain amount of money regularly into a group fund, with the idea of seeing the fund grow.

Savings and Credit Cooperative Societies (SACCOS) – They are cooperatives which furnish their members with convenient and secure means of saving money and obtaining credit from banks and other lending institutions at reasonable rates of interest (Kabuga & Batarinyebwa, 1995). They differ from the rest of other cooperatives because they are financial cooperative organisations with a social network, that is, they are run by members who share the same norms and values and in the process they uplift members' socio-economic status.

***Social Empowerment*** – It is the process of developing a sense of autonomy and self-confidence, and acting individually and collectively to change social relationships and the institutions and discourses that exclude poor people and keep them in poverty (Kabeer *et al.*, 2009).

This book comprises five chapters and its structure is as follows:

Chapter one is the prefatory and introductory of the study, hence the inclusion of the background of the study, statement of the problem, research questions, research objectives and the significance of the study. The chapter went further to explore the delimitation, methodological limitations and mitigations and lastly, this organisation of the study section. Chapter Two presents the Conceptual and Theoretical Frameworks and links these frameworks to the objectives of the study. The chapter reviews related literature based on the study's objectives and it critically analyses the arguments put forward by different authors on ISALS. The chapter ends with a synopsis of gaps in knowledge that have been identified. The literature review helps the researcher discuss the study's findings which are presented in chapter four. Chapter Three

presents the interpretivist research philosophy and epistemology that informed the qualitative research methodology, the research methods, research strategy, sampling, data generation and data analysis. The methodology and research design indicate the way the researcher conducted the research. Chapter Four presents, analyses, interprets and discusses the research findings of the study. Finally, Chapter Five presents, a summary of the research, suggests areas that may require further study, makes recommendations for policy action by relevant authorities and ends with a conclusion.