50 000 Members

SAVEact

Financial Services & Sustainable Livelihoods for the Poor

Yakha impilo engcono ngokulondoloza imali!



Annual Report 2015-2016



Message from the Board of Trustees Chairperson

Milton Ncolosi

Even as membership of SaveAct-led groups continues to climb rapidly – reaching almost 50 000 in 2015 – finding adequate funding to support the work of the organisation continues to be a challenge.

Despite 21 years of democracy, people in rural areas are still struggling to meet basic needs. In a context where government should be providing interventions that go beyond handouts, SaveAct is doing all it can to provide a sustainable alternative to development. It deserves to be supported in its work.

Over time, the SaveAct model has proved itself to be one of the most accessible means available to develop financial resilience among those who need it most. Generally, these are women living in rural areas. While many have limited formal education and nearly all rely on social grants for income, what they have in abundance is a commitment to saving. They have recognised the opportunities the model offers to better manage their money and move beyond the cycle of poverty.

I am heartened by the continued progress of the organization under the leadership of Anton Krone whose unflagging passion and vision remain major strengths of the organisation and I am confident that given the skills and commitment we have, SaveAct will continue to grow for many years to come.

Executive director's report

Anton Krone

SaveAct has seen positive results with respect to its enterprise focus groups (EFGs) focused on agricultural enterprise. As a result of participation in these groups, smallholder farmers have been able to pool funds in order to purchase bulk agricultural inputs – at substantially reduced costs. Furthermore, by combining access to affordable finance, training and group innovation, farmers have been able not only to increase production, but diversify their output and reduce exposure to risk.

SaveAct had an opportunity to showcase these gains at a wider level at the start of 2015 when Matatiele farmer and EFG member Mr Tsoalane Mapheele was invited to present his story at a regional conference looking at accelerating inclusive rural and agricultural financing. The conference was held in Johannesburg and was hosted by the SADC and FinMark Trust.

Mr Mapheele's contribution prompted considerable engagement over the model. As a result of these discussions, the conference endorsed the need for SADC countries to investigate the way in which the SaveAct model could be introduced or scaled up in their respective countries.

Government support

Within South Africa itself, support for the concept is strong. Following the conference, the national Department of Agriculture undertook to explore long-term partnership opportunities with SaveAct. Interest was also expressed later in the year by the national departments of rural development, social development and public works, with the latter undertaking a visit of SaveAct groups in Bergville in December. All departments have responded enthusiastically to the programme and have indicated their in-principle support for scaling-up. However, tangible support in the form of funding has not been forthcoming.



Photo: Frances Fraser



Photo: Nico Pascarel

SaveAct working on a 'last-mile' distribution pilot, undertaking focus group discussions on consumer interests with savings group members.

Research and policy

Throughout the year, SaveAct continued to build on its research links with FinMark Trust and universities in South Africa and abroad. As part of exploring the role that financial inclusion could play in enabling economic development of the poor, a one-day workshop was organized by FinMark Trust in Johannesburg. SaveAct's model and research findings associated with its impact on savings groups was presented. This platform was also used to launch the *Masongeni, sandise ingeniso* (saving together, growing together) initiative (see below) co-funded by the European Union.

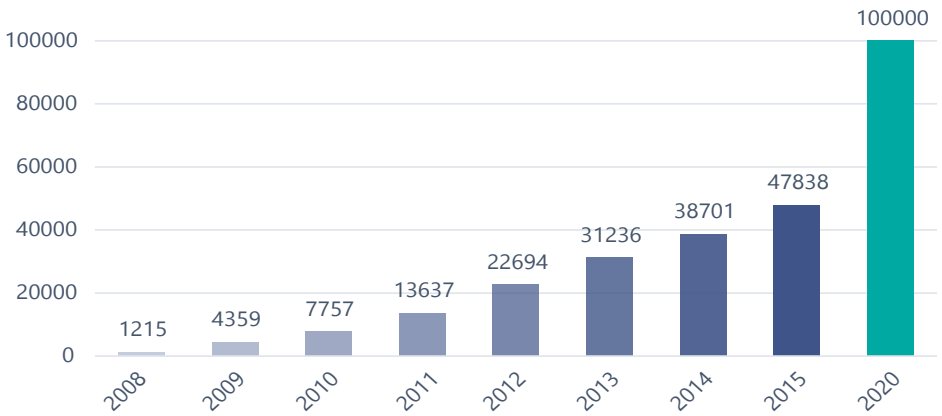
Continued growth and support

In spite of funding constraints which limit our human resource capacity SaveAct added over 9,000 new members in 2015, resulting in a total of 47,000 individual members at the end of 2015 and reaching 50,000 in the first quarter of the following year. As ever, demand for our services continues to be high and secure, long-term funding to support a more stable staff contingent is needed.

Over the next three years, some of this demand will be met via the *Masongeni, sandise ingeniso* project. The R12,6 million EU grant will support the establishment of savings and credit groups in the Free State, and expand services in new areas of KwaZulu-Natal and the Eastern Cape. The project is expected to attract over 18,000 new members, whilst supporting several hundred smallholder farmers to expand to a new level. SaveAct's partnership with Misereor is now in its ninth year and we are very grateful to the Germany-based organisation for its ongoing financial support.

Partnerships with local NGOs are critical to SaveAct's work. We are pleased to note very good growth of partner work with Justice and Women, Tholulwazi Uzivikele and

SaveAct membership growth to 2015 and targeted growth by 2020



Key metrics as at February 2016:

- **50 000** members
- **R160m** saved in one year
- **R213m** shared out to members
- Return on savings of **33%**
- Operating in **five** provinces

Ubunye, and that we have managed with Ubunye's assistance to forge links with several NGOs in Grahamstown which have adopted the SCG model and are applying it in township and urban areas. SaveAct has also trained people in the Western Cape and Mpumalanga who are looking to start implementing the model in 2016. This will extend our organisational footprint to six provinces.

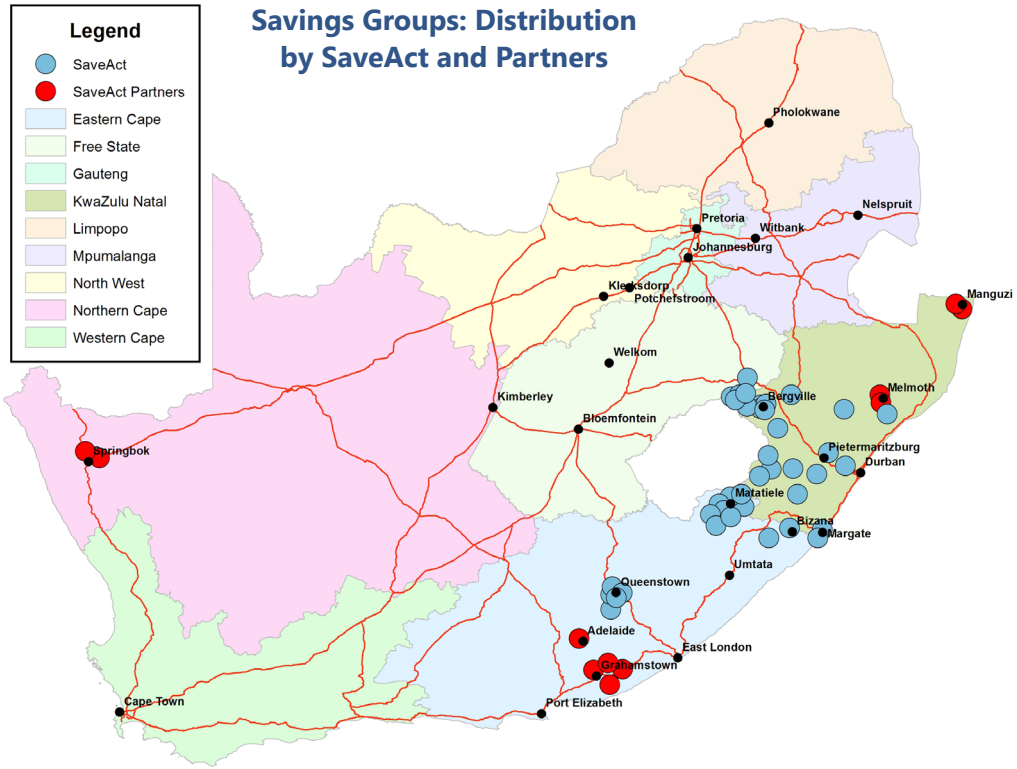
Financial inclusion

As our impact continues to grow, SaveAct has the capacity to make an important contribution to the fight against poverty at a national level. Recognising the need for greater financial inclusion in South Africa, SaveAct continues to seek opportunities to work with mainstream financial institutions in order to develop people-centered financial products and services that are both relevant and accessible. Distrust of formal banking and financial services is high among rural communities. At the same time, however, excess liquidity among savings and credit groups at certain times of the year has created a need for banking products tailored to a rural market. SaveAct's access to thousands of SCG members puts the organisation in a strong position to work with the formal sector in developing suitable products.

Innovations

• Data management system

At the 2015 bi-annual savings group conference in Lusaka in November, SaveAct was able to share news of an innovative new data management tool. Over the course of 2015, SaveAct volunteer Thibault Uytterhaegen successfully developed a digital management system which extracts data from our existing management information system and provides monthly reports to field staff and managers. This enables staff to track progress of SCGs at village-level, but also at regional and national levels. The system provides up-to-date information to inform planning processes and ensure targets are met and resources used efficiently. The tool is also capable of tracking the provision of SaveAct's seven financial education modules and a group's progress towards graduation and long-term self-management.



"The organisation has helped women set and meet goals for their families and this achievement in turn has helped build women's self-esteem and confidence."

Jenny Bell, Director, Justice and Women

"Through financial education, SaveAct is building financial capabilities among community members with very little understanding of financial issues ... Furthermore, people in rural areas are able to support and expand their small enterprises via the loans accessed through SaveAct groups."

Olaotse Matshane, Managing Director, Co-operative Banks Development Agency, National Treasury

"By creating more secure households, SaveAct is contributing not only to individual income, but to community development more broadly."

Nokwanda Mkhwanazi, Project Facilitator, Valley Trust

"SaveAct has provided practical and fertile ground for donors and private sector institutions to learn about what works in the process of supporting poor people's livelihood strategies. This learning is important in shaping policies and programmes of both government and private sector institutions."

Brendan Pearce, Head of Strategy and Financial Inclusion, FinMark Trust

• Enterprise programme redesign

Arising out of discussions at the annual strategic planning session held in May, a new enterprise team has been put together and the enterprise training programme reconfigured. A reconceptualised digital system now directly supports SaveAct core operations, bulk buying processes are streamlined, and "last-mile" distribution strategies are being piloted. Although full implementation of the system has been limited by drought, the model has attracted interest from savings group members and we anticipate high levels of activity. The new enterprise team has brought lots of opportunities in respect of partners in the form of Grain SA, Potato SA, Siyavuna (organic agriculture) in Margate, and wool marketing in the Eastern Cape.

Scaling up

Unemployment in South Africa is growing at the same time as the formal economy is faltering. Mass retrenchments, particularly in the mining industry, are frequent. Now more than ever before there is a need for SaveAct's work to be scaled up. Our work has shown that involvement in SCGs reduces dependence on loan sharks and builds financial capabilities among individuals and communities.

Uptake of the programme in the rural areas of Eastern Cape and KwaZulu-Natal is exceptionally high. This is largely because there are very few alternatives available to those seeking a way out of poverty. In our estimation, there is scope in South Africa for two to three million SCG members sourced from among the country's estimated 20 million rural poor.

If we are committed to addressing the legacy of apartheid, the continued marginalisation of women in the economy, and the pernicious effects of HIV/AIDS, it's time to take more seriously those interventions, like SaveAct, that are proving to be effective. Scaling-up is no longer an option.

Annual Financial Statements

As at 28 February 2015

	2015 R	2014 R
CURRENT ASSETS		
Cash and cash equivalents	5 539 480	4 919 590
Property, plant and equipment	392 624	291 741
Trade and other receivables	144 330	102 405
TOTAL ASSETS	**6 076 434**	**5 313 736**
FUNDS AND LIABILITIES		
LIABILITIES		
Accounts payable	118 245	168 656
Grant income received in advance	2 769 250	2 472 602
Leave pay provision	92 627	-
TOTAL LIABILITIES	**2 980 122**	**2 641 258**
FUNDS		
Trust capital	100	100
Vehicle replacement fund	115 710	35 028
Accumulated surplus	2 980 502	2 637 350
	3 096 312	2 672 478
TOTAL EQUITY AND LIABILITIES	**6 076 434**	**5 313 736**

1 March 2014 to February 2015

	2015 R	2014 R
SUPPORT AND REVENUE		
Grant income	6 440 446	5 901 172
Interest and dividends	216 989	136 616
Sundry Income	126 163	23 354
TOTAL SUPPORT AND REVENUE	**6 783 598**	**6 061 142**
EXPENSES		
Consulting and professional fees	1 553 055	1 296 592
Employee costs	2 001 369	1 304 562
Enterprise training	1 172 891	883 357
Depreciation	74 943	39 019
Non-recurrent capital expenditure	18 070	33 082
Recurrent programme costs	720 815	501 025
Recurrent costs-local office	633 216	653 024
Partners	266 087	109 764
Accumulated surplus		
TOTAL EXPENSES	**6 440 446**	**4 820 425**
(Deficit)/Surplus for the year	**343 152**	**1 240 717**

Board of Trustees



Chairperson, Milton Ncolosi is the founding Chairperson of SaveAct. He is a retired educator who has 30 years' experience as a school principal and 40 years' experience in education. Milton is the vice-president of the Natal West District of the Local Preachers' Association of the Methodist Church of Southern Africa and past secretary of the district's Young Men's Guild.



Secretary, Ilan Lax is an attorney and legal consultant. Admitted to practice since 1985, he served in the Human Rights Violations and Amnesty Committees of the South African Truth and Reconciliation Commission. He assisted in setting up the Sierra Leone TRC. He is an experienced facilitator and strategic planning advisor.



Tim Hobden is currently an MPP student at the Hertie School of Governance in Berlin, and is an independent consultant. He is formerly a manager in the Business in Development Practice at Genesis Analytics, a leading economics consulting firm specialising in market-based solutions to development issues.



Kajal Singh is a chartered accountant, with 10 years' experience in a management role at Umgeni Water, specialising in treasury management and financial planning. Kajal was previously a senior audit clerk at Deloitte where she completed her articles in 2005.



Marcel Jakubec is a strategy consultant for Genesis Analytics. He is currently a manager in the Banking Practice. Since joining Genesis, Marcel has developed technical expertise in growth strategy, product and value proposition design, pricing, payments strategy, operating model design, and applied behavioural economics.



Daphne Motsepe is on the executive committee of CGAP (the Consultative Group to Assist the Poor), a World Bank entity advancing financial inclusion to improve the lives of the poor. Prior to her retirement in June 2012, she was chief executive for the unsecured lending cluster at Absa. In 2007, Daphne was named the most influential woman in finance and banking in South Africa by CEO magazine.

Photographs: Supplied

SaveAct gratefully acknowledges the support of the following donor partners:

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ACTSA Action for Southern Africa

Angela Mai

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